

Risk Assessment and Management Policy

The types of risks that the Company has to assess and manage are broadly classified hereunder and the procedures and mechanisms that are devised to effectively manage the same are detailed below:-

Business / Industry Risks:

The fortunes of the auto component industry are closely linked with that of the Vehicle Industry. It, therefore, follows that any setback in the automotive industry in general or in any specific segment, in particular, would have its impact on the operations results of the Company. IPR closely monitors the risk attached to Automobile and auto component industry along with the economic growth of the country. Based on the industry forecast, the company draws up its plans and also periodically monitors the performance of the industry and its impact on the company's growth. The growth plans of the vehicle manufacturers are also already monitored in drawing up the company's growth policies and risk factors.

In doing this, various policies of the Government, impacting the prospects of the industry are also taken into consideration. The company also liaises with various industry bodies such as Confederation of Indian Industry, Automotive Component Manufacturers Association of India and other Industry Chambers, with regard to policies affecting the automotive sectors.

Operation / Safety / Environment Risks:

The company constantly reviews its Manufacturing Systems, Technology Policies, Research and Development activities as well as Cost and Management Controls by benchmarking with similar companies in the industry and also with close co-operation and dialogue with its Technical Collaborators. The various certifications that the Company holds also enhances the company's ability to face risks related to various aspects of operations.

By implementing proper training and education of the Managers and Operators and by undergoing certification requirements for OHASAS 18001, and following safety measures, the company is ensuring safety in its operations. The company has taken elaborate steps to avoid the environmental hazards by implementing series of pollution control measures. The company is also certified under ISO 14001:2002.

Financial Risks:

Through proper credit rating of its various customers, the credit risks are periodically reviewed and rating of after market customers is also done whenever necessary.

With regard to foreign exchange risks, the company holds constant dialogue with the Bankers and takes appropriate steps based on their advise. Majority of Company's foreign exchange risks are short-term and the Company sometimes takes conscious decision to keep the risks un-hedged based on the prevalent foreign cover premium and likely movement of the currency at that time on the basis of banker's advise. However, all foreign exchange exposures arising out of borrowings in foreign currency, both short term and long term are always hedged. All interest rate risks out of long term borrowings in foreign currency are also always hedged.

The company's properties are adequately insured against all risks and periodical review is made with regard to adequacy and coverage.