



CEREBRA INTEGRATED TECHNOLOGIES LIMITED

RISK MANAGEMENT POLICY

(Adopted and Approved by the Board of Directors at their Meeting held on 14th August, 2021)

Cerebra Integrated Technologies Limited (“the Company”) considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company’s ability to identify and address risk is central to achieving its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

- i. The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as “Committee”) who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined network. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.
- ii. The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.

The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

Risk Management Program -The Company’s risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile. To achieve this, the Company has clearly defined the responsibility and authority of the Company’s Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company’s senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular

communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company's risk management program are set out below.

Risk Identification

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of material risks:

- ❖ Commodity risk
- ❖ Business risk
- ❖ Technological risks
- ❖ Strategic risks
- ❖ Operational risks
- ❖ Quality risks
- ❖ Competition risks
- ❖ Realization risks
- ❖ Investment Risk
- ❖ Cost risks
- ❖ Financial risks
- ❖ Human resource risks
- ❖ Legal/regulatory risks
- ❖ Compliance Risk
- ❖ Foreign exchange risk
- ❖ Information Technology risks
- ❖ Cyber Security risks and
- ❖ Data Security

Oversight and Management

Board of Directors

The Board of Directors ("the Board") is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Risk Management Committee, Audit Committee, Senior Management and Employees. The Committees or Management may also refer particular issues to the Board for final consideration and direction. The Board will undertake the following actions to ensure risk is managed appropriately:

1. The Board shall be responsible for framing, implementing and monitoring the Risk Management plan for the company;
2. Ensure that the appropriate systems for risk management are in place;
3. Participate in major decisions affecting the organization's risk profile;
4. Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
5. Be satisfied that processes and controls are in place for managing less significant risks;
6. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly; and
7. Ensure risk management is integrated into board reporting and annual reporting mechanisms.

Risk Management Committee

The day to day oversight and management of the Company's risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks. To achieve this, the Committee is responsible for:

- managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management in managing risk;
- providing management and employees with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks;
- regularly reporting to the Board on the status of material business risks;
- review and monitor cyber security; and

- ensuring compliance with regulatory requirements and best practices with respect to risk management.

Further, the Company is exposed to commodity risks on a routine basis due to multiple commodities (imported or domestically procured) utilized in its manufacturing operations. Such risks are managed by a detailed and regular review at a senior level of various factors that influence the commodity prices as well as tracking the commodity prices on a daily basis and entering into fixed price contracts with overseas suppliers in order to hedge price volatility.

Audit Committee

1. The Committee is delegated with responsibilities in relation to risk management and the financial reporting process of the Company;
2. The Committee is also responsible for monitoring overall compliance with laws and regulations.

Senior Management and Employees

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Review of risk management program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation.

Risk Mitigation Process

Once the top or critical risks are prioritized, appropriate risk mitigation and management efforts to effectively manage these risks are identified. Risk Action Plans shall be developed for each of the identified Critical Risk.

Risk mitigation strategy usually involves identifying a range of options for treating risk, assessing those options, preparing and implementing risk treatment plans. The risk mitigation strategies may include managing the risk through implementation of new internal controls, accepting certain risks, taking insurance, and finally avoiding certain activities that result in unacceptable risks.

Proposed actions to eliminate, reduce or manage each Critical risk are considered and agreed as part of the Risk Assessment Workshops or as part of Management/Risk Committee.

Amendment:

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw 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 or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.