

Risk Assessment, Minimization and Control

Category	Risk	Assessment	Minimization & control procedure
Finance Risk	Credit Risk	Receivables of the company are un-secured. The company has made credit evaluation of each customer before extending credit to them. Company is fully confident of receiving all the credits extended to the customers. The company is taking ECGC cover on the over seas receivables.	The CFO of the company shall report to the Audit Committee about any outstanding debtor in excess of Rs. 30 million at any given point of time.
	Forex Risk	The company has taken steps to hedge the risk with the bankers and the customers.	The CFO shall keep the Audit Committee informed about the forex exposure and the remedial measures for minimization of the risk.
	Raw material price rise Risk	Rising steel price in India and abroad. The company has a business process to negotiating with the customers for the price rise in proportion to the increase in the steel price.	Purchase committee comprising of CFO, Plant head and Business Development Head shall keep the Audit Committee informed about the market situation.
Market Risk	Fluctuation in demand of automobiles	The company business is dependent upon the automobile vehicle demand in the market. The investment of the company is made after careful assessment of the market on conservative basis.	The Business Development Head shall keep the CFO informed of market fluctuations and prospects
	Single major customer Risk	Hero Honda is single biggest customer of the company having substantial share of the total sales of the company. The company is expanding the	It is normal business practice in auto industry to work with one or two OEM's /Tier I. Company is trying to add new customers and also move up its value chain.

		customer base in India and abroad. The company is confident of broadening of the customer base.	
	Single major steel supplier Risk	The company is dependent on one major steel supplier for quality, quantity and timely supply of steel. Company is taking steps to develop quality steel suppliers.	To establish a new supplier in auto industry is time consuming and costly process. The company shall keep the Audit Committee informed about the steps being taken to develop the new steel suppliers.