



INDUS NET TECHNOLOGIES LIMITED: RISK MANAGEMENT POLICY

1. Introduction

This Risk Management Policy is framed in accordance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and the Companies Act, 2013, which mandate procedures for risk assessment and minimization. Indus Net Technologies (the "Company") acknowledges that effective risk management is crucial to sustainable business growth, resilience, and achieving organizational objectives. The policy emphasizes proactive risk identification and mitigation, fostering a robust framework that aligns with our business strategy and stakeholder expectations.

2. Policy Overview

The Company's risk management policy outlines our approach to identifying, assessing, monitoring, and mitigating various risks that could impact business objectives. Our risk management framework is designed to minimize adverse effects and promote long-term competitive advantages, while enhancing shareholder and stakeholder value. Through these practices, the Company ensures a well-prepared response to dynamic risk environments and emerging threats.

3. Risk Management Framework

3.1 Risk Management Structure

The Board of Directors, through the Audit Committee, oversees the risk management framework, regularly reviewing and assessing its effectiveness. Each Head of Department (HOD) holds responsibility for implementing risk management measures within their functional areas, ensuring that the Company maintains a culture of risk awareness and proactive management.

3.2 Risk Management Program

The risk management program comprises comprehensive processes, guidelines, and structures aimed at managing business risks, including material changes to risk profiles. The Board of Directors has designated authority to senior management to develop and maintain the risk management program, ensuring that day-to-day operations align with risk mitigation goals.

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Regular communication and program reviews facilitate checks and balances, reinforcing a responsive and effective risk management program.

3.3 Risk Categories & Mitigation Measures

The following risk categories are recognized, with mitigation strategies detailed for each:

-Technology and Innovation Risk: Rapid technological advancements and regulatory changes may impact product relevance and revenue.

Mitigation: The Company closely monitors e-security standards, proactively updating products to align with current regulations and market needs. Senior management stays alert to emerging technologies and cryptographic advancements to ensure sustained relevance.

-Competition Risk: The IT sector is highly competitive, with constant pressure from established firms and new entrants offering similar solutions. This competitive landscape can impact the Company's market share, pricing power, and growth prospects.

Mitigation: The Company adopts a dual approach to mitigate competition risks. First, it invests in R&D to maintain product differentiation and create niche solutions that cater to specific client needs. Second, it emphasizes building long-term client relationships by providing exceptional post-sales support and customized solutions, which enhances client retention and reduces susceptibility to price-based competition. Additionally, the Company actively participates in industry forums and alliances to stay ahead of market trends and potential competitive threats.

- Cybersecurity Risk: As an IT company handling sensitive data, evolving cyber threats pose a persistent risk.

Mitigation: Cyber security threats are managed through continuous product re-engineering and updates to address vulnerabilities. Regular security assessments and investments in cyber security tools further bolster protection.

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- Scalability and Resource Risk: Limitations in scale may constrain the Company's ability to capitalize on large projects.

Mitigation: Strategic partnerships with larger vendors and system integrators enable resource sharing and market expansion, enhancing competitiveness and visibility.

-Receivables Risk: Delays in payment collection can disrupt cash flow, especially given our focus on software products.

Mitigation: Clear payment terms in Service Agreements ensure customer adherence. The management closely monitors receivables, especially those exceeding such number of days, implementing reminder systems and, if necessary, service suspension.

-Human Resource Risk: Challenges include attracting skilled talent and managing attrition, which affects continuity and incurs costs.

Mitigation: Competitive compensation, an innovative work environment, and robust HR processes support employee retention. The Company aims to create a talent pipeline to mitigate attrition impacts.

-Legal and Contractual Risks: Licensing, IP infringement, and confidentiality breaches represent potential legal risks in client engagements.

Mitigation: Access to sensitive information is controlled through Non-Disclosure Agreements (NDAs) and role-based permissions. Contracts are carefully vetted, and Professional Indemnity Insurance provides added protection.

4. Oversight and Key Risk Management Practices

A. Board of Directors

The Board is responsible for establishing, implementing, and monitoring the risk management framework, ensuring alignment with corporate goals. Matters requiring special attention are escalated to the Board by the audit committee.

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B. Audit Committee

The Audit Committee plays a key role in overseeing the risk management framework and providing reports to the Board. It evaluates risk management initiatives, manages material business risks, and ensures compliance with regulatory standards. Key responsibilities include:

- Monitoring the implementation of action plans for addressing risks.
- Evaluating the effectiveness of risk controls and processes.
- Ensuring regular reviews of business risks and providing updates to the Board.
- Promoting a risk-aware culture across the organization.

C. Senior Management

Senior management is tasked with designing, implementing, and overseeing internal controls for identifying and mitigating risks. They lead efforts to integrate risk management into business processes and cultivate a risk-aware culture.

5. Review of Risk Management Program

The risk management program is reviewed periodically to assess its effectiveness and relevance to current business and regulatory environments. The Board, audit committee, and senior management hold defined roles to ensure that risk management responsibilities are clearly understood. Regular reporting and evaluation facilitate continuous improvement, equipping the Company to respond to emerging risks and maintain effective internal controls.

This policy reinforces the Company's commitment to a structured and proactive approach in managing potential business risks, supporting sustainable growth and stakeholder value.