

## **CODE OF CONDUCT FOR BOARD MEMBERS, SENIOR AND OTHER MANAGERIAL PERSONNEL OF VLS FINANCE LIMITED.**

### **1. INTRODUCTION:**

This Code for the members of the Board of Directors and for the Senior and other managerial personnel of VLS Finance Limited (the Company) is aimed to help the Company to promote and maintain ethical conduct, to prevent any wrong doing and ensure compliance with the legal requirements particularly under the Clause 49 of the Listing Agreement with the Stock Exchanges, at Board and top management level. This code embodies the belief that 'acting always with the Company's legitimate interest in mind and being aware of the Company's responsibility towards its stakeholders' is an essential element of the Company's long term excellence.

### **2. Applicability:**

The code is applicable to the following persons (hereinafter referred to in this code as 'the Officers'), unless repugnant to the context or specified otherwise in this code:

- (a) Members of the Board of Directors of the Company and
- (b) Senior Managerial personnel i.e. all members of management one level below the Managing Director including all functional heads and such other person(s) as Managing Director may decide.

All concerned are expected to read and understand this code and to uphold standards set out under this, in his/her day-to-day activities. As the principles set out under this are general in character, officers should also review the Company's other applicable policies and procedures for more specific instructions. In case of any difficulty in interpretation or allied matters they may contact the Compliance officer. The Company Secretary or such other person as decided by the board for the time being, shall be the Compliance officer for this purpose.

### **3. Definitions:**

**Interest in Transaction:** Interest in any transaction (be a contract or arrangement) either through himself or through any of the relatives defined in schedule 1A of the Companies Act, 1956 or as may be specified under any applicable regulations, in force for the time being.

**Corporate Opportunity:** Corporate Opportunity is an opportunity in which the Company has a right/property/interest or expectancy or opportunity, which in justice should belong to the Company.

**Approval of / Disclosure to the Board:** For this purpose, Board of Directors includes any person(s) or committee nominated by the Board.

### **4. Honesty & Integrity**

All officers shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. They shall act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated and will act in the best interests of the Company. They shall fulfill the fiduciary obligations.

### **5. Corporate Opportunities:**

Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors, officers, and employees are expressly prohibited from:

A Taking for themselves personally, opportunity that are discovered through the use of Company's property, information, or position.

- b. Competing directly with the business of the Company or with any business that the Company is considering.
- c. Using Company's property, information, or position for personal gain if the Company has finally decided not to pursue an opportunity that relates to the Company's business actively, he/she may pursue such activity only after disclosing the same to the Board of directors or the person(s) nominated for this purpose.

## **6. Conflict of Interest**

Officers of the Company shall not engage in any business, relationship or activity, which may come in conflict with the interest of the Company, its subsidiaries or its associates.

Conflicts can arise in many situations. It is not possible to define and cover every possible conflict situation. Officers shall himself judge by the spirit of this code, any other situations and acts that may amount to conflict or impair his/her independence or may consult the Compliance officer. Set forth, are some of the common circumstances that may lead to a conflict of interest, actual or potential –

- a) Officers should not engage in any activity / employment that interferes with the performance or responsibility towards the company or is otherwise in conflict with or prejudicial to the company.
- b) Officers and their immediate families should not invest in a company, customer, supplier, developer or competitor and generally refrain from investments that compromise their responsibility towards the company.
- c) Officers should avoid conducting company business with a relative or with a firm / company in which a relative / related party is associated in any significant role.

If such related party transaction is unavoidable, it must be fully disclosed to the board of the company and approval be obtained therefore.

## **7.Compliance**

Officers are required to comply with all applicable laws, rules and regulations, both in letter and spirit. In order to assist the Company in promoting lawful and ethical behaviour, officers must report any possible violation of law, rules, regulations or the code of conduct to Board through the compliance officer in writing within a reasonable period of knowledge of notice of the breach. The Company recognizes that resolving such problem or concern in advance will help to safeguard the Company's interest, assets, financial integrity and reputation. In case of uncertainty about legal rules involving Company business conducted by person concerned he/she should consult the Compliance officer.

## **8.Other Directorships**

The Company feels that serving on the Board of Directors of other companies may raise substantial concerns about potential conflict of interest. Therefore, all directors must report / disclose such relationships to the Board on an annual basis. It is felt that service on the board of a direct competitor is not in the interest of the company.

## **9.Confidentiality of Information**

Any information including private, proprietary and other information concerning the Company's business, its customers, suppliers etc., which is not in public domain, e.g. which might be of use to competitors or harmful to the Company or its associates, if disclosed, and to which the officer has access or possesses such information, must be considered confidential and held in confidence, unless authorised to make it public / disclose it as directed or when disclosure is required as a matter of law. No officer shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorised.

## **10.Insider Trading**

Obligations under the Securities and Exchange Board of India (SEBI) laws apply to every one in the organization. In the normal course of business, the officers and other constituents of the Company including consultants, vendors

etc., may come into possession of significant unpublished price sensitive information i.e. information which may have bearing on the market price of securities of the

Company but which has not yet been made public. It is expected to be clearly understood that this information is the property of the Company and person concerned has been entrusted with it. Hence, misuse of unpublished price sensitive information whether by profiteering for self or any other person by trading in Company's securities or otherwise in any manner in contravention of applicable laws will be construed as contravention of this code apart from implications under relevant laws. As the insider trading rules are strictly enforced by the authorities even in the instances when the financial transactions seem small, it is important both for the Company and person concerned that the insider trading violations do not occur. In case of uncertainty as to whether one is free to trade or not, the compliance officer may be contacted.

#### **11. Gifts and Donations:**

Under no circumstances may the officers and other constituents of the Company accept any offer, payment, authorization or promise to pay any money, gift or anything of value from any customer/client or other person that is perceived as intended directly or indirectly to influence any business decision, any act or failure of act or commitment/opportunity for commission of any fraud.

Inexpensive gifts, infrequent business meals, celebratory events and entertainment provided they are not excessive or create an appearance of impropriety do not violate this policy.

Similarly, the officers and other constituents of the Company may not offer, payment, authorization or promise to pay any money, gift or anything of value to any customer/client or other person that is perceived as intended directly or indirectly to influence any business decision, any act or failure of act or commitment/opportunity for commission of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment provided they are not excessive or create an appearance of impropriety do not violate this policy.

#### **12. Protection of Assets**

Officers must protect the company's assets, labour and information and ensure its efficient use for legitimate business purposes. They may not use these for personal use, unless approved by the Board.

#### **13. Cooperation of group entities:**

The Company shall cooperate with other companies/entities of the group by sharing physical, human and management resources as long as this does not adversely affect its business interest and shareholder value. In the procurement of products and services, a group company shall be given preference provided it is on competitive terms relative to third parties.

#### **14. Periodic Review :**

This code is subject to modification. The Board may review this code from time to time and make amendments, if necessary. Such amendments may be required to maintain consistency with applicable laws, Company's policies or any other reason. The amendments shall be promptly disclosed upon approval of the Board on the Company's website or other means acceptable for the time being under applicable laws.

It is obligatory on the part of every officer to make an annual disclosure under this code affirming their adherence to the code on annual basis. This disclosure shall be made to the compliance officer on or before 30<sup>th</sup> April, for the financial year preceding the date. Additionally, every officer is to make an acknowledgement as per format enclosed hereto, on receipt of this code indicating they have received, read and understood, and agree to comply with the code.

**16. Waivers and Penalties:**

Any waiver of any provision of this code for a person required to abide by it must be approved by the Board of Directors of the Company in writing and promptly disclosed.

As the matters covered in this code are of utmost importance to the Company, its stockholders and its business associates and are essential to the Company's ability to conduct its business in accordance with the stated values, it is expected that all concerned adhere to these rules in carrying out their duties for the Company. The Company will take appropriate disciplinary action in case of any violation of these rules or any other policy/rules of the Company by person concerned including legal recourse for recovery of loss suffered, if any and will cooperate fully with the appropriate authorities where any of the applicable laws have also been violated.

**17. Residuary clause:**

Transactions given in this code are only illustrative ones and it would not be possible to quote and include all situations in which conflict of the interest may arise. So, if a situation arises any doubt or question, the person may consult the compliance officer.

Nothing in this code of conduct, in any company policies and procedures, or in other related communications (verbal or written) creates/implies an employment contract or term of employment.

This code is in addition to and not in derogation with any Act, law, rules and regulations and all other applicable policies and procedures adopted by the Company that governs the conduct of its officers and or other constituents.