

SNL RISK MANAGEMENT POLICY

Background

Clause 49(VI) of the Listing Agreement which has become effective 1st October,2014 for all listed companies provides for a Risk Management Committee to be constituted. The majority of Committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors.

The Board of Directors at their meeting held on 12th February,2015 constituted a 4 member Risk Committee comprising Ms. H S Zaveri , Mr. S C Rangani, and Mr.J D Diwan, all Directors and executive member Mr. K K P Sinha. The Committee is expected to meet during FY 2015-16 to complete risk assessment and review risk mitigation measures.

Objective

To minimize risks that may affect the achievement of our business objectives and stakeholder value. Risk management practices should seek to sustain and enhance long term competitive advantage of the Company.

Risk Management Structure

The Board defined the roles and responsibilities of the Risk Management Committee as under and delegated monitoring of the risk management plan to the committee.

1. The risks to be identified by the functional department heads and then analysed and evaluated by the management team. These include operational, financial, legal and strategic risks. Depending on probability of occurrence and extent of potential damage, these risks are to be categorized as material risks and non critical risks.
2. The Plant head should have continuing interactions with the functional heads of the holding Company, and with employees and other stakeholders of the company, to regularly monitor and report about the developments in the market, competition, extension of product range, and financial, legal and compliance issues.
3. The macro concerns which could significantly impact industry performance during the year are inflation, fiscal deficit, high interest rates, government's inability to build and expand critical infrastructure and the adverse impact of the FTAs which have resulted in higher imports of auto components and could therefore negatively impact the industry's plans to achieve the targeted size of US\$ 40 billion by 2016 under the Automotive Mission Plan.
4. Illustrative heads for risk categorization
 - Counterparty : Risks arising from our association with entities for conducting business. These include customers, vendors and their respective industries.
 - Resources : Risks arising from sub-optimal utilization of key organization resources such as capital and infrastructure.

- Operations : Risks inherent to our business operations includes service & delivery to customers, business support activities like TPM, Quality management, IT,Legal,Taxation
- Regulations and compliance : Risks due to inadequate compliance to regulations and contractual obligations violations leading to litigation and loss of reputation.

Monitoring

- Committee to identify top 5 risks at the beginning of every financial year for monitoring.
- Task force members and risk mitigation measures to be set in place for each of the risks
- Summary report to be placed before the Board every quarter