KNOW YOUR CUSTOMER (KYC) & ANTI-MONEY LAUNDERING (AML) POLICY

OF

VALLABHI CAPITAL PRIVATE LIMITED ("VCPL")

1. PREAMBLE

This Know Your Customer ("KYC") & Anti-Money Laundering ("AML") Policy ("Policy") is framed in accordance with:

- Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025, as amended from time to time;
- Prevention of Money Laundering Act, 2002 ("PMLA");
- Prevention of Money Laundering (Maintenance of Records) Rules, 2005 ("PML Rules");
- Aadhaar Act, 2016;
- Information Technology Act, 2000; and
- Other applicable laws, circulars, notifications and regulatory guidelines issued by RBI, FIU-IND or Government authorities in this regard.

This Policy is adopted by Vallabhi Capital Private Limited ("VCPL" / "Company"), an NBFC-ICC, to prevent the Company from being used, intentionally or unintentionally, for money laundering, terrorist financing, proliferation financing or other unlawful activities.

The Policy lays down systems and procedures for customer identification, customer due diligence, risk assessment, transaction monitoring, reporting obligations and record maintenance.

2. OBJECTIVES OF THE POLICY

The objectives of this Policy are to:

1. Prevent and detect money laundering, terrorist financing and financial crimes.
2. Ensure compliance with applicable RBI KYC Directions and PMLA provisions.
3. Establish robust systems for customer identification and verification.
4. Implement risk-based customer acceptance and monitoring mechanisms.
5. Ensure proper identification of beneficial owners.
6. Monitor and report suspicious and prescribed transactions to FIU-IND.
7. Protect VCPL from operational, legal, reputational and compliance risks.
8. Promote ethical business conduct and strengthen internal controls.
9. Ensure that customer onboarding and ongoing servicing processes are transparent, secure, and compliant with applicable KYC, AML/CFT, regulatory, and internal policy requirements.
10. Establish a culture of AML/CFT awareness across the organisation.

3. APPLICABILITY

This Policy shall be applicable to:

- All branches, business units and operations of VCPL;
- All employees, directors, officers and authorised representatives;
- All customers including individuals and legal entities;
- Existing and prospective customers;
- Digital and non-face-to-face onboarding channels.

The Policy shall also apply to outsourced service providers engaged in customer onboarding, KYC processing or monitoring activities.

4. DEFINITIONS

Unless otherwise defined herein, the terms used in this Policy shall have the meaning assigned under RBI KYC Directions, 2025 and PMLA.

Key definitions:

4.1 Customer

A person engaged in a financial transaction or activity with VCPL and includes a person acting on behalf of another person.

4.2 Beneficial Owner (BO)

The natural person who ultimately owns or controls a customer or on whose behalf a transaction is conducted.

4.3 Customer Due Diligence (CDD)

The process of identifying and verifying the identity of the customer and beneficial owner using reliable and independent sources.

4.4 Officially Valid Document (OVD)

Includes:

- Passport
- Driving Licence
- Aadhaar
- Voter ID
- NREGA Job Card
- NPR Letter

4.5 Suspicious Transaction

A transaction which:

- Appears unusual or unjustified;
- Has no apparent economic rationale;
- Involves proceeds of crime; or
- Relates to terrorist financing activities.

4.6 Video-based Customer Identification Process (V-CIP)

A secure audio-visual process for customer identification and verification as permitted by RBI.

5. KEY ELEMENTS OF KYC POLICY

The Policy comprises the following four elements:

1. Customer Acceptance Policy (CAP)
2. Risk Management
3. Customer Identification Procedures (CIP)
4. Monitoring of Transactions

6. GOVERNANCE FRAMEWORK

6.1 Board Responsibility

The Board of Directors shall:

- Approve the KYC & AML Policy;
- Review implementation periodically;
- Ensure adequate AML/CFT systems;
- Review ML/TF Risk Assessment reports.

6.2 Designated Director

The Board appoints Mr. Ishan Agarwal as the Designated Director under the Prevention of Money Laundering Act (PMLA), responsible for ensuring overall compliance with Anti-Money Laundering (AML) obligations. The details of the Designated Director are communicated to the Reserve Bank of India (RBI) and the Financial Intelligence Unit – India (FIU-IND).

6.3 Principal Officer

VCPL appoints Mr. Rajiv Agarwal as a Principal Officer responsible for:

- Monitoring transactions;
- Reporting suspicious transactions;
- Coordinating with FIU-IND and regulators;
- Ensuring AML compliance.

7. CUSTOMER ACCEPTANCE POLICY (CAP)

VCPL shall ensure that:

1. No anonymous, benami or fictitious accounts are opened.
2. No relationship is established where customer identity cannot be verified.
3. CDD is conducted before onboarding.
4. PAN, GST and other applicable details are verified from issuing authorities.
5. Customers are screened against sanctions and watch lists.
6. Fresh CDD shall not be required for existing KYC-compliant customers at UCIC level.
7. Joint account holders shall undergo full CDD.
8. Additional information shall be collected only with customer consent.
9. Applications shall not be rejected without proper justification and recorded reasons.

8. MONEY LAUNDERING & TERRORIST FINANCING RISK ASSESSMENT

VCPL shall conduct periodic ML/TF Risk Assessment considering:

- Customer profile;
- Nature of products/services;
- Geographic risk;
- Delivery channels;
- Transaction patterns;
- Digital onboarding risks;
- Non-face-to-face risks.

The assessment shall be:

- Documented;
- Reviewed by the board;
- Updated at least annually.

9. RISK CATEGORISATION

Customers shall be categorised into:

- Low Risk
- Medium Risk
- High Risk

Risk categorisation shall depend upon:

- Occupation/business;
- Source of funds;
- Geographic location;
- Transaction behaviour;
- Mode of onboarding;
- Politically Exposed Person (PEP) status;
- Adverse media/sanctions findings.

Enhanced Due Diligence (EDD) shall be conducted for high-risk customers.

10. CUSTOMER IDENTIFICATION PROCEDURE (CIP)

Vallabhi Capital Private Limited ("VCPL") shall undertake Customer Identification Procedure ("CIP") to identify and verify the identity of customers, beneficial owners and authorised signatories in accordance with RBI KYC Directions and PMLA requirements. CIP shall be conducted at the commencement of any business relationship. VCPL shall verify customer identity through Officially Valid Documents (OVDs), Aadhaar-based e-KYC, CKYCR records, Digital KYC, V-CIP or other methods permitted by RBI. The Company may conduct Enhanced Due Diligence for high-risk customers and shall not establish any relationship where customer identity cannot be satisfactorily verified. VCPL shall not rely solely on customer introductions for account opening and shall independently verify the credentials of every customer.

11. CUSTOMER DUE DILIGENCE (CDD)

VCPL shall undertake Customer Due Diligence (CDD) to identify and verify the identity of customers, beneficial owners and authorised signatories in accordance with the applicable provisions of the Prevention of Money Laundering Act, 2002 (PMLA), the Rules made thereunder, the Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 (as amended from time to time), and other applicable regulatory requirements.

CDD shall be carried out before establishing a business relationship, at the time of undertaking transactions as prescribed under applicable laws, during periodic updation of KYC, and whenever there is a material change in the customer's profile or suspicion of money laundering or terrorist financing.

The Company shall verify the identity of customers through Officially Valid Documents (OVDs), Aadhaar-based e-KYC, Digital KYC, CKYCR records, Video-based Customer Identification Process (V-CIP), or any other mode permitted by the RBI.

The Company shall identify and verify the beneficial owner(s), where applicable, and obtain information regarding the purpose and intended nature of the business relationship.

The Company shall adopt a Risk-Based Approach and apply Enhanced Due Diligence (EDD), wherever warranted, including for high-risk customers, Politically Exposed Persons (PEPs), non-face-to-face customers, customers from high-risk jurisdictions, or such other categories as may be determined by the Company in accordance with regulatory requirements.

The Company shall not establish or continue a business relationship where:

- the identity of the customer or beneficial owner cannot be satisfactorily verified;
- the customer fails to provide the prescribed KYC information or documentation;
- the Company is unable to complete the required CDD measures; or
- the relationship presents unacceptable money laundering, terrorist financing, sanctions, fraud or reputational risks.

11.1 Customer-wise Documentation

The Company shall obtain such documents and information as may be prescribed under the RBI KYC Directions and its internal operating procedures for different categories of customers, including:

- Individuals;
- Sole Proprietorship Concerns;
- Partnership Firms;
- Limited Liability Partnerships (LLPs);
- Companies;
- Trusts;
- Unincorporated Associations or Bodies of Individuals; and
- Such other entities as may be permitted under applicable laws.

The detailed documentary requirements for each category of customer shall be specified in the Company's KYC/AML Standard Operating Procedures and shall be updated from time to time in accordance with applicable regulatory requirements.

12. BENEFICIAL OWNERSHIP

VCPL shall identify and verify the identity of the beneficial owner(s) of all juridical persons and legal arrangements in accordance with the provisions of the Prevention of Money Laundering Act, 2002, the Rules made thereunder, the RBI Master Direction – Know Your 1Customer (KYC) Direction, 2016 (as amended from time to time), and other applicable regulatory requirements.

The Company shall obtain and verify information relating to the natural person(s) who ultimately own, control or exercise effective control over the customer and shall take reasonable measures to verify such ownership and control structure.

Where no natural person is identified under the prescribed criteria, or where there is doubt as to whether the identified person is the beneficial owner, the Company shall identify and verify the natural person exercising control through other means or the senior managing official, as permitted under applicable law.

The thresholds and criteria for determining beneficial ownership shall be as prescribed under the applicable PML Rules, RBI Directions and other regulatory requirements, as amended from time to time.

13. DIGITAL KYC

VCPL may undertake Digital KYC in accordance with the RBI Master Direction – Know Your Customer (KYC) Direction, 2016 (as amended from time to time) and other applicable regulatory requirements.

Where Digital KYC is adopted, the Company shall ensure that the process is secure, reliable, auditable, and capable of establishing and verifying the customer's identity in accordance with the standards prescribed by the RBI. The Company shall maintain appropriate system controls, audit trails, data security, record retention, and confidentiality safeguards to ensure the integrity of the Digital KYC process.

The detailed procedures, technology standards and operational controls governing Digital KYC shall be specified in the Company's internal operating procedures and updated from time to time in accordance with applicable regulatory requirements.

14. VIDEO KYC (V-CIP)

VCPL may implement the Video-based Customer Identification Process (V-CIP) for customer onboarding and periodic updation of KYC in accordance with the RBI Master Direction – Know Your Customer (KYC) Direction, 2016 (as amended from time to time).

Where V-CIP is adopted, the Company shall ensure that the process is secure, reliable, auditable, and compliant with the technical, operational, cyber security and record retention requirements prescribed by the RBI. The Company shall maintain adequate system controls, audit trails and safeguards to preserve the integrity, confidentiality and security of customer information.

The detailed procedures, technology standards and operational controls governing V-CIP shall be specified in the Company's internal operating procedures and updated from time to time in accordance with applicable regulatory requirements.

15. NON-FACE-TO-FACE CUSTOMERS

Customers may also be onboarded through non-face-to-face modes. Such customers shall be subject to enhanced due diligence and ongoing monitoring to mitigate the higher risks associated with remote customer onboarding.

The Company shall implement appropriate safeguards, including but not limited to:.

- OTP-based verification;
- Mobile number validation;
- IP/device monitoring;
- Enhanced transaction monitoring.

16. ONGOING DUE DILIGENCE & TRANSACTION MONITORING

VCPL shall monitor transactions to ensure consistency with:

- Customer profile;
- Source of funds;
- Nature of business;
- Risk category.

Special attention shall be given to:

- Large cash transactions;
- Unusual transactions;
- Structured transactions;
- High-value RTGS/NEFT;
- Transactions lacking economic rationale.

AI/ML-based systems may be deployed for monitoring.

17. ENHANCED DUE DILIGENCE (EDD)

EDD shall apply to:

- High-risk customers;
- Politically Exposed Persons (PEPs);
- Non-face-to-face customers;
- Complex ownership structures;
- High-risk jurisdictions.

EDD measures may include:

- Senior management approval;
- Additional source of funds verification;
- Enhanced monitoring;
- More frequent KYC updation.

18. SANCTIONS SCREENING

VCPL shall screen customers against:

- UNSC sanctions lists;
- RBI caution lists;
- FIU alerts;
- Other regulatory watchlists.

No account shall be opened for prohibited entities/persons.

19. RECORD MANAGEMENT

VCPL shall maintain records of:

- Customer identification;
- Transactions;
- STR/CTR reports;
- Account files;
- Correspondence.

Records shall be preserved for minimum periods prescribed under PMLA and RBI Directions.

20. CKYCR COMPLIANCE

VCPL shall:

- Upload KYC records to CKYCR;
- Retrieve records through KYC Identifier;
- Ensure timely updates.

21. REPORTING TO FIU-IND

VCPL shall report:

1. Furnish information as per Rule 3 of PML (Maintenance of Records) Rules, 2005, to FIU-IND.
2. Use FIU-IND's reporting formats and utilities (CTR/STR) available at http://fiuindia.gov.in.
3. Ensure timely reporting; each day's delay constitutes a separate violation.
4. Maintain confidentiality of records and STR filings, except for sharing analysis of unusual transactions per Section 4(b).
5. Deploy robust software to generate alerts for suspicious transactions.

All reports shall be submitted within prescribed timelines.

22. PERIODIC UPDATION OF KYC

The Company shall undertake periodic updation of Customer Due Diligence (CDD)/KYC records in accordance with the risk categorisation of the customer and the applicable directions issued by the Reserve Bank of India from time to time.

The periodicity for KYC updation shall be as follows:

Risk Category	Periodicity
High Risk	Every 2 years
Medium Risk	Every 8 years
Low Risk	Every 10 years

Customers shall be allowed to update KYC through:

- Branches;
- Digital channels;
- Email;
- V-CIP;
- Other approved modes.

23. EMPLOYEE TRAINING

VCPL shall conduct periodic training for employees covering:

- Provide regular training for employees on AML/CFT and KYC requirements, including how to recognize red flags (e.g., inconsistent customer information, unusual transaction patterns).
- Identification of suspicious transactions;
- Ensure senior management is engaged and fosters a culture of compliance

24. INTERNAL CONTROL & AUDIT

VCPL shall implement:

- Internal audit;
- Compliance testing;
- Periodic review of AML systems.

Audit observations shall be placed before the Audit Committee and Board.

25. CONFIDENTIALITY

Customer information shall remain confidential and shall not be disclosed except:

- Under legal/regulatory requirements;
- To regulators/FIU-IND;
- Under lawful judicial orders.

26. OUTSOURCING

The Company may outsource certain KYC, Customer Due Diligence (CDD), customer onboarding support, document collection, verification, or other ancillary activities to service providers in accordance with the applicable directions issued by the Reserve Bank of India.

While outsourcing such activities, the Company shall ensure that:

- The ultimate responsibility for compliance with the applicable KYC/AML/CFT requirements shall remain with the Company.
- Core management functions and decision-making responsibilities, including customer acceptance, risk categorisation, Customer Due Diligence (CDD), sanctioning of accounts or loans, monitoring of suspicious transactions, and reporting to regulatory authorities, shall not be outsourced.
- The outsourced service provider maintains adequate confidentiality, security, and integrity of customer information and complies with applicable data protection and confidentiality requirements.

- Appropriate due diligence is conducted before appointment of any service provider, and the service provider is subject to ongoing oversight and performance monitoring.
- A written outsourcing agreemennt clearly defines the scope of services, responsibilities, confidentiality obligations, audit rights, service standards, and compliance requirements.

- The Company and the Reserve Bank of India or any other competent regulatory authority shall have unrestricted access to records, documents, and information relating to the outsourced activities, wherever required.
- Appropriate business continuity and disaster recovery arrangements are maintained by the service provider to ensure uninterrupted delivery of outsourced services.
- Outsourcing arrangements shall comply with the applicable RBI directions on outsourcing of financial services by NBFCs and any other applicable laws, regulations, or regulatory instructions issued from time to time.

The Company shall periodically review all outsourcing arrangements to ensure continued compliance with regulatory requirements and effective management of operational, legal, reputational, and information security risks.

27. CUSTOMER COMMUNICATION

VCPL shall educate customers regarding:

- KYC requirements;
- Periodic updation;
- Consequences of non-compliance;
- Fraud prevention measures.

28. REVIEW OF POLICY

This Policy shall be reviewed periodically and updated based on:

- RBI amendments;
- Regulatory guidance;
- Operational requirements;
- Risk assessment outcomes.

29. EFFECTIVE DATE

This Policy shall come into force from the date of approval by the Board of Directors of Vallabhi Capital Private Limited.

30. BOARD APPROVAL

This Policy was approved by the Board of Directors of Vallabhi Capital Private Limited at its meeting held on 30.04.2026

Date: 30.04.2026
Place: Noida