DHAMPUR SUGAR MILLS LIMITED

RISK MANAGEMENT POLICY

1. INTRODUCTION

Dhampur Sugar Mills Limited ("**DSML**" or "**the Company**") is engaged in the business of manufacturing of sugar, power industrial alcohol, ethanol, chemicals and potable alcohol with different capacities at its units situated at (i) Dhampur, District Dhampur and (ii) Rajpura, district Sambhal, in state of Uttar Pradesh. The business activities of the Company carry various internal and external risks.

RISK
Precisely defined as the effect of improbability on achieving objectives.Risk is measured in terms of consequences and likelihood. Risks canbe either internal or external or both and are inherent in all administrative and business activities.
RISK MANAGEMENT
Formal and systematic approach to managerisks, which provides a system for the setting of priorities when there are competing demands on limited resources.
RISK ASSESSMENT
Systematic process of identifying and analyzing risks through studying of threats, vulnerability and resultant exposure to various risks.
RISK MANAGEMENT PROCESS
Systematic usage of management policies, procedures and practices to establish thesituation for timely identification of expected risks, its analysis, evaluation, treatment, monitoring and pro-active communication.

2. PURPOSE AND SCOPE OF THE POLICY

This Risk Management Policy ("**Policy**") is to safeguard sustainable business growth withstability and to promote a *pro-active approach in reporting, evaluating and resolving risks associated with the Company's business*. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. *to ensure adequate systems for risk management*
- To establish a framework for the company's risk management process and to ensure its implementation
- To enable compliance with appropriate regulations, wherever applicable, throughthe adoption of best practices
- To assure business growth with financial stability and keep a check on business continuity plan

3. LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organisation.
The Companies Act, 2013 ("**Companies Act**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("**SEBI Listing Regulations**") mandates laying down the procedures for risk assessment and minimization and have also incorporated various provisions in relation to Risk Management Policy, Procedure and Practices.

The provisions of **Section 134(3)(n) of the Companies Act**, **2013** necessitate that the Board's Report should contain a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Further, the provisions of **Section 177(4)(vii) of the Companies Act, 2013** require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall *inter alia* include evaluation of risk management systems.

Further **Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** provides that the listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures and the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

The Board of Directors of a Company should also affirm and disclose in its report to members a statement of those elements of risk, that the Board feels, may threaten the existence of the company.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a **Risk Management Policy**.

4. APPLICABILITY

This Policy applies to all areas of the Company's operations.

5. EXECUTION OF RISK MANAGEMENT

Risk Management is executed through identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities.

6. REQUIREMENT FOR EFFECTIVE RISK MANAGEMENT

In today's challenging and competitive environment, strategies for mitigating essential/natural/in built risks in accomplishing the growth plans of the Company are imperative.
Effective risk management requires:

- ✓ A strategic focus,
- ✓ Forward thinking and active approaches to management
- ✓ Balance between the cost of managing risk and the anticipated benefits, and contingency planning in the event that critical threats are realized.

7. KINDS OF RISK FACTORS

EXTERNAL RISK FACTORS
Economic Environment and Market conditions
Political Environment
Competition
Revenue Concentration and liquidity aspects
Inflation and Cost structure
Technology Obsolescence
Cyber Security
Legal

INTERNAL RISK FACTORS
Project Execution
Contractual Compliance
Operational Efficiency
Hurdles in optimum use of resources
Quality Control & Quality Assurance
Environmental Management
Human Resource Management in retaining skilled & talent personnel

8. RESPONSIBILITY FOR RISK MANAGEMENT

RESPONSIBILITY	RESPONSIBLE
The effective practice of Risk Management including the timely identification of potential risks	Every staff in DSML irrespective of designation
The development of risk mitigation plans	DSML senior management
Implementation of risk reduction strategies	DSML senior management
Integration of Risk Management Processes with all & every planning and management activities	DSML senior management

9. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Chairman and Board have the duty ofoverviewing:

- Management's processes and results in identifying, assessing and monitoring risk associated with the Company's business operations
- The implementation and maintenance of policies
- Control procedures to give adequate protection against key risk.

In doing so, the Senior Executive considers and assesses the appropriateness & effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regards and action taken or proposed resulting from those reports.

10. REVIEW

This Policy shall be reviewed at least once in every two years to ensure it meets the requirements of legislation and the needs of organization.

11. AMENDMENT

Any change in the Policy shall be approved by the Board. The Board shall have the right towithdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Act or the Rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

12. COMMUNICATION OF THIS POLICY

This Policy shall be posted on the website of the Company. Further, the Policy and the manner in which it is being implemented must be disclosed in the Board's report.