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CIN: U65923HR2008PTC046947

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VAMA SUNDARI INVESTMENTS (DELHI) PRIVATE LIMITED

GROUP RISK MANAGEMENT POLICY

(Approved in the Board meeting held on 28th January, 2025)

A. PREAMBLE

Vama Sundari Investments (Delhi) Private Limited (hereinafter referred as "Vama Delhi" / "the Company") is a Non-Banking Financial Company (CIC) registered with the Reserve Bank of India, New Delhi ("RBI"). Vama Delhi is an investment holding / promoter company of HCL Group. This policy outlines the framework for identifying, assessing, monitoring, and mitigating risks arising from the group structure of Vama Delhi. This Policy is aligned with the RBI's guidelines on Group Risk Management and aims to ensure financial stability, regulatory compliance, and effective risk management across the group. The key purpose of this framework is to help manage business and better deal with risks in achieving the Company's objectives.

B. OBJECTIVES

Vama Delhi is a CIC and any business strategy entails risk. In all types of undertaking, there is the potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). Enterprise risk management ('ERM') deals with risks and opportunities to create or preserve value. ERM as a process is ongoing, effected by people (board of directors, management and employees), across the company and applied in setting strategy, designed to identify potential events (risks and opportunities) and manage the risks within its risk appetite, to provide reasonable assurance regarding the achievement of entity's objectives.

The Company is committed towards managing risks in line with its stated risk appetite through a systematic framework which identifies, evaluates, mitigates and monitors risks that could potentially have a material impact on the value of the organization or potentially hinder the organization in achieving its stated business objectives and goals.

The risk management practices are aimed to address one or more of these risk management goals as given below:

- Determine the risk profile of the Company;

- Ensure integration of risk considerations into decision-making processes including promotion of a risk management culture supported by a robust risk governance structure;

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- Determine the relevant processes and strategies for risk management which include identification of risks, ongoing measurement and monitoring of risk exposures and ensuring relevant control or risk transfer;

- Develop and monitor mitigation plans for high risk items identified through the Self-Assessment mechanism done by respective business function, loss events and Internal / Statutory audit findings;

- To ensure adherence to applicable regulatory mandates as laid down by different regulatory authorities and all critical internal policies/limits;

- Proactive and reactive approach to manage fraud;

- Minimizing reputational risk as identified and assessed as part of a regular assessment and managed on a case-by-case basis.

C. SCOPE

This policy applies to the Company, all subsidiaries, associates, joint ventures and other entities where the Company has significant influence or control and to the risks arising from intra-group transactions, exposures and operational dependencies.

D. RISK MANAGEMENT FRAMEWORK

Effective risk management requires identification, assessment, mitigation, monitoring and reporting of risks.

a. Identification and assessment of risk

Risk identification is carried out on a regular basis, including as part of the business planning process and draws on a combination of internal and external data, covering both normal conditions and stressed environments. This shall be the result of a self-assessment process where risks are recorded. Risk measurement is then done basis a combination of its severity, related control environment and the probability of occurrence.

b. Mitigation and monitoring

Monitoring ensures that the risk management and mitigation approaches (accept, avoid, transfer, control) in place are effective. Monitoring may also identify risk-taking opportunities. There shall be regular monitoring of risk exposures against risk appetites, as well as key risk indicators against operating and financial risk limits and tolerances. The effectiveness of controls in place to manage operational risks,

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including compliance with the regulatory guidelines and internal defined standards shall also be monitored.

- Top Risk Assessment

The Top Risk Assessment ('TRA') is a periodic analysis of all material quantifiable and nonquantifiable risks and to identify and remediate significant threats to financial results, operational viability or the delivery of key strategic objectives.

- Assessment of residual risk

The residual risk is the risk that remains after considering the mitigation and existing controls in place. Wherever the residual risk is perceived as high, the Company shall additionally lay down mitigation actions where further strategic intervention may be required.

Residual Risk	**Action steps**
High	Strategic intervention may be required within the next 12 months
Medium	Strategic intervention may be required within the next 12-36 months
Low	Strategic intervention is unlikely to be required for next 36 months

- **Reporting**

The Risk Management Function shall submit a list of top risks classified according to assessment of residual risk along with mitigation plans to the Group Risk management Committee bi-annually. This shall amongst others include evaluation Credit Risk, Liquidity Risk and Market risks.

E. RISK CATEGORIES

The Company shall follow a disciplined risk management process for the following risks it faces and take business decisions that ensure growth and a balanced approach towards risk reward matrix.

1. Credit Risk

A risk of loss due to failure of a borrower / counterparty to meet the contractual obligation of repaying their debt as per the agreed terms would affect the Company's credit profile. Ownership structure along with the credit profile of the promoter, shareholding pattern of the Company, operational synergies of the Company with its promoter, level of involvement of promoter in the Company and level of commitment,

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and track record of the promoter in providing funding support also affects the Company's earning, liquidity and capitalization.

2. Operational Risk

Any eventuality arising from activities relating to people, technology, infrastructure and external factors, which can give rise to some type of loss in the Company constitutes Operational Risk. These are usually 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.

3. Market Risk

Risks emanating out of the choices regarding markets, resources and delivery model can potentially impact the Company's long-term competitive advantage. Additionally, risks relating to external market dynamics such as inherent characteristics of the industry including competitive structure, technological landscape, extent of linkage to economic environment and regulatory structure give rise to Liquidity risk, Interest Rate risk and Funding risk which largely constitute Market Risk.

4. Interest Rate Risk

Interest Rate Risk is where changes in market interest rates adversely affect the Company's financial condition. The immediate impact of changes in interest rates is on the Company's earnings, in terms of changing its Net Interest Income ("**NII**") or Net Interest Margin ("**NIM**"). The interest rate fluctuation does not impact the Company's earning since the Company resorts to fund without interest for its operations from its Holding Company.

5. Liquidity Risk

Liquidity risk is the inability to meet financial obligations in a timely manner. Measuring and managing liquidity needs are vital for effective operation of the Company. The importance of liquidity transcends individual institutions, as liquidity shortfall in one institution can have repercussions on the entire system. The Committees should measure not only the liquidity positions of the Company on an ongoing basis, through maturity and cash flow mismatches but also examine how liquidity requirements are likely to evolve under different assumptions. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates should be adopted as a standard tool.

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6. Human Resource Risk

The Company's human resources add value to it by ensuring and contributing towards organizational excellence. Risk in matters of human resources should be minimized and contained by following a policy of providing equal opportunity to every employee, inculcating in them a sense of belonging and commitment and effectively train them in spheres other than their own specialization. The Company believes that a satisfied and committed employee will give his best and create an atmosphere that cannot be conducive to risk exposure.

7. Cyber Security Risk

A Cyber Security Risk assessment identifies the various information assets that could be affected by a cyber-attack such as hardware, systems, laptops, customer data and intellectual property. The Company shall monitor and review the cyber security risks.

F. RISK MITIGATION

I. The Company shall evolve a reporting process that is in consonance with requirements and risk management practices, as they evolve.

II. The Company shall provide updated information materially affecting the risk profile (e.g. market developments) which will enable the Committees to understand the likely future risk profile of the Company. These will be also reported to the Board by the Risk Management Committee as soon as practicable.

III. There shall be a structured and standardized credit approval process to ascertain the credit worthiness of the borrower. The Company shall develop an internal evaluation team to make credit decisions more robust and in line to manage collateral risk. The Company shall follow a process of revisiting the credit policy and processes, from time-to-time, based on experience and feedback.

IV. Specifically, the Company shall appoint persons to keep continuous watch to gather symptoms and warning signals to manage Operational Risk since it is largely internal and unknown.

V. Specifically, the Company shall resort to a contingency plan to manage Market Risk by maintaining sufficient, approved but undrawn credit lines on a continuous basis, as a buffer to manage the eventuality of liquidity constraints.

VI. The Company shall be compliant in terms of regulatory norms and shall effectively manage regulatory risk. It shall adopt effective Customer redressal mechanisms and fair practices that keep legal risk under control.

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VII. The Company shall have processes in place, to manage the risk of fraud and ensure that suspected frauds are reported, wherever necessary.

VIII. The Company shall have proper procedures and mechanism for monitoring and reviewing cyber security.

G. RISK ASSESSMENT OF BORROWERS

I. The Company recognizes that borrowers may be of a higher or lower risk category, depending on their background, type of business, references, borrowers net worth and the ability to refund and pay interest, etc.

II. It shall be the responsibility of the person authorized by the Committees to apply to each customer due diligence measures on a risk sensitive basis and divide them into three categories – "High", "Medium" and "Low", which shall be reviewed by the board bi-annually.

H. RISK PROFILE OF THE COMPANY

Investments in Group company are strategic in nature of associates and hence critical risks of Vama Delhi, which are operating companies would be risk reviewed from a capital call perspective. Each of the Group companies have their own Risk Management committees which review risks, their mitigation, control and trends. Of these, critical risks are evaluated, monitored and reviewed.

I. GROUP RISK MANAGEMENT COMMITTEE ("GRMC")

In terms of Master Direction-Core Investment Companies (Reserve Bank) Directions, 2016 as updated, the Core Investment Company (CIC) with the largest asset size shall constitute a Group Risk Management Committee (GRMC). The Board of Directors of Vama Sundari being the only CIC in the Group, has constituted a Group Risk Management Committee (hereinafter referred as "GRMC") at its meeting held on March 20, 2023.

- **Composition**

The GRMC shall comprise minimum of 5 members, including executive members. Atleast two members shall be independent directors, one of whom shall be the Chairperson of GRMC. Members shall have adequate and commensurate experience in risk management practices. Presently, the composition of GRMC is as under:

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Sl. No.	Name of GRMC Member	Office held
1	Mr. Rajesh Jain, Independent Director	Chairman
2	Mr. Jeevesh Kumar, Independent Director	Member
3	Mrs. Kiran Nadar, Director	Member
4	Ms. Roshni Nadar Malhotra, Director	Member
5	Mr. Shikhar Neelkamal Malhotra, Executive Director	Member

- **Minimum Number and Periodicity of Meetings of GRMC**

There shall be minimum one meeting in each quarter and atleast four meetings in a calendar year.

- **Role and Responsibilities of GRMC**

1. Analyse the material risks to which the group, its businesses and subsidiaries are exposed. It must discuss all risk strategies both at an aggregated level and by type of risk and make recommendations to the Board in accordance with the group's overall risk appetite.

2. Identify potential intra-group conflicts of interest.

3. Assess whether there are effective systems in place to facilitate exchange of information for effective risk oversight of the group.

4. Assess whether the corporate governance framework addresses risk management across the group.

5. Carry out periodic independent formal review of the group structure and internal controls.

6. Articulate the leverage of the Group and monitor the same.

Based on the analyses and recommendations of the GRMC, Vama Delhi shall initiate corrective action, where necessary. Chief Risk Officer (CRO), appointed in Vama Delhi shall initiate such corrective action.

J. CHIEF RISK OFFICER

Ms. Rita Gupta, a Chartered Accountant by profession and having more than 30 years of experience in the realm of Risk management, is appointed as Chief Risk Officer of the Company at the Board Meeting held on 28th July, 2021.

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K. REVIEW AND UPDATE

This Policy will be reviewed annually or as needed to address emerging risks and regulatory changes. All the updates/reviews of this Policy will be approved by the Board of Directors of the Company.

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