

VLS Finance Limited

Whistleblower Policy

Preamble

Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement require every listed company to establish a vigil mechanism/ Whistleblower Policy for the directors and employees to report genuine concerns in such manner as may be prescribed. The Company has adopted the following policy for implementing Vigil Mechanism.

This policy applies to all directors and employees of the Company. All directors and employees of the Company are eligible to make disclosures under this Policy in relation to matters concerning the Company.

Objectives

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. Vigil (whistleblower) mechanism provides a channel to the employees and directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct or policy. The mechanism provides for adequate safeguards against victimization of directors and employees to who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation or with a malafide intent.

Scope of Policy

The policy covers the following unlawful or unethical or improper practice or activity:

- Deliberate violation of any law/regulation;
- Misuse or misappropriation of the assets of the Company;
- Gross waste or misuse or misappropriation of the Company's funds;
- A substantial and specific danger to health and safety;
- An abuse of authority;
- Breach of Company's Code of Conduct or Rules;
- Criminal Offence;
- Any other unethical, biased event.

While it will be ensured that genuine whistleblowers are accorded complete protection from any kind of unfair treatment and any abuse of this protection will warrant disciplinary action. Whistleblowers, who make any disclosures, which have been subsequently found to be malafide, frivolous or malicious shall be liable to be prosecuted under Company's Code of Conduct.

Receipt and Disposal

Employees can make disclosures as soon as possible but not later than 30 consecutive days after becoming aware of the same.

All disclosures should be addressed to the Chairman of the Audit Committee. The contact details of the Chairman of the Audit Committee are as under:

Name: **Dr. S. Ramesh-Director**
Address : **Kalika Estate, Ranikhet, Uttrakhand-263645**
Email: srameshrkt@gmail.com
Phone: **09412926015**

The Chairman may himself or by his representative shall carry out investigations as he may deem fit and proper. He shall note the complaint in a register maintained for this purpose and inter-alia find the basis of the complaint. He shall be given access to any information or evidence in relation to the complaint as he pleases and is authorised to call any employee of the Company for clarification(s). He shall within a period of thirty days complete the investigations and submit his findings in a detailed manner to the Audit Committee.

Protection

No unfair treatment will be meted out to a whistleblower by virtue of his/her having reported a Disclosure under this Policy. The Company, as a rule, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against whistleblower. Complete protection will, therefore, be given to the whistleblower against any unfair practice/s. The identity of the whistleblower shall be kept confidential.

Any other employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the whistleblower.

Any attempt to victimize or meet out unfair treatment to the whistleblower or any person connected with the investigation shall be strictly dealt with, as per Code of Conduct or applicable law, as the case may be.

Reporting

A quarterly report with number of complaints received under this Policy and their outcome shall be placed before the Audit Committee.

Amendment

The Board of Directors may amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

VLS Finance Limited

Risk Management Policy

Introduction

Risk management is to identify and manage threats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

Risk Strategy:

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company believes that the Risk cannot be eliminated. However, it can be:

- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: regulations, competition, business risk, investments, retention of talent and expansion of facilities.

Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk etc. For managing risk more efficiently, the company would need to identify risks that it faces in trying to achieve its objectives. Once these risks are identified, the risk manager would need to evaluate these risks to see which of them will have critical impact on the company and which of them are not significant enough to deserve further attention.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Risk Management Framework

In principle, risks always result as consequence of activities or as consequence of non-activities. Risk Management and Risk Monitoring are important in recognizing and controlling risks. The entirety of enterprise risk management is monitored and modifications made as necessary. Risk mitigation is an exercise aiming to reduce the loss or injury arising out of various risk exposures.

Company shall adopt systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating steps proactively and help to achieve stated objectives.

Risk Assessment

Risks are analysed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks. The Company functions under a well-defined organization structure. Flow of information is smooth to avoid any conflict or communication gap between departments. Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.

Financial Reporting of Risks

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, Securities and Exchange Board of India (SEBI) rules and regulations, and stock market listing regulations are some of the factors posing uncertainty for companies. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations.

New Companies Act, 2013 has not been fully operationalized, and the parts which have not been operationalized, still consist of lot of practical challenges. Their application in practice may evolve over time, as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such corporate governance standards.

The Company is committed to maintaining high standards of corporate governance and public disclosure and will make all efforts to comply with evolving laws, regulations and standards in this regard which would help it to address these issues.

Legal Risk

Company is governed by various laws and has to do its business. It has an experienced team of professionals, advisors who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable laws of the contract, restricting our liabilities under the contract, and covering the risks involved so that they can ensure adherence to all contractual commitments. The Company has established a compliance management system.

Disclaimer Clause

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

Amendments

The Policy may be reviewed and amended from time to time.

VLS Finance Limited
Corporate Social Responsibility Policy (CSR)

Primer

VLS Finance Limited (VLSF) is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Companies Act, 2013 and related Rules, as amended.

VLSF believes that development has to be all-encompassing and every community has to be responsible for the development of an impartial and benevolent society. VLSF commits itself to add to the society in ways possible for the organization.

Intention & Purpose

- Strategy is to develop a long-term vision for VLSF CSR goals.
- Outline of activities to be embarked upon, in line with the CSR policy and Schedule VII of the Companies Act, 2013, as amended.
- VLSF shall promote projects that are sustainable and create a long term value for the society;
- Have specific and measurable goals in alliance with VLSF beliefs;
- To establish a mechanism for the implementation and monitoring of the CSR activities.

Committee Composition

The CSR Committee of the Board shall be composed of at least three (3) Directors. The CSR Committee shall include one (1) independent director effectively within the time period prescribed under law. Members of the CSR Committee may be replaced by any other member of the Board.

Committee Meetings

The CSR Committee shall meet as often as its members deem necessary to perform its duties responsibly.

Duties & Responsibilities of CSR Committee

- i) Formulate and recommend to the Board the CSR activities/programs to be undertaken by VLSF. The CSR Committee shall be guided by the list of activities specified in Schedule VII to the Companies Act, 2013.
- ii) Recommend the CSR expenditure to be incurred on the CSR activities.
- iii) Institute a transparent mechanism for implementation of the CSR projects and effective monitoring tools of such projects.
- iv) Preparation of annualized reports of the CSR activities undertaken and submission of the same to the Board.

Responsibilities of the Board

- i) Approve the CSR Policy and expenditure on CSR initiatives after taking into consideration the recommendations made by the CSR committee.
- ii) Ensure the CSR spending in every financial year is in accordance with statutory provisions as applicable from time to time.
- iii) Ensure that the CSR activities included in the policy are undertaken by the Company and are in conformity to the activities as outlined in Schedule VII of the Companies Act.
- iv) Ensure disclosure of the contents of the CSR Policy and CSR Committee in its report to the members and put the policy on the Company's website.

CSR Expenditure

- i) CSR expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to activities as approved by the Board on the recommendation of its CSR committee including contribution to corpus relating to CSR activities and it shall not include expenditure on an item not in conformity with the CSR policy and Schedule VII of the Companies Act, 2013.
- ii) The surplus arising out of the CSR activities or projects shall not form part of the business profit of the Company.

CSR Activities – Projects

- i) The Company may undertake one or more CSR activities in line with Schedule VII of the Companies Act, 2013.
- ii) The Company shall give preference to the local area(s) around which it operates while considering the CSR activities to be undertaken. However, it may be guided by the requirements of the specific CSR activity in other locations within India.

Implementing CSR Activities

- i) The Company shall undertake the CSR activities directly and also through various implementing agencies within the group or outside such as, non-profit organizations, etc. Such outside implementing agencies shall have an established track record as prescribed under the relevant law.
- ii) The initiatives so undertaken may be communicated to the employees through specific awareness campaigns, so as to enable maximum participation.
- iii) The Company may collaborate with other companies for undertaking CSR projects or programs provided separate reporting mechanisms are in place and are in accordance with Companies Act, 2013 and rules thereunder, as amended.

Assessment

The CSR committee shall be apprised on the implementation of the CSR activities and the progress shall be monitored on regular basis.

The Company shall through its internal controls, monitoring and evaluation systems, implement, assess, document and report the impact of its CSR activities.

General

Any term or aspect not specifically defined or set out in this policy shall be construed to mean what is laid down in respect thereof under the Act or CSR Rules.

Amendments

This Policy may be reviewed and amended from time to time.

VLS Finance Limited
Policy on Board Diversity

Purpose

The Board Diversity Policy ('the Policy') sets out the approach to diversity the Board of Directors of VLS Finance Limited (VLSF).

Scope of Application

The Policy applies to the Board. It does not apply to diversity in relation to employees of the Company, who are covered by Company's human resource equality charter.

Objective

VLSF recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry knowledge and experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible would be balanced appropriately. All Board appointments shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

Policy Statement

The Nomination and Remuneration Committee ('the Committee') shall review and assesses Board composition on behalf of the Board to recommend the appointment of new Directors. There shall be proper mix of Executive and Non Executive Directors including independent directors subject to regulatory provisions as applicable from time to time. The Committee shall also oversee the conduct of the annual review of Board effectiveness. In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge on the Board and the diversified representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

The Committee will discuss and agree annually on all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Review of the Policy

The Board shall review the policy from time to time and may amend it including substitution with new policy upon recommendation of Nomination and Remuneration committee.

VLS Finance Limited

Policy on Prevention of Sexual Harassment of Women at Workplace

Commitment

Our Company is committed to provide a work environment that ensures every woman employee is treated with dignity. The Company is also committed to promote a work environment that is conducive to the professional growth of its women employees and encourages equality of opportunity.

The Company will not tolerate any form of sexual, mental or any other harassment and is committed to go to any length to ensure that.

Scope

This policy applies to all categories of employees of the Company, including permanent management and workmen, temporaries, trainees and employees on contract at its workplace or at client sites.

Meaning of Sexual Harassment

Sexual harassment may be one or a series of incidents involving unsolicited and unwelcome sexual advances or requests.

Sexual Harassment at the workplace includes: unwelcome sexual advances (verbal, written or physical), demand or request for sexual favours, any other type of sexually-oriented conduct, verbal abuse or 'joking' that is sex-oriented, any conduct that has the purpose or the effect of creating an intimidating, hostile or offensive work environment whether explicit or implicit.

Responsibility

All employees of the Company have a personal responsibility to ensure that their behavior is not contrary to this policy. All employees are encouraged to reinforce the maintenance of a work environment free from sexual harassment.

Complaint Mechanism

A women employee can directly approach the Presiding Officer of Internal Complaints Committee or any member of the Committee for registering a complaint, identity of the complainant shall be kept confidential at all times. The women employee includes women engaged in any capacity to whom this policy applies.

A committee called '**Internal Complaints Committee**' has been constituted, presently headed by Dr. (Mrs.) Neeraj Arora - Director of the Company along with additional two members having legal knowledge and one member who is familiar with issues relating to sexual harassment, for time-bound (within 90 days) redressal of the complaint(s) made by such employee. The contact details of the presiding officer are as under:

Name : Dr (Mrs) Neeraj Arora

Phone No.: 011-46656666

Email : vparora@yahoo.com

Address : 5B/03, Calvin Road, Lohiya Road, Near TATA Auto Sales,
Adj. First Flight Courier, Civil Lines, Allahabad-211001 (U.P.)

Anyone who abuses the procedure (by maliciously putting an allegation knowing it to be untrue) will be subject to disciplinary action. However, simply not being able to prove an allegation will not mean that it is a false/malicious complaint.

Amendment

The Board has the right to amend this policy, whole or in part at any time without assigning any reason. In case of amendment in statutory provisions/ regulations necessitating amendment, the relevant portions of policy shall be deemed to have been modified from the date of amendment in relevant statutory provisions. In such case the modified policy shall be placed for review by the Board in regular course.

VLS Finance Limited

Policy on Board Evaluation

Overview

The Board plays a vital role in ensuring the Company's, timely inputs are given to enhance its performance and set the right direction for growth. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

Policy

The Board's policy is to assess the effectiveness of the Board as a whole and of its Committees. Individual Board Members are assessed on their effective contribution and commitment to their role and responsibilities as directors. The criteria for Board evaluation formulated by the Nomination and Remuneration Committee of the Company shall be disclosed in the annual report.

Process

This process includes a questionnaire designed to assess the performance of the Board and its committees, and enhance their overall effectiveness.

Board performance targets include:-

- a) Knowledge of the Job Profile.
- b) Execution skills.
- c) Attendance and participations in the Meetings.
- d) Expert opinions in respect of the serious issues.
- e) Strategies formulated and successfully implemented.
- f) Various directions provided in the best interest of the Company on key issues.

Norms for Performance Evaluation of Directors

- a) The performance evaluation of Non-Executive Directors (including Independent Directors but excluding Nominee Director(s)) shall be carried out by each of the other directors on the Board. It shall be carried out once in every financial year in the manner mentioned hereinafter.
- b) The entire process of evaluation shall be carried out in such a way that the collective result of the evaluation is only known to the person evaluated. Towards this end, an electronic platform may be mounted and operated in the similar manner as the employee performance evaluation. The evaluators will be provided the access whereby they can download the form for evaluation, fill and submit the same electronically. All the technical and process help will be provided to the evaluating directors by the Company.
- c) The independent directors will be evaluated on the five criteria as are mentioned below:
 - 1) Ethics and Values
 - 2) Knowledge and proficiency
 - 3) Diligence
 - 4) Behavioral traits; and
 - 5) Efforts for personal development

The above five criteria will be further divided in to sub-criteria, not exceeding five for each of the criteria. These will also bring out whether or not a director has necessary positive attributes which are necessary for discharging his duties and responsibilities as the Director of the Company.

- d) A rating scale of 5 (five) will be used to give scores for each of the sub criteria:
 - 1) Outstanding - 5
 - 2) Very Good - 4
 - 3) Good - 3
 - 4) Poor-2
 - 5) Unsatisfactory – 1
- e) Each evaluating director will provide scores for each of the Independent Directors. The evaluating director will give scores for each of the sub-criteria comprising each of the criteria mentioned above. The scores will be based on the rating scale as mentioned in d) above.
- f) The evaluator will have to provide reasons for rating score of 1 or 2 and suggestions, if any, for improvement.
- g) The final score for each of the Independent Directors will be arrived at in the manner given below:
 - i) The score for each of the criteria will be arrived at by totaling the scores for sub-criteria and dividing them by the number of sub criteria.
 - ii) The total score from each evaluator will be arrived at by adding up the scores of all criteria and dividing the total by 5 (five).
 - iii) The total score for an Independent Director will be arrived at by adding the scores from all evaluators and dividing such total score by the number of evaluators.
- h) The Chairman will convey the results of the evaluation to the concerned Independent Director.
 - i) In case the total score of an independent director is less than or equal to 2, the Chairman shall convey to such Independent Director the reasons for the score mentioned by the evaluator(s), and suggestions for improvements, if any.
 - j) If an Independent Director gets scores of less than or equal to 2 for his whole tenure, he shall not be eligible for re-appointment for a further term as Director of the Company.
- k) The Performance Evaluation of the Executive Directors shall be carried out by the Independent Directors in the manner mentioned above.

Effectiveness of the Board

Based on the ratings given by the Committee to each Director, the overall effectiveness of the Board and its Committees shall be measured and accordingly the Board shall decide the appointments, re-appointments and removal of the non-performing Directors of the Company.

Amendment

The Board has the right to substitute, amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.