

# **VLS Securities 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, and 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.

**Further in addition to above as per SEBI circular no. CIR/HO/MRDSD/DOP/CIR/P/2019/75 dated June 20, 2019 related to Handling of Clients' Securities by Trading Members/Clearing Members, following important changes included w.e.f. October 01,2019:**

- Securities Purchased by client shall be transferred to client's demat account within one working day of the pay-out subject to clear credit balance in clients trading account (Capital Segment).
- With regard to securities that have not been paid for in full by client (unpaid securities), full/partial securities shall be transferred to a separate client account titled as "***Client Unpaid Securities Account.***"
- The securities kept in the "***Client Unpaid Securities Account.***" Shall be transferred to client's demat account upon fulfilment of funds obligation within five trading days from the pay-out date otherwise the same will be disposed off in the market by VLS. However, VLS may at its sole discretion, transfer all or part of the securities from Pool/Client Unpaid Securities Accounts to client's demat account even there is a debit balance in client account subject to availability of sufficient collaterals.
- If unpaid securities of the client are disposed off by VLS as per SEBI circular, then the client is not allowed to purchase the same securities on the same day unless the debit balance is cleared by the client.

## ***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.