

VSJ INVESTMENTS PVT LTD

Internal Guidelines on Corporate Governance

OBJECTIVE OF GUIDELINES ON CORPORATE GOVERNANCE:

VSJ Investments Private Limited is Company incorporated under the provisions of the Companies Act, 1956 and is a Systemically Important, Non-Deposit taking, Non-Banking Finance Company (NBFC-ND-SI) registered with RBI. It is base layer NBFC as defined under master directions Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, RBI/DoR/2023-24/105 DoR.FIN.REC. No.45/03.10.119/2023-24 dated 19 October 2023.

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, vide Chapter XI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 as updated from time to time, issued Guidelines on Corporate Governance and mandated all NBFC-ND-SI to frame an Internal Guidelines on Corporate Governance.

In pursuance of the aforesaid directions issued by the RBI, the Board of Directors have framed the Internal Guidelines on Corporate Governance and have published the same on the Company's website on www.vsjinvestments.com

GOVERNANCE STRUCTURE

Board of Directors:

The Board of Directors along with its committees shall provide leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction by the Board of Directors of the Company.

Directors shall make the necessary annual disclosure regarding their change in concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including shareholding, directorships and committee positions and shall intimate changes as and when they take place.

All the Directors shall meet eligibility criteria including the 'fit and proper' person criteria, for appointment on the Board of the Company, as prescribed under Section 69 - Fit and Proper Criteria Chapter XI – Corporate Governance of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016.

Members:

The Composition of the Board shall be governed by the Articles of Association of the Company read with applicable provisions of Companies Act, 2013 (the 'Act') and rules framed thereunder, as may be amended from time to time.

Meetings:

The Board of Directors shall meet as and when required, but shall meet at least four times in a year in such a manner that not more than 120 (one hundred and twenty) days shall elapse between two successive Board Meetings.

COMMITTEES OF THE BOARD:

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope.

Audit Committee

The Board of Directors of the Company should constitute an Audit Committee, consisting of not less than three members of its Board of Directors.

Members:

The Audit Committee shall comprise of minimum three directors possessing considerable experience and expertise in accounting and financial management.

The composition and terms of reference of the Audit Committee should be in accordance with Section 177 of the Companies Act, 2013, requirements prescribed in Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015

Meetings:

A meeting of the Audit Committee will be held atleast 4 times in a year.

Terms of Reference:

The Audit Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in section 177 of the Companies Act, 2013 including the following:

- i. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii. Review and monitor the auditor's independence and performance and effectiveness of audit process;
- iii. examination of the financial statement and the auditors' report thereon;
- iv. approval or any subsequent modification of transactions of the company with related parties;
- v. scrutiny of inter-corporate loans and investments;
- vi. valuation of undertakings or assets of the company, wherever it is necessary;
- vii. evaluation of internal financial controls and risk management systems;
- viii. monitoring the end use of funds raised through public offers and related matters, and
- ix. any other responsibility as may be assigned by the board from time to time.

Nomination and Remuneration Committee

The importance of appointment of directors with fit and proper credentials is well recognised in the financial sector and hence a Nomination Committee to ensure fit and proper status of proposed/existing Directors should be formed.

Members:

The Board shall constitute a Nomination & Remuneration Committee shall comprise of at least three non-executive directors.

Meetings:

The meeting of the Committee will be held atleast twice in a year and on ad hoc basis, as required.

Terms of Reference:

- i. To identify the persons who can become directors;
- ii. To ensure fit and proper status and credentials of proposed /existing directors;
- iii. Formulate the criteria for determining the qualifications, positive attributes etc. and independence of a director;
- iv. Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel, for the approval of the Board.

Risk Management Committee

The Board shall constitute a Risk Management Committee to manage the integrated risk.

Members:

The Committee shall consist of such number of Members as may be determined by the Board.

Meetings:

The meetings of the Committee will be held atleast once in a year and on ad hoc basis, as required.

Terms of Reference:

- i. To ensure that all the risk associated with the functioning of the Company are identified, controlled and mitigated;
- ii. To lay down procedures regarding managing and mitigating the risk through Integrated Risk management systems, strategies and mechanisms;
- iii. To deal with issues relating to credit policies and procedure and manage the credit risk. Operational risk, management of policies and process;
- iv. Identifying, measuring and monitoring the various risk faced by the Company, assist in developing the policies and verifying the models that are used for risk measurement from time to time;
- v. To monitor the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC;
- vi. To have oversight over implementation of risk and other policies including Anti Money Laundering and KYC Policies.

Asset Liability and Risk Management Committee

The market risk for NBFCs with asset size of Rs. 500 crore or above as on the date of last audited balance sheet is addressed by the Asset Liability Management Committee (ALCO) constituted to monitor the asset liability gap and strategize action to mitigate the risk associated. Accordingly, to manage the integrated risk a Risk Management Committee and to monitor the asset liability gap, etc. an Asset Liability Management Committee should be formed.

Members:

The Committee shall consist of such number of Members as may be determined by the Board.

Meetings:

The meetings of the Committee will be held atleast once in a year and on ad hoc basis, as required.

Terms of Reference:

- i. Monitoring the asset liability gap
- ii. Strategizing action to mitigate risk associated with the asset liability gap
- iii. Developing risk policies and procedures and verifying adherence to various risk parameters and prudential limits
- iv. Reviewing the risk monitoring system
- v. Ensure that credit exposure to any one group does not exceed the internally set limits as well as statutory limits set by RBI.

CSR Committee:

The net profit of the Company for the financial year 2022-2023 is above 5 crs and the networth of the Company is above 500 crs and hence the CSR gets applicable to the Company and according to the section 135 of the Companies Act 2013, the Board constitute CSR Committee with the following members:

1. Mr. Shyam Jatia
2. Mrs. Vandana Jatia
3. Mr. Vidhan Mittal

Meetings:

The meetings of the Committee will be held atleast once in a year.

Other Committees:

In addition to the aforesaid Committees, the Company has also constituted the following Committee.

IT Strategy Committee

FIT & PROPER CRITERIA

The Company has in place a Board approved policy on 'Fit and Proper Criteria for Directors' ("the Policy"). Pursuant to the Policy, the Company obtains necessary disclosures from Directors from time to time. Further, the Company ensures compliance with the provisions laid down in the said Policy.

FAIR PRACTICE CODE

Pursuant to the guidelines on Fair Practices Code issued by the Reserve Bank of India, the Company has adopted a policy on Fair Practices Code, which is placed on the website of the Company and also a regular review on the implementation of the same is conducted by committee members.

STATUTORY AUDITORS:

The appointment of Statutory auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be in terms of the provisions of Section 139 and 141 of the Companies Act, 2013 and in accordance with the applicable RBI guidelines as amended from time to time.

DISCLOSURE & TRANSPARENCY

The Company shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:

- (i) Minutes of the meeting of the Risk Management Committee, comprising of three Directors, wherein the Committee reviews that the Credit & Investment is done within the norms prescribed by the Board, risk parameters associated and risk monitoring mechanism of the company.
- (ii) Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

The Company shall also disclose the following in its Annual Financial Statement, if applicable:

- i. registration/ licence/ authorization, by whatever name called, obtained from other financial sector regulators;
- ii. ratings assigned by credit rating agencies and migration of ratings during the year, if any;
- iii. penalties, if any, levied by any regulator;
- iv. information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries, if any and
- v. Asset-Liability profile, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by it as also securitization/ assignment transactions and other disclosures, as directed by RBI or any other Regulatory Authority from time to time.

POLICIES ADOPTED BY THE COMPANY

| Sr No. | Policies Adopted |
|--------|---|
| 1. | Transfer & Acquisition of Loan Exposures Policy |
| 2. | Investment Policy |
| 3. | Demand and Call Loan Policy |
| 4. | Related Party Policy |
| 5. | Asset Liability Management Policy |
| 6. | Fair Practice Code |
| 7. | Outsourcing Policy |
| 8. | IT Policy |
| 9. | CSR Policy |
| 10. | Risk Management Policy |

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| 11. | Grievance Redressal Policy |
| 12. | Pricing Policy |
| 13. | Policy on KYC & AML |
| 14. | Settlement Policy |

The policies will be reviewed as and when required, to ensure compliance and also reflects the changes in the regulations/ corporate governance environment.