

NATURAL SUGAR AND ALLIED INDUSTRIES LIMITED

SAINAGAR, RANJANI, TAH. KALLAM, DIST. OSMANABAD – 413528

Risk Management Policy

Objectives must exist before management can identify potential events affecting their achievement. Enterprise Risk Management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite.

The Company's business is exposed to many internal risks and external risks like Threat to market share due to Local and Global Competition, Technology Risk, Human Resource risk, Regulatory and Compliance risk etc. and in order to address the same in a systematic manner, the Board of Directors pursuant to Section 134, of the Companies Act, 2013, has instructed the management to do a detailed analysis of risk and present to the board.

Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. The focus on the nature of risk in Indian Sugar industries and possible policy option for mitigate risks.

The key objective of the policy is:

- Identify the weather conditions which affect production of Sugarcane
- Analyze Sugar price volatility trend in India
- Identify Systematic and unsystematic risk in sugar industries
- Understand the impact of risk on stakeholders
- Critically examine the current policy framework
- Explore the risk management measures to mitigate unpredictable risk

The Management recognized that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner The Company believes that the Risk cannot be eliminated. However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy.
- Reduce, by having good Internal Controls;
- Avoided, by not entering into Risky Businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

The Board, its Audit Committee and its Executive Management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a Risk Management Policy or Strategy. Currently the Risk Management activity is under development stage. The Enterprise Wide Risk Management with focus on three key elements, viz:

1. Risk Assessment
2. Risk Management
3. Risk Monitoring

We have adopted a system based approach for risk management, with clear objectives of identification, evaluation, monitoring and minimization of the identified risks. The Board of directors takes decision for assessment and evaluation of the risks associated with the business through its risk document. The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and works out their mitigation strategy.