

Risk Management

1. Overview

Risk management has assumed greater significance due to the demands from the regulators and more volatile market environment. Hence it is very important that every company evaluates the risks of the business and operations of the company periodically in line with the business goals. This document gives an overview of the Enterprise Risk Management (ERM) at Centum

Enterprise Risk Management at Centum refers to the policy and practices at Centum to identify, assess, monitor and mitigate the impact of various business risks.

2. Risk Management Framework at Centum

a. Risk Management Structure

Risk Management at Centum comprises of the following key components

Level	Key Roles & Responsibilities
Board of Directors	Development of Risk Management System Review the risk profile Include a statement in the Directors Report
Audit Committee	Evaluate the Risk Management System Monitor and report to the Board
Centum Leadership team	Review Enterprise risk from time to time, initiate mitigation measures Formulate and deploy risk management policies & practices Provide update to Audit Committee / Board from time to time on the enterprise risks & actions taken
Employees	Adhere to the risk management policies / practices Implement the actions prescribed Report the risk events

b. Risk Categories

The following risk categories have been identified and analyzed as a part of the Risk Management System at Centum

- i. **Industry Risk:** Refers to the risks associated with the industry at large. It includes the risks arising out of macroeconomic factors and the regulatory framework
- ii. **Business Risk:** Refers to the risks relating to the business of Centum in terms of choice of customers, technology etc.
- iii. **Strategic Risk:** Strategic risk relates to the strategies developed / deployed by the company.

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- iv. **Technology Risk:** Technology risk relates to the risks arising from the technologies that are pursued & deployed at Centum
- v. **Market Risk:** Refers to the risks arising from the Customer concentration, credit terms with the customers and pricing related issues
- vi. **Human Resources Risk:** Refers to the risks related to Human resources at Centum due to attrition, talent retention and skill development etc..
- vii. **Financial Risk:** Refers to the Financial Supply chain risks, interest and foreign exchange fluctuations
- viii. **Physical Risk:** Refers to risks associated with the custody of assets & resources including IT assets
- ix. **Operations Risk:** Refers to the risks associated with the business continuity
- x. **Statutory Risk:** Statutory risks are risks associated with the compliance and regulatory aspects of the business.

A separate document will be prepared highlighting each of the risks along with the likely impact and the mitigation plan.

c. Key Risk Management Practices

i. Risk identification & assessment

Centum will periodically review the risks for the company. Risk identification measures will include risk survey, business environment scanning and brain storming / discussions on specific risk components. Risk management will be reviewed along with annual operating plan exercise. Internal audit findings will also provide additional inputs for Risk management.

ii. Risk measurement, mitigation & monitoring

Periodically, each category of risk shall be analyzed in detail for the exposure and the likely impact. Mitigation methods will be identified and necessary actions will be taken which will also be continuously monitored

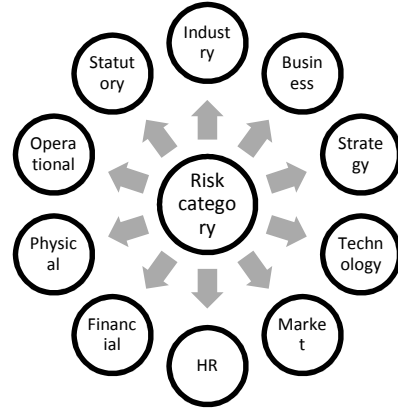
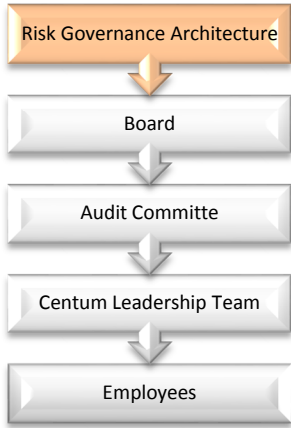
iii. Risk Reporting

An annual report will be prepared and presented to the Audit Committee and the Board on the Risk Management aspects. Each category of the risk will be discussed and reported at appropriate levels in the organization for effective Risk Management.

iv. Integration with Strategy & Business Plan

All the identified risks will be considered while formulating the Strategy of the company and the annual operating plans.

Enterprise Risk Management at Centum



3. Annual Report

An annual report on Risk Management will be prepared outlining the Risk Management policy and the Risk Management activities undertaken during the year. The same will be attached to the Board Report