VM VINIMAY PRIVATE LIMITED

Audit Policy

M/s VM Vinimay Private Limited (the "company") is a registered NBFC-ML carrying on the business of financing and investment activities by way of advancing Inter-Corporate Deposits and acquisition of shares and securities of its group companies. The company is committed to conducting business in accordance with an effective compliance culture and a strong compliance risk management framework.

1. PREAMBLE:

Presently there is no statutory or regulatory requirement for NBFCs to have an Audit Policy. However, being a part of the financial services sector, and to conform best practices, it is appropriate that the Company have documented an Audit Policy approved by the Audit Committee of the Board of Directors as a part of their oversight function.

The Audit Policy outlines the procedures and guidelines to ensure effective auditing practices within VM Vinimay Private Limited, a Non-Banking Financial Company registered under the regulations of Reserve Bank of India (RBI). The purpose of this policy is to uphold transparency, accuracy, and compliance in financial reporting and risk management processes. The Company carries out various types of Audits such as Internal Audit, Statutory Audit, Information System (IS) Audit, to add value and improve the company's operations. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the company's risk management, control and governance processes.

2. OBJECTIVES:

The objectives of such various types of audits are:

i. To ascertain compliance with statutory and regulatory requirements;

ii. To ascertain compliance with norms laid down by the company;

iii. To ascertain whether quality of assets is as per approved norms;

iv. To advise the management of any deficiencies in processes, procedures, and functions;

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v. To determine the integrity, security, and controls in the information system are at acceptable standards; and

vi. To identify deficiencies in the internal control system and recommend procedures to plug the control gaps.

3. SCOPE:

i. The scope of audit encompasses the examination and evaluation of the adequacy and effectiveness of the Internal Control System and the quality of performance in carrying out assigned responsibilities at the organizational., departmental, and functional level. It includes:

a) Reviewing the reliability and integrity of financial and operating information;

b) Assessing compliance with policies, plans, and procedures;

c) Assessing compliance with laws and regulations;

d) Reviewing the means of safeguarding assets and verifying the existence of such assets;

e) Verifying quality of Assets;

f) Reviewing and appraising the economy and efficiency with which resources including IT Resources are employed;

g) Reviewing established systems of internal control to ascertain whether they are functioning as designed;

h) Monitoring and evaluating the effectiveness of the company's operational risk management process;

i) Examining and reporting on the adequacy of internal controls for all new or significantly modified information systems;

j) Investigating and repo1ling on violations of policies and procedures, errors, fraud or misuse of company assets;

k) Performing forensic audits when there are red flags that warrant investigation;

l) Reviewing specific operations, programs, functions or activities at the request of the Audit Committee or management, as appropriate.

ii. The Audit Department will provide advice and assistance to the management, when requested, by:

a) Serving as a consulting resource for the review of policies and procedures, financial and administrative systems, organizational structures, and other related administrative activities.

b) Serving as a consulting resource for the development of control procedures for new or significantly modified functional areas and computer-based financial and management information systems.

4. ROLES AND RESPONSIBILITIES:

The Roles and Responsibilities of various persons are as follows:

- ***Board of Directors:*** The Board of Directors of the company will be responsible for overseeing the implementation and effectiveness of the Audit Policy.
- ***Audit Committee:*** The Audit Committee will be responsible for reviewing audit plans, findings, and recommendations.
- ***Management:*** The Management of the company will be accountable for ensuring compliance with audit procedures and facilitating access to necessary resources for auditors.
- ***Internal Auditors:*** The Internal Auditors will conduct periodic internal audits to assess compliance, risk exposure, and operational efficiency.
- ***External Auditors:*** The External Auditors will conduct independent audits to provide assurance on the accuracy and fairness of financial statements.

5. AUDIT PROCEDURES:

The Audit Procedure are as follows:

- ***Internal Audits:*** Conducted periodically by the internal audit team to assess -
  - Compliance with regulatory requirements.
  - Effectiveness of internal controls.
  - Accuracy of financial reporting.
  - Operational efficiency and effectiveness.

- ***External Audits:*** Conducted annually by an independent auditing firm to provide assurance on the fairness and accuracy of financial statements -
  - External Auditor will perform tests of controls, substantive procedures, and analytical reviews as necessary.
  - The audit will culminate in the issuance of an audit report with findings and recommendations.

6. REPORTING:

- ***Internal Audit Reports:*** Internal Audit Reports will be submitted to the Audit Committee and management detailing findings, recommendations, and action plans for addressing identified deficiencies.
- ***External Audit Reports:*** External audit reports will be submitted to the Audit Committee and the Board of Directors. These reports will include the auditor's opinion on the fairness of financial statements and any material findings or issues identified during the audit.

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7. COMPLIANCE:

The Company is committed to complying with all applicable laws, regulations, and accounting standards governing financial reporting and auditing practices. Any identified instances of non-compliance will be promptly addressed and remediated.

8. COMMUNICATION:

The Audit Policy will be communicated to all relevant stakeholders of the company. Employees will receive appropriate training and guidance on their roles and responsibilities in ensuring compliance with the audit policy.

9. ENFORCEMENT:

Non-compliance with the audit policy may result in disciplinary action, up to and including termination of employment, as per company policies and procedures.

10. MONITORING AND REVIEW OF THE POLICY:

The Audit Committee or the Board of Directors of the Company will review the policy and also act accordingly to add, amend, modify this policy as and when it deems necessary in terms with statutory amendments.