

and redress the same, in consultation with the main committee.

Strict implementation of the policy is to ensure women staff to work with dignity in a safe environment free from sexual harassment at the workplace and provide equality in working conditions. During the year, the Company has not received any complaint of sexual harassment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has robust systems for internal audit, risk assessment and mitigation and has an independent Internal Audit Department with well-established internal control and risk management processes both at the business and corporate levels.

Internal Audit function plays a key role in providing to both the operating management and to the Audit Committee of the Board, an objective view and re-assurance of the overall internal control systems and effectiveness of the Risk Management processes and the status of compliances with operating systems, internal policies and regulatory requirements across the company including its subsidiaries. Internal Audit also assesses opportunities for improvement in business processes, systems and controls and provides recommendations designed to add value to the operations.

The scope and authority of the Internal Audit Department is derived from the Annual Audit Plan approved by the Audit Committee at the beginning of the year. Internal Audits are performed by an in-house team of qualified professionals on the basis of comprehensive risk-based audit plan. Every quarter, the Audit Committee is presented with key internal controls issues/audit observations and action taken update on the internal controls issues/audit observations highlighted in the previous Audit Committee presentations.

Internal Controls over Financial Reporting:

Exercise for evaluating the adequacy of Internal Financial Controls and their Operating Effectiveness is carried out every year. This activity includes understanding and testing of Internal Financial Controls and evaluating their operating effectiveness based on the assessed risk factors. During the year, the effectiveness of the controls was validated. No reportable material weaknesses in design and effectiveness was observed.

From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. are reviewed by external experts too. Presentations are made to the Audit Committee on the findings of such reviews.

RISK MANAGEMENT FRAMEWORK

The Company has a robust Risk Management Framework to identify and evaluate various business risks faced by the Company. Pursuant to Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Risk Management Committee is appointed, consisting of three Executive/Promoter Directors of

the Company. Regular Committee meetings are held every quarter. Inputs are taken from senior executives and thereafter various risks are identified and mitigating plans are developed to resolve such risks.

Some of the key business risks viz., Industry Risks, R&D Risk, Currency Fluctuation Risk and their mitigation plans were included in the Directors' Report of 2016-17. Some of the additional key business risks identified during the year and their mitigation plans are as under:

Liquidity Risks: The Company requires very sound base of working capital. During the off-season the Company cannot afford to have huge inventory and receivables as this will result into delayed payment to the creditors. It is very important that the Company enjoys a fair amount of liquidity of funds. Liquidity risks could impact the debt repayment capabilities of the Company and thereby the Company's name in the market will be affected. To mitigate this risk, the Company's business enjoys adequate liquidity. It has a very comfortable debt equity position. The Company is earning cash profit of more than ₹ 2500 crores. The working capital management is also very sound and at present the Company's net working capital stands at 90 days of turnover. Considering all this, the Company does not expect liquidity to be a major concern.

HR Risks: The Company has a huge workforce. Globally it employs around 5000 people who are from diverse nationalities, geographies and varied culture. The function of HR therefore becomes very important. A poor HR policy could impact productivity and profitability of the Company. To mitigate this risk, the present HR strategy has fostered cross functional coordination across all countries. Even though large number of workforce is employed in different countries they all follow the same corporate culture of the Company. The senior management team is visiting various plants and offices of the Company regularly and relations at all these places is very cordial and tension free. In fact, the Company is certified as a "Great Place to Work" in India as well as in Brazil. The Company will continue to put in more efforts and see that HR functions are carried out properly and professionally.

Cyber Security Risks: In the hyper connected world the Company has provided its employees mobiles, laptops and tablets to enable them to perform their functions effectively. However there are lots of security threats to the data of the Company and the confidential data may go to unauthorized persons by way of hacking of mobile, laptops and tablets. It is pointed out there is no such thing as perfect protection. The bigger the organization and more complex in nature, it becomes a target for data security risks. It is necessary to provide for preventive measures to ensure lower risks, early detection of risks and cost effective data security systems. The goal is to build a sustainable cyber security program that governs