

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

OUTSOURCING POLICY OF VAMA SUNDARI INVESTMENTS(DELHI) PRIVATE LIMITED

(Approved in the Board dated 30th September, 2020 and reviewed on 16th March, 2021 and 15th March, 2022, 20th March, 2023, 28th September, 2023 and 17th January, 2024)

The Reserve Bank of India (RBI), on the 9th of November, 2017 released a notification bringing out the Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Non-Banking Financial Companies (NBFCs) (“Directions”). The Directions have been issued due to ever-increasing need to outsource ancillary activities such as applications processing (loan origination), document processing, marketing and research, supervision of loans, data processing and back office related activities in order to provide the customers best possible services associated with the core business of the company. The Directions have been issued to ensure that there exists no possibility of discrepancy that could affect the customer as well as the NBFC in an adverse manner.

The underlying principles behind these directions are that the Company shall ensure that outsourcing arrangements neither diminish its ability to fulfil its obligations to customers and RBI nor impede effective supervision by RBI. The Company shall have to take steps to ensure that the service provider employs the same high standard of care in performing the services as is expected to be employed by the NBFCs

It is therefore imperative for the Company outsourcing its activities to ensure sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourced activities. The directions are applicable to material outsourcing arrangements which may be entered into by the Company with a service provider located in India or elsewhere. The service provider may either be a member of the group/ conglomerate to which the Company belongs, or an unrelated party.

Definitions:

1. Outsourcing' is defined as the Company's use of a third party (either an affiliated entity within a corporate group or an entity that is external to the corporate group) to perform activities on a continuing basis that would normally be undertaken by the Company itself, now or in the future.
2. **Material Outsourcing**

Material outsourcing arrangements are those which, if disrupted, have the potential to significantly impact the business operations, reputation, profitability or customer service. Materiality of outsourcing would be based on:

- the level of importance to the Company of the activity being outsourced as well as the significance of the risk posed by the same;
- the potential impact of the outsourcing on the Company on various parameters such as earnings, solvency, liquidity, funding capital and risk profile;
- the likely impact on the Company's reputation and brand value, and ability to achieve its business objectives, strategy and plans, should the service provider fail to perform the service;

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

- the cost of the outsourcing as a proportion of total operating costs of the Company;
- the aggregate exposure to that particular service provider, in cases where the Company outsources various functions to the same service provider and
- the significance of activities outsourced in context of customer service and protection.

The outsourcing of activities by the Company would not require prior approval from RBI, however the Bank may conduct an inspection of such arrangements. The Board of Directors and the Senior Management shall bear the ultimate responsibility for the activities carried out by the service provider. Additionally, the NBFC retains ultimate control over the outsourced activity and is not freed of its obligations by outsourcing of the respective activity.

INDICATIVE LIST OF ACTIVITIES THAT CAN BE OUTSOURCED

An indicative list of activities that may be considered for outsourcing is as under:

- Application processing (loan origination)
- Document processing
- Documents quality check
- Storage of documents
- Research and marketing
- Data processing
- Back office related activities
- Lead sourcing activity
- Field Investigation
- Legal
- Information Technology

The above list is indicative only and not exhaustive. Additional activities within the definition of outsourcing can also be outsourced by the Company.

ACTIVITIES PROHIBITED FROM OUTSOURCING

The Company is prohibited from outsourcing the following activities:

Core management functions including:

- Internal Audit
- Strategic and Compliance functions
- Decision-making functions such as:
 - Determining compliance with KYC norms for opening deposit accounts
 - According sanction for loans
 - Management of investment portfolio.

These restrictions ensure that the principal activity of the company is not shared with any third party and in no manner compromised. The service level agreements with the group entities must distinctly mention the demarcation of sharing resources i.e. premises, personnel, etc. The risk associated with Company must be adjudged on a stand-alone basis and must not be compromised in any case.

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

These directions have come in the wake of the several types of risks associated with the outsourcing arrangements, which have been defined as follows:

- Strategic Risk – Where the service provider conducts business on its own behalf, inconsistent with the overall strategic goals of the Company.
- Reputation Risk – Where the service provided is poor and customer interaction is not consistent with the overall standards expected of the Company.
- Compliance Risk – Where privacy, consumer and prudential laws are not adequately complied with by the service provider.
- Operational Risk– Arising out of technology failure, fraud, error, inadequate financial capacity to fulfil obligations and/ or to provide remedies.
- Legal Risk – Where the Company is subjected to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements due to omissions and commissions of the service provider.
- Exit Strategy Risk – Where the Company is over-reliant on one firm, the loss of relevant skills in the Company itself preventing it from bringing the activity back inhouse and where Company has entered into contracts that make speedy exits prohibitively expensive.
- Counter party Risk – Where there is inappropriate underwriting or credit assessments.
- Contractual Risk – Where the Company may not have the ability to enforce the contract.
- Concentration and Systemic Risk – Where the overall industry has considerable exposure to one service provider and hence the Company may lack control over the service provider.
- Country Risk – Due to the political, social or legal climate creating added risk.

Thus, outsourcing to a third party exposes both the Company as well as the customers to numerous risks which can lead to micro-level as well as macro-level breakdown. Hence, there is a need to carry out the outsourcing activities in a regulated manner to diminish the impact of these risks.

The Directions have been framed in a manner to assure safety to the operations of the Company and isolating it from any of the aforesaid risks.

RESPONSIBILITIES OF DIRECT SALES AGENTS(DSA)/DIRECT MARKETING AGENTS(DMA)/RECOVERY AGENTS

The Direct Sales Agent (DSA)/ Direct Marketing Agent (DMA)/ Recovery Agents (RA) engaged by the Company shall not resort to:

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

1. intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts;
2. acts intended to humiliate publicly or intrude the privacy of the debtors' family members, referees and friends;
3. making threatening and anonymous calls; or
4. making false and misleading representations. The respective Head of Departments shall ensure that:

1. Direct Sales Agent (DSA)/ Direct Marketing Agent (DMA)/ Recovery Agents (RA) are properly trained to handle their responsibilities with care and sensitivity, particularly aspects such as (a) soliciting customers,

(b) hours of calling,

(c) privacy of customer information, and

(d) conveying the correct terms and conditions of the products on offer, etc.;

2. DS/ DMA/ RA are informed about "Code of conduct" of the Company, as approved by its Board, for DSA/ DMA/ RA and an undertaking is obtained from them for abiding with this Code;

3. RA shall adhere to extant instructions on the Fair Practices Code of the Company and also their own code for collection of dues and repossession of security;

4. RA shall refrain from taking any action that could damage the integrity and reputation of the Company and they shall observe strict customer confidentiality;

REPORTING OF TRANSACTIONS TO FIU OR OTHER COMPETENT AUTHORITIES

The respective Head of Departments shall provide the Currency Transactions Reports and Suspicious Transactions Reports to FIU or any other competent authority in respect of the Company's customer related activities carried out by the Service Providers.

OUTSOURCING WITHIN A GROUP/CONGLOMERATE

In case of outsourcing of any activity within the group companies, the respective Head of Departments shall ensure that:

1. Arm's length distance is maintained in such outsourcing in terms of premises, manpower, decision-making, record keeping, etc. for avoidance of potential conflict of interests between the Company and such Service Provider and accordingly necessary disclosures in this regard shall be made as part of the outsourcing agreement;
2. The customers are informed specifically about the company which is actually offering the product/ service in case of involvement of multiple group entities involved or cross selling of products;

Corporate Office: A9, Sector 3, Noida - 201301, U.P., India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

3. The outsourcing agreement shall address the provisions including scope of services, charges for the services and maintaining confidentiality of the customer's data;
4. The arrangement shall not lead to any confusion to the customers on whose products/ services they are availing by clear physical demarcation of the space where the activities of the Company and those of its other group entities are undertaken;
5. The arrangement do not compromise the ability to identify and manage risk of the Company on a stand-alone basis;
6. The arrangement do not prevent the RBI from being able to obtain information required for the supervision of the Company or pertaining to the group as a whole;
7. The outsourcing agreement must have a clause that there is a clear obligation for any service provider to comply with directions given by the RBI in relation to the activities of the Company;
8. Their ability to carry out their operations in a sound fashion would not be affected if premises or other services (such as IT systems, support staff) provided by the group entities become unavailable;
9. If the premises of the Company are shared with the group entities for the purpose of cross-selling, the Company shall take measures to ensure that the entity's identification is distinctly visible and clear to the customers;
10. The marketing brochure used by the group entity and verbal communication by its staff / agent in the Company premises shall mention nature of arrangement of the entity with the Company so that the customers are clear about the seller of the product;
11. The Company shall not publish any advertisement or enter into any agreement stating or suggesting or giving tacit impression that they are in any way responsible for the obligations of its group entities.
12. The risk management practices expected to be adopted by the Company while outsourcing to a related party (i.e. party within the Group / Conglomerate) would be identical to those specified above.

OFFSHORE OUTSOURCING OF FINANCIAL SERVICES

In case of offshore outsourcing of the financial services, particularly relating to Indian Operations, the respective Head of Departments shall ensure that:

1. The Company takes into account and closely monitors the government policies and political, social, economic and legal conditions in the countries where the Service Provider is based, both during the risk assessment process and on a continuous basis and establish sound procedures for dealing with country risk problems. This includes having appropriate contingency and exit strategies.
2. Such arrangements are entered into only with the parties operating in jurisdictions generally upholding confidentiality clauses and agreements. The governing law of the arrangement shall also be clearly specified in the agreement.

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

3. The outsourced activities are conducted in a manner so as not to hinder the efforts to supervise or reconstruct the Indian activities of the Company in a timely manner.
4. Where the off-shore Service Provider is a regulated entity, the relevant off-shore regulator will neither obstruct the arrangement nor object to inspection visits of RBI or visits of the Company's internal and external auditors.
5. The availability of records to management and the RBI will withstand the liquidation of either the offshore custodian or the Company in India.
6. The regulatory authority of the offshore location does not have access to the data relating to Indian operations of the Company simply on the ground that the processing is being undertaken there (not applicable if offshore processing is done in the home country of the Company).
7. The jurisdiction of the courts in the off-shore location where data is maintained does not extend to operations of the Company in India on the strength of the fact that the data is being processed there even though the actual transactions are undertaken in India.
8. All original records shall be maintained in India.

OUTSOURCING POLICY AND CODE OF CONDUCT

The Company intending to outsource any of its financial activities shall put in place a comprehensive Board approved outsourcing policy which incorporates, inter alia:

- Criteria for selection of such activities as well as service providers
- Delegation of authority depending on risks and materiality
- Systems to monitor and review the operations of these activities.

ROLE OF BOARD AND SENIOR MANAGEMENT

Role of the Board

The Board of the Company, or a Committee of the Board to which powers have been delegated shall be responsible inter alia for the following:

- approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- laying down appropriate approval authorities for outsourcing depending on risks and materiality;
- setting up suitable administrative framework of senior management for the purpose of these directions;
- undertaking regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness and
- deciding on business activities of a material nature to be outsourced, and approving such arrangements.

Corporate Office: A9, Sector 3, Noida - 201301, U.P., India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

Responsibilities of the Senior Management

1. Evaluating the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board;
2. Developing and implementing sound and prudent outsourcing policies and procedures commensurate with the nature, scope and complexity of the outsourcing activity;
3. Reviewing periodically the effectiveness of policies and procedures;
4. Communicating information pertaining to material outsourcing risks to the Board in a timely manner;
5. Ensuring that contingency plans, based on realistic and probable disruptive scenarios, are in place and tested;
6. Ensuring that there is independent review and audit for compliance with set policies and
7. Undertaking periodic review of outsourcing arrangements to identify new material outsourcing risks as they arise.

The Outsourcing Agreement

The terms and conditions governing the contract between the Company and the service provider shall be carefully defined in written agreements and vetted by Company's legal counsel on their legal effect and enforceability. Every such agreement shall address the risks and risk mitigation strategies. The agreement shall be sufficiently flexible to allow the Company to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations. The agreement shall also bring out the nature of legal relationship between the parties - i.e. whether agent, principal or otherwise.

Service Level Agreement/Outsourcing Agreement (SLA)

All Service Providers, prior to selection, must be given clarity on the level of service that the Company expects from them. The terms of the Service Level Agreement ("SLA") shall be decided by the Company's operating metrics as defined in the annual budget, and mutually agreed upon by the Service Provider. In case the SLA cannot be derived from the Company's annual budget, the concerned Department Head may define the terms of the SLA and present it to the Executive Director/Director of the Company for approval. For Service Providers providing same or similar services, the terms of the SLA shall be identical to ensure equity and parity amongst the Service Providers. Post definition of the SLA, the Service Provider must demonstrate, through documentary evidence or otherwise, that it is capable of adhering to the norms put forth in the SLA. An acceptable breach ratio must also be mutually agreed upon by the Service Provider and the Company. The breach ratios for all services must be defined by the respective Head of Departments and approved by the Executive Director/Director of the Company.

Every SLA shall include the following provisions:

1. Nature of Legal relationship between the parties i.e.; whether agent, principal or otherwise;
2. What activities are going to be outsourced? (including appropriate service and its performance standards);

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

3. Determining the ability to access all books, records and information relevant to the outsourced activity available with the Service Provider;
4. Ability for continuous monitoring and assessment of the Service Provider by the Company so that any necessary corrective measure can be taken immediately;
5. Controls to ensure customer data confidentiality and the Service Provider' liability in case of breach of security and leakage of confidential customer related information;
6. There must be contingency plans to ensure business continuity;
7. Termination clause and minimum period to execute a termination provision (Notice Period);
8. Limited access of data to the employees of the Service Provider only on "need to know" basis and availability of adequate checks and balances at the end of the Service Provider to ensure the same;
9. Requirement of prior approval/ consent from the Company for use of sub-contractors by the Service Provider for all or part of an outsourced activity and includes, where necessary, conditions of sub-contracting by the Service Provider in order to maintain a similar control over the risks by the Company;
10. Comprehensive Risk Management Program to address the outsourced activities
11. Must have an confidentiality clause to ensure protection and confidentiality of customer data even after the SLA expires or gets terminated;
12. Provides for the Company with the right to conduct audits on the Service Provider whether by its internal or external auditors, or by agents appointed to act on its behalf and to obtain copies of any audit or review reports and findings made on the Service Provider in conjunction with the services performed for the Company;
13. Provides for the RBI or persons authorized by it to access the Company's documents, records of transactions, and other necessary information given to, stored or processed by the Service Provider within a reasonable time;
14. Provides for right of the RBI to cause an inspection to be made of a Service Provider of the Company and its books and account by one or more of its officers or employees or other persons;
15. Requirement of the Service Provider to preserve documents as required by law and take suitable steps to ensure that the Company's interests are protected in this regard even post termination of the services.

The company has entered into an Agreement/Contract dated January 15, 2019 with M/s All E Technologies Private Limited for ERP Services.

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

Business Continuity and Management of Disaster Recovery Plan

- The Company shall require its service providers to develop and establish a robust framework for documenting, maintaining and testing business continuity and recovery procedures. The Company needs to ensure that the service provider periodically tests the Business Continuity and Recovery Plan and may also consider occasional joint testing and recovery exercises with its service provider.
- In order to mitigate the risk of unexpected termination of the outsourcing agreement or liquidation of the service provider, Company shall retain an appropriate level of control over their outsourcing and the right to intervene with appropriate measures to continue its business operations in such cases without incurring prohibitive expenses and without any break in the operations of the NBFC and its services to the customers.
- In establishing a viable contingency plan, Company shall consider the availability of alternative service providers or the possibility of bringing the outsourced activity back inhouse in an emergency and the costs, time and resources that would be involved.
- Outsourcing often leads to the sharing of facilities operated by the service provider. The Company shall ensure that service providers are able to isolate the Company's information, documents and records, and other assets. This is to ensure that in appropriate situations, all documents, records of transactions and information given to the service provider, and assets of the Company, can be removed from the possession of the service provider in order to continue its business operations, or deleted, destroyed or rendered unusable.

MONITORING AND CONTROL OF OUTSOURCED ACTIVITIES

- The Company shall have in place a management structure to monitor and control its outsourcing activities. It shall ensure that outsourcing agreements with the service provider contain provisions to address their monitoring and control of outsourced activities.
- A central record of all material outsourcing that is readily accessible for review by the Board and senior management of the Company shall be maintained. The records shall be updated promptly and half yearly reviews shall be placed before the Board or Risk Management Committee.
- Regular audits by either the internal auditors or external auditors of the Company shall assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, the Company's compliance with its risk management framework and the requirements of these directions.
- The Company shall at least on an annual basis, review the financial and operational condition of the service provider to assess its ability to continue to meet its outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider

Corporate Office: A9, Sector 3, Noida - 201301, U.P., India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

shall highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

- In the event of termination of the outsourcing agreement for any reason in cases where the service provider deals with the customers, the same shall be publicized by displaying at a prominent place in the branch, posting it on the web-site, and informing the customers so as to ensure that the customers do not continue to deal with the service provider.
- Certain cases, like outsourcing of cash management, might involve reconciliation of transactions between the Company, the service provider and its sub-contractors. In such cases, Company shall ensure that reconciliation of transactions between the Company and the service provider (and/ or its sub-contractor), are carried out in a timely manner. An ageing analysis of entries pending reconciliation with outsourced vendors shall be placed before the Audit Committee of the Board (ACB) and Company shall make efforts to reduce the old outstanding items therein at the earliest.
- A robust system of internal audit of all outsourced activities shall also be put in place and monitored by the ACB of the Company.

APPOINTMENT AND ROLE OF SERVICE PROVIDER

The service provider may either be a member of the group/ conglomerate to which the Company belongs, or an unrelated party. The appointment of a service provider must be done after considering various facets which not only affect the reputation of the Company, but also has a systemic impact. Extensive due diligence must be carried out and the service provider must comply with the criteria mentioned in the outsourcing agreement as well. The process of due diligence must be comprehensive in nature and must consider the financial, qualitative, quantitative, operational and reputational status of the service provider. A brief list of conditions that must be considered at the time of appointment of a service provider, which are as follows:

1. Past experience and competence to implement and support the proposed activity over the contracted period;
2. Financial soundness and ability to service commitments even under adverse conditions;
3. Business reputation and culture, compliance, complaints and outstanding or potential litigation;
4. Security and internal control, audit continuity management and coverage, reporting and monitoring environment, business
5. Ensuring due diligence by service provider of its employees.

The Service provider must ensure that it provides the same high standard of care in performing the services as is expected to be employed by the Company itself. They must maintain a robust framework for documenting, maintaining and testing business continuity and recovery procedures and also isolate the Company's information, documents and records, and other assets. Utmost care is to be taken with issues related to handling of public data, hence ensuring that the privacy of such data remains intact at all times and there is no scope of mishandling of the same. Most importantly, the service provider, more specifically the recovery agents, must make sure that they do not carry out any coercive activities in order to seek repayment.

Corporate Office: A9, Sector 3, Noida - 201301, U.P, India
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

www.hcl.com

The Directions levy numerous conditions on the operations of the service provider and the main focus of the Directions remain on the fact that the service provided by them satisfies the customer and is not sub-standard in nature.

Preservation of data

With the increasing number of the masses flocking to Companies in order to carry out financial transactions, confidentiality of data and its security has taken the centre stage in the Directions, with the paramount activity of the Company being to ensure preservation and protection of the security and confidentiality of customer information in the custody or possession of the service provider. It must ensure that the access to customer information by staff of the service provider should be on 'need to know' basis. Further, the company must ensure that no co-mingling of data or document takes place in cases where a single service provider serves various Companies. The Companies are required to review and monitor the security practices and control processes of the service provider on a regular basis and report to RBI, immediately, in case of a breach of security or leakage of data.

Redress of Grievances related to Outsourced Services

1. The Company shall constitute Grievance Redressal Machinery as contained in RBI's circular on Grievance Redressal Mechanism vide DNBS. CC. PD. No. 320/03. 10. 01/2012-13 dated February 18, 2013. At the operational level, all Companies shall display the name and contact details (Telephone/ Mobile nos. as also email address) of the Grievance Redressal Officer prominently at their branches/ places where business is transacted. The designated officer shall ensure that genuine grievances of customers are redressed promptly without involving delay. It shall be clearly indicated that Company's Grievance Redressal Machinery will also deal with the issue relating to services provided by the outsourced agency.
2. Generally, a time limit of 30 days may be given to the customers for preferring their complaints/ grievances. The grievance redressal procedure of the Company and the time frame fixed for responding to the complaints shall be placed on the Company's website.