RISK MANAGEMENT POLICY

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Approved by the Board of Directors of the Company on June 06, 2018 (Last amended October 20, 2022)

INTRODUCTION

In accordance with Section 134(3) of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'), a Company is required to include 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 and for framing, implementing and monitoring the risk management plan for the listed entity.

DEFINITION

a) **"Audit Committee or Committee"** means Committee of Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and as per SEBI Regulations.

b) **"Board of Directors" or "Board",** in relation to a company, means the collective body of the directors of the IndiaMART InterMESH Limited (the 'Company').

c) **"Company"** means "IndiaMART InterMESH Limited", a Company constituted under the provisions of Companies Act, 1956.

d) **"Force-Majeure"** means any unforeseeable situation/ circumstances or events, happened due to any act of God including but not limited to fire, explosions, earthquakes, epidemics, pandemics, drought, tidal waves, floods or any war, riot, commotion, strike, lockouts, hostilities, act or threats of terrorism, violence of any army or mob or enemies of the country or any governmental municipal action or notification or order, prohibition or restriction which are beyond the control of the Company and which adversely effects the company to run its business operations, temporarily or otherwise.

e) **"Policy"** means Risk Management Policy.

f) **"Risk"** in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities.

g) **"Senior Management/Management Team"** shall mean officers/personnel of the listed entity who are members of the core management team excluding board of directors and shall comprise of all members of management one level below the "Chief Executive Officer/ Managing Director/ Whole-time Director/ Manager (including Chief Executive Officer/ Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

RESPONSIBILITY FOR RISK MANAGEMENT

Generally, each employee of the Organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of the same.

Board of Directors (Board) to ensure proposer oversight of risk management performed by the Executive Management and review the performance of Risk Management Committee from time to time.

RISK MANAGEMENT FRAMEWORK

'Risk Management Framework', is a set of components that support and sustain Risk Management throughout an organization. The components of the Risk Management framework are:

1. RISK IDENTIFICATION

Risks are uncertain future events which could influence the achievement of the Company's business objectives. The operations of the Company are subject to both external and internal risks that are enumerated below:

a) External Risk Factors

- Economic Environment and Market conditions:
- Political Environment
- Competition
- Technology Obsolescence
- Regulatory
- Cyber Security
- Force- Majeure
- Sectoral
- Sustainability, including Environment, Social, Governance ('ESG')
- Brand value erosion

b) Internal Risk Factors

- **Strategic Risk:** Risks emanating out of the choices we make on markets, resources and delivery model that can potentially impact our long-term competitive advantage.

- **Operational Risk:** Risks inherent to business operations including those relating to client acquisition, service delivery to clients, business support activities, information security, physical security and business activity disruptions.

- **Compliance Risk**: Risks due to inadequate compliance to regulations, contractual obligations and intellectual property violations leading to litigation and loss of reputation.

- **Financial Risk**: Risks relate to adequate liquidity for routine operations and availability of funds for expansions, impact of currency fluctuations, change in credit ratings, etc. It also includes the risks associated with the investments of the Company, financial performance of its subsidiaries, associates and any other affiliates be examined regularly.

- **Information Risk**: Risks with reference to accuracy, integrity and security of organizational data, information and knowledge, protection of information from unauthorized access as well as maintaining confidentiality & integrity of information.

Risk identification is an on-going process and should be performed as part of all major decisions.

2. RISK ASSESSMENT

Once the risks have been identified, the likelihood of the risk occurring and the potential impact, if the risk does occur, are assessed. The likelihood of occurrence of risk is rated based on number of past incidences in the industry, previous observations, government policies, market/competition data, future trends, or research available.

3. RISK RESPONSE

Once risks have been assessed and analyzed, appropriate risk responses can be determined to mitigate risk to an acceptable level at reasonable costs. The risk response options include the following:

- **Mitigation:** Steps taken to reduce the occurrence or impact of the risk or both.
- **Transfer:** Steps taken to shift the loss/liability arising out of a risk to a third party. Wherever needed by taking the insurance cover.
- **Avoidance:** Steps taken to prevent the occurrence of the risk.
- **Acceptance:** The committee members may decide to go forward with the existing risk as it is.

No mitigation plan may be drafted against:

- Unforeseen Risks which may be governed by the external factors such as changes in Environment whether economic or political or regulatory and Force- Majeure.
- Risks where the cost of implementing the mitigation plan is assessed to be higher than the implication of the Risk.

4. RISK CONTROL

The control framework is the responsibility of the Board of Directors and is enforced by the Company's management. There are three main categories of controls:

- **Preventive Controls**: Responses to stop undesirable transactions, events, errors or incidents occurring.
- **Detective Controls:** Responses to promptly reveal undesirable transactions, events, errors or incidents so that appropriate action can be taken.
- **Corrective Controls:** Responses to reduce the consequences or damage arising from crystallization of a significant incident.

In order to be effective, controls should, as far as possible, be incorporated in the existing infrastructure, business, and reporting processes.

5. RISK REPORTING

Risk is reported in the following ways:

Internal Audit

The Internal Auditor carries out reviews of the various systems of the Company using a risk-based audit methodology. The Internal Auditor is charged with the responsibility for completing the agreed program of independent reviews of the major risk areas and is responsible to the Audit Committee which reviews the Report of the Internal Auditors on a quarterly basis.

Statutory Audit

The Statutory Auditor carries out reviews of the Company's internal control systems to obtain reasonable assurance to state whether an adequate internal financial controls system was maintained and whether such internal financial controls system operated effectively in the company in all material respects with respect to financial reporting.

Management Certification

On regular periodic basis, the Board will, on the advice of the Audit Committee, receive the certification provided by the CEO and the CFO, on the effectiveness, in all material respects, of the risk management and internal control system in relation to material business risks.

Board's Responsibility Statement

Board of Directors shall include a statement indicating development and implementation of a risk management policy for the Company including identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

6. MONITORING & REVIEW

This is for the oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the Risk Management Process.

RISK MANAGEMENT COMMITTEE

The Risk Management Policy/Plan will be implemented through the establishment of the Risk Management Committee ("Committee") accountable to the Audit Committee / Board of Directors.

Composition: The Composition of the Committee shall be as per the requirements of Regulation 21 of the SEBI Regulations and other applicable provisions of Companies Act, 2013.

Meetings: The Committee shall meet at least twice in a year on a continuous basis and not more than 180 (One Hundred and Eighty) days shall elapse between any 2 (two) consecutive meetings.

BUSINESS CONTINUITY PLAN

The Company recognizes the importance of business continuity planning for smooth running of business particularly during unfavorable times, including pandemic. The plan addresses organizational relationships, responsibilities, actions and recovery steps the Company's Executive Team shall take in case of disaster or serious disruption and/or any disaster which renders essential equipment and/or site and records non accessible. A team of executives developing business continuity plan, should focus especially on key action steps, roles and responsibilities, trigger mechanisms, turnaround times etc. to be prepared to tackle any situation that can potentially affect the business operations.

REVIEW, LIMITATION AND AMENDMENT

This Policy shall be reviewed periodically by the Board or Audit Committee to ensure it meets the requirements of legislation and the needs of organization.

In the event of any conflict between the Companies Act, 2013 or the SEBI Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment/modification in the Regulations, in this regard shall automatically apply to this policy.