VAMA SUNDARI INVESTMENTS (DELHI) PRIVATE LIMITED
(An HCL Group Company)

Corporate Office: Plot No. A9, Sector 3, Noida - 201301
Registered Office: CP-3, Sector-8, IMT Manesar,
Gurgaon, Haryana-122051
Tel: +91 120 3667180
CIN: U65923HR2008PTC046947

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VAMA SUNDARI INVESTMENTS(DELHI) PRIVATE LIMITED

RISK MANAGEMENT POLICY

(Approved by the Board of Directors at their meeting held on 19th July, 2019, 16th March, 2021, 15th March, 2022, 17th November, 2022 and 18th March, 2024)

1. REGULATORY FRAMEWORK AND BACKGROUND

As per Reserve Bank of India regulations, the management of every Non-Banking Financial Company ("**NBFC**") is required to base their business decisions on an integrated risk management system since NBFCs are exposed to several risks in the course of their business – such as credit risk, interest rate risk, equity / commodity price risk, liquidity risk and operational risk. Vama Sundari Investments(Delhi) Private Limited ("**Company**"), being a CIC is accordingly required to put such a policy in place.

2. PURPOSE

The Risk Management Policy ("**Policy**") of the Company seeks to minimize unfavorable impact on its business and enhance stakeholder value. This Policy represents the basic standards of Risk Assessment to be followed by the company. Changes in the Policy will become effective upon approval by the Board of Directors of the Company.

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3. BRIEF PROFILE

The Company is a Core Investment Company involved in activities of investment in group Companies and various kinds of securities/financial treasury instruments available in the market. At present the Company is not engaged in extending any credit (Fund based or non Fund Based) to any entity outside the group. Hence at present the Company is not exposed to any credit risk.

4. Composition of Risk Management Committee :

Presently, the composition of Risk Management Committee is as under :

i. Mr. Shikhar Neelkamal Malhotra	Chairman
ii. Mrs. Kiran Nadar	Member
iii. Mrs. Roshni Nadar Malhotra	Member

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

6. PRINCIPLES

a. The Board of Directors along with the Risk Management Committee are responsible for framing, implementing and monitoring the Risk Management Policy for the Company. The responsibility of the Board / Committee is to operationalize a risk

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management program and ensure that formal procedures are in place to identify and define risk with input from representatives across the Company. Measurement of risk is to be done considering both quantitative and qualitative means using criteria as developed and shall be reviewed by the Board, from time-to-time.

b. The Risk Management Committee shall continuously strive to reduce available risks in the Company which directly or indirectly affect its functioning. They shall ensure the protection of rights and values of shareholders by selecting, maintaining and enhancing the risk management mechanisms to provide analysis that inform and support the investment actions of the Company.

7. 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.

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

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b. 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.

c. 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.

d. 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

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Company's earning since the Company resorts to fund without interest for its operations from its Holding Company.

e. 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.

f. 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.

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g. 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.

8. RISK MITIGATION

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

b. 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.

c. 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.

d. 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.

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e. 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.

f. 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.

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

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

9. RISK ASSESSMENT OF BORROWERS

a. 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.

b. 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 periodically.

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10. OBLIGATIONS OF BOARD OF DIRECTORS

The Board of Directors, in their board meetings, will oversee the implementation of the system and review its functioning on half yearly basis.

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