

OUTSOURCING POLICY

OF

M/S. DEEVEE COMMERCIALS LIMITED

OUTSOURCING POLICY

This outsourcing policy ("Policy") of M/s. Deevve Commercials Limited ("Company") is based on the **Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs** issued by the Reserve Bank of India on November 09, 2017, read along with any amendments made thereto from time to time ("RBI Directions") and are applicable to Material Outsourcing arrangements, that has been identified and classified as such in accordance with para 3.1 of the Policy, entered into by the Company with any person or entity appointed by the Company to carry out the Outsourcing activities, who may either be a company in the same group or an unrelated party, located in India as well as outside India ("Service Provider").

1. Meaning of Outsourcing

For the purpose of this Policy, "Outsourcing" shall refer to 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 (including agreements for a limited period) that would normally be undertaken by the Company itself, now or in the future. Further, the Policy shall apply to Material Outsourcing of financial services only. Any kind of technology-related issues and activities not related to financial services, such as usage of courier, catering of staff, housekeeping and janitorial services, security of the premises, movement and archiving of records, etc. are not covered under the purview of this Policy.

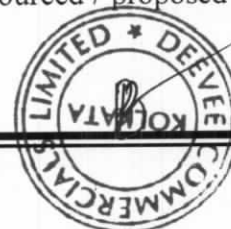
2. Activities which cannot be outsourced

Core management functions including strategic and compliance functions and decision-making functions such as determining compliance with KYC norms for opening customer accounts, according sanction for loans (including retail loans) and management of investment portfolio shall not be outsourced by the Company to any outside entity. However, the same can be outsourced to companies in the same group in accordance with para 4 of the Policy and in compliance with the RBI Directions.

3.1.1 Conditions for Outsourcing

3.1 Criteria for classification as Material Outsourcing

3.1.1 The Board of Directors of the Company, on the recommendation of the Key Managerial Personnel (KMP), would approve classification of any activity outsourced / proposed to be



outsourced as 'Material Outsourcing' and 'Non-Material Outsourcing' , *inter alia*, based on the following:

- a. Where the Company relies on Service Provider(s) to perform the key financial functions such as applications processing, verifications, approvals, etc., on a continuous basis;
- b. The nature of the activity outsourced is such that the performance of the Service Provider can impact significantly, directly or indirectly, the earnings, solvency, liquidity, net worth and risk profile of the Company;
- c. The nature of the activity outsourced is such that failure on the part of the Service Provider to perform the activity efficiently as per agreement is likely to significantly impact the Company's reputation and brand value;
- d. The activity outsourced, if disrupted, has the potential to significantly impact business operations, reputation and stability of the Company;
- e. The cost of Outsourcing an activity as a proportion to the total operating costs of the Company based on the audited financial statements of the immediately preceding financial year is more than [X%];
- f. The aggregate cost incurred in Outsourcing a group of activities to a Service Provider constitutes over [X%] of the total operating cost of the Company as of the previous financial year;
- g. An arrangement involving significant sharing of any proprietary and/or confidential information of the Company or its subsidiaries / associate companies or its customers, if any.

In case the activity outsourced satisfies any of the above criteria, the activity outsourced would be treated as "Material Outsourcing".

3.1.2 Outsourcing arrangements which do not conform to any of the above criteria would be treated as 'Non-Material Outsourcing' unless otherwise specified by the Board of Directors of the Company and shall not be covered under this Policy.

3.1.3 The Company shall undertake a periodic review of its outsourced activities to identify new Outsourcing risks.

3.2 Risk Evaluation and Management

Outsourcing of any activity exposes the Company to a number of risks, as specified in the RBI Directions, including strategic risk, compliance risk, operational risk etc., which need to be evaluated and effectively managed & mitigated. It is necessary to enable sound and responsive risk management practices for effective oversight, due diligence and management of risks arising



from Outsourcing activities. Accordingly, all the Outsourcing arrangements entered into by the Company shall be in compliance with the RBI Directions, in particular the following:

- The Outsourcing arrangements entered into by the Company must be in conformity with the standards laid down in the RBI Directions;
- The identification and selection of the Service Provider shall be in the manner laid down in the RBI Directions and the Company shall also evaluate the capability and competence of the Service Provider in the manner provided in the RBI Directions;
- The KMP shall undertake identification and management of risks with respect to the activities outsourced in the manner provided in the RBI Directions;

The framework for risk evaluation should include the following:

- Identification of the role of activity outsourced in the overall business strategy and objectives of the Company;
 - Comprehensive due diligence on the nature, scope and complexity of the activity outsourced to identify the key risks and risk mitigation strategies;
 - Analysis of the impact of such arrangement on the overall risk profile of the Company, and whether adequate internal expertise and resources exist to mitigate the risks identified;
 - Analysis of risk-return on the potential benefits of Outsourcing and the vulnerabilities that may arise.
- The Company shall retain ultimate control of the activity outsourced and shall continue to monitor and control the activity outsourced in the manner provided in the RBI Directions;
 - The Outsourcing of activities to the Service Provider shall in no manner release the Company or the Board of Directors or KMP of the Company, from any obligations towards regulatory authorities or any other stakeholder, arising from the RBI Directions or otherwise;
 - All the concerned departments who decide to outsource a financial activity /service shall perform risk evaluation prior to entering into an Outsourcing agreement and should be reviewed periodically in the light of known and expected changes, as part of the strategic planning or review processes.
 - A written agreement shall be entered into between the Company and the Service Provider incorporating the terms and conditions governing the arrangement, in conformity with the RBI Directions. Every such agreement shall address the risks and risk mitigation strategies identified at the risk evaluation and due diligence stages.

3. Outsourcing within a Group

The risk management practices to be adopted by the Company while Outsourcing to a company in the group (subsidiaries, associates, fellow subsidiaries, joint ventures and holding company), whether located within or outside India, would be identical to those specified in Para 3.2 of the Policy read with the RBI Directions.



Due diligence on an intra-group Service Provider may take the form of evaluating qualitative aspects on the ability of the Service Provider to address risks specific to the Company, particularly those relating to business continuity management, monitoring and control, and audit and inspection, including confirmation on the right of access to be provided to RBI to retain effective supervision over the Company, and compliance with local regulatory standards.

The respective roles and responsibilities of each party in the Outsourcing arrangement should be documented in writing in a formal service level agreement.



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