

**(i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits, investments, trade receivables, other financial assets and derivative financial instruments.

**Commodity contracts**

The Company uses commodity future contracts to hedge risk against fluctuation in commodity prices. The following are outstanding future contracts entered into by the Company as on December 31, 2020.

Year	Commodity	Number of contracts	Contractual quantity	Buy /Sell
As at December 2020	Copper	30	1029 MT	Buy
As at December 2020	Aluminum	9	28 MT	Buy
As at December 2019	Copper	23	783 MT	Buy
As at December 2019	Aluminum	2	74 MT	Buy

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company's risk management policy is to hedge foreign currency exposures above certain thresholds.

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not Company's functional currency (₹).

**(a) Unhedged in foreign currency exposure**

The following table analyses the unhedged portion of foreign currency exposure:

Particulars	SEK	BTN	BDT	AUD	ZAR	Others
<b>Receivables</b>						
<b>As at December 31, 2020</b>						
Foreign currency (In Crores)	2.71	15.42	1.73	0.11	0.30	1.36
Indian Rupees (In Crores)	24.24	15.42	1.47	6.41	1.47	0.72
1 percent increase	0.24	0.15	0.01	0.06	0.01	0.01
1 percent decrease	(0.24)	(0.15)	(0.01)	(0.06)	(0.01)	(0.01)
<b>As at December 31, 2019</b>						
Foreign currency (In Crores)	0.79	8.76	7.05	0.02	0.57	7.73
Indian Rupees (In Crores)	6.04	8.76	5.81	1.12	2.88	3.19
1 percent increase	0.06	0.09	0.06	0.01	0.03	0.03
1 percent decrease	(0.06)	(0.09)	(0.06)	(0.01)	(0.03)	(0.03)
Particulars	USD	CHF	CNY	BTN	BDT	Others
<b>Payables</b>						
<b>As at December 31, 2020</b>						
Foreign currency (In Crores)	1.00	0.79	1.60	1.73	5.01	4.76
Indian Rupees (In Crores)	72.99	65.52	17.88	1.73	4.25	13.71
1 percent increase	0.73	0.66	0.18	0.02	0.04	0.14
1 percent decrease	(0.73)	(0.66)	(0.18)	(0.02)	(0.04)	(0.14)
<b>As at December 31, 2019</b>						
Foreign currency (In Crores)	-	-	0.92	3.88	11.74	6.84
Indian Rupees (In Crores)	-	-	9.38	3.88	9.67	4.48
1 percent increase	-	-	0.09	0.04	0.10	0.04
1 percent decrease	-	-	(0.09)	(0.04)	(0.10)	(0.04)