

**Corporate Office:** Plot No. 3A, (SEZ Campus),  
Corporate Tower, Sector 126, Noida - 201 303  
**Registered Office:** CP-3, Sector-8, IMT Manesar,  
Gurgaon, Haryana-122051  
Tel: +91 120 4306000 Fax: +91 120 4310288  
CIN: U65923HR2008PTC046947

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## FRAUD PREVENTION POLICY

Vama Sundari Investments (Delhi) Private Limited was granted registration vide Certificate of Registration No.14.03494 dated 14<sup>th</sup> June, 2019 to commence/carry on the business of non-banking financial institution without accepting public deposits. The Directions are applicable to Vama Sundari Investments(Delhi) Private Limited, being a systematically important non-deposit taking non-banking financial companies (NBFC).

### **Objectives**

The Policy on monitoring of Fraud has been framed to provide a system for detection and prevention of frauds, reporting of frauds that is detected or suspected and fair dealing of matters pertaining to frauds. This policy will ensure and provide for the following :-

- i. To establish procedures for detection and timely reporting of frauds to senior management for review and necessary action.
- ii. To develop and evolve of system for detection and prevention of fraud and for establishment of procedures for preventing fraud.
- iii. To provide clear guidance to employees on the process for dealing with matters related frauds.
- iv. To facilitate in conduct of investigation into fraudulent act or frauds detected.

**Scope:** This policy will be applicable to any fraud or suspected fraud involving investee companies, employees as well as other parties involved in frauds.

### **Terms of Reference**

- a) To ensure that adequate systems are in place to detect frauds, once they have taken place, within the shortest possible time.
- b) To ensure that adequate process and polices are in place dealing with frauds detected and course of action to be undertaken.
- c) All frauds (including attempted Frauds) would be required to be reported to the Fraud Risk Officer who shall expeditiously deal with the matter in terms of process laid down.
- d) All the frauds involving an amount of Rs 25 lakh and above would be monitored and reviewed by the GRMC and provide their report to Audit Committee of the Board (ACB) for their review. This would also include undertaking periodic review of frauds.
- e) The periodicity of the meetings of the GRMC and ACB may be decided according to the number of cases involved. However, the GRMC should meet and review as and when a fraud involving an amount of Rs 25 lakh and above comes to light and provide a report to ACB for their review.
- f) ACB shall have right to outline a detailed procedure for an investigation and may delegate such powers and authorities, as it may deem fit to any other committee and/or officer(s) of the Company for carrying out any investigation.

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- g) To ensure that deterrent punishment is meted out, wherever warranted, to the persons found responsible.
- h) To continuously review if frauds have taken place because of laxity in following the systems and procedures and, if so, whether effective action has been taken to ensure that the systems and procedures are scrupulously followed by the staff concerned.

To assess if the frauds detected are reported to local Police, as the case may be, for investigation j) In respect of implementation of policy, ACB may perform all such acts as it may deem fit at its sole discretion, including, the following functions: —

- To obtain legal or expert view in relation to Fraud or attempted Fraud;
- To appoint external agency to assist in investigation;
- To seek assistance of Internal Auditor;
- To request any officer(s) of the company to provide adequate financial or other resources for carrying out investigation.
- To call for any information /document and explanation from any employee of the Company or other person(s) as they may deem appropriate for the purpose of conducting investigation.
- To seek explanation or solicit submission or give reasonable opportunity to respond to concerned personnel on material findings contained in investigation report.

Definition of fraud : The definition of fraud is based mainly on the provisions of the Indian Penal Code which includes –

- a) Misappropriation and criminal breach of trust;
- b) Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;
- c) Unauthorized credit facilities extended for reward or for illegal gratification;
- d) Negligence and cash shortages (includes intention to cheat/defraud is suspected/ proved);
- e) Cheating and forgery;
- f) Irregularities in foreign exchange transactions (includes intention to cheat/defraud is suspected/ proved); and
- g) Any other type of fraud not coming under the specific heads as above;

Cases of 'negligence and cash shortages' and 'irregularities in foreign exchange transactions' referred to in items (d) and (f) above are to be reported as fraud, if the intention to cheat / defraud is suspected / proved.

However, the following cases where fraudulent intention is not proved, at the time of detection, will be treated as fraud and reported accordingly :

- (a) cases of cash shortages more than Rs.10,000/- and

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(b) cases of cash shortages more than Rs.5,000/- if detected by management / auditor / inspecting officer and not reported on the occurrence by the persons handling cash.

**Regulatory Reporting** A reporting system for frauds is prescribed by RBI as per Annexure A. It may be noted that the Company is not required to submit 'Nil' reports to Frauds Monitoring Cell / Regional Offices of Department of Non-Banking Supervision.

**Annual Report Disclosure** The Company shall disclose the amount related to fraud, reported for the year in its balance sheets.

#### **Reporting & Review by Board**

- Detected Frauds: — All frauds of Rs. 1 lakh and above shall be reported to the Board promptly on their detection.
- Information relating to frauds shall be furnished on quarterly basis, if any.
- Undertake and update the Board on the annual review of the frauds.

#### **Reporting, monitoring and review by Audit Committee of Board**

Detected Frauds: —

- All frauds of Rs. 1 Crore and above shall be reviewed by the ACB promptly on their detection.
- All frauds of Rs. 1 Crore and above shall be monitored and reviewed by the ACB on a quarterly basis.

Attempted Frauds:

All attempted frauds of Rs. 1 Crore and above shall be reported to the ACB.

Annual consolidated review of all attempted frauds of Rs. 1 Crore and above within three months of end of the financial year.

**Responsibility** : The Chief Risk Officer is responsible for policy implementation. The Group Risk Management Committee (GRMC) shall be responsible for monitoring and review of Frauds and shall report to Audit committee.

**Dispensation** : Any dispensation requires approval from Audit Committee on the recommendation of Chief Risk Officer.

**Amendment** : This Policy may be amended from time to time by the Audit Committee on the recommendation of the Risk Management Committee. Changes required due to business exigencies or due to regulatory / audit requirements, would be approved by Chief Risk Officer, appointed under this Policy.

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## ANNEXURE A

### Reporting of Frauds to RBI

Particulars	Reporting to	Form	Timeline	Additional Requirements
Amount involved above Rs. 1 lakh and below Rs. 1 Crore	Regional Office, DNBS, RBI	FMR-1	Within 15 days of the end of quarter to which it relates.	
Amount involved Rs. 1 Crore and above	(i) Regional Office, DNBS, RBI and (ii) Fraud Monitoring Cell (FMC), DBS, Central Office, RB	FMR-1	Within 15 days of the end of quarter to which it relates.	
Quarterly reports on frauds outstanding (All amounts)	Regional Office, DNBS, RBI	FMR-2	Within 15 days of the end of quarter to which it relates.	Certificate as part of the FMR2 report that all individual fraud cases of Rs. 1 lakh and above reported to RBI in FMR-1 during the quarter have also been put up to the Board and have been incorporated in Part – A (columns 4 and 5) and Parts B and C of FMR- 2.
Case wise quarterly progress report on frauds involving Rs. 1 Crore and above	Fraud Monitoring Cell (FMC), DBS, Central Office, RBI	FMR-3	Within 15 days of the end of quarter to which it relates.	
Case wise quarterly progress report on frauds involved less than Rs 1 Crore	Regional Office, DNBS,	FMR-3  It should be a	Within 15 days of the end of quarter to which it relates.	

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RBI D.O. letter on frauds of Rs. 1 Crore and above.		D.O. letter containing the amount involved, nature of fraud, name of branch/office, names of parties involved, names of officials involved and whether complaint has been lodged with the Police.	Within a week of fraud coming to the notice.	
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#### **Guidelines for reporting frauds to Police**

The Company is required to follow the following guidelines for reporting of frauds such as investment in securities for illegal gratification, negligence and cash shortages, cheating, forgery, etc. to the State Police authorities. As a general rule, the following cases should invariably be referred to the State Police:

- a) Cases of fraud involving an amount of Rs. 1 lakh and above, committed by outsiders on their own and/or with the connivance of the Company staff/officers;
- b) Cases of fraud committed by the employees, when it involves the Company's funds exceeding Rs. 10,000/-

#### **BOARD OF DIRECTORS MEETINGS AND REVIEW**

The Board of Directors, in their board meetings, will oversee the implementation of the system and review its functioning periodically.

The above policy was approved and taken on record by the Board of Directors at their meeting held on 30<sup>th</sup> September, 2020 and reviewed on 16<sup>th</sup> March, 2021, 15<sup>th</sup> March, 2022 and 20<sup>th</sup> March, 2023.