

PMLA / AML & CFT Policy

Vimal & Sons' policy and procedures for the prevention of money laundering and the combating of financing of terrorism, including the Section 12A (Weapons of Mass Destruction) proliferation-financing addendum.

Vimal & Sons — Policies and Procedures for the Prevention of Money Laundering

Issued under the Prevention of Money Laundering Act, 2002 (PMLA) and the Rules framed thereunder, read with SEBI Master Circular **SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated 6 June 2024** (Guidelines on AML Standards and CFT Obligations of Securities Market Intermediaries).

SEBI Registration No.: INZ000270222 · TM Code: 07726

Last reviewed: 1 June 2026.

Introduction. This policy sets out the framework adopted by Vimal & Sons ("the firm", "we") to prohibit and actively prevent money laundering, the financing of terrorism, and proliferation financing, and to comply with our obligations as an SEBI-registered securities market intermediary. It supersedes our earlier PMLA policy and incorporates the requirements of the SEBI Master Circular dated 6 June 2024, the PMLA and the PML (Maintenance of Records) Rules, 2005, the Unlawful Activities (Prevention) Act, 1967 (UAPA), and the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act). The policy is reviewed at least annually and whenever there is a material change in law, regulation or the firm's business.

1. Firm Policy & Statement of Intent

It is the policy of the firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities, or the financing of proliferation of weapons of mass destruction. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have been derived from legitimate origins or constitute legitimate assets. The firm is committed to a risk-based, customer-centric approach to AML/CFT that is proportionate to the nature, scale and complexity of our business.

2. Designated Director, Principal Officer & Compliance Officer

In accordance with Rule 2(ba) and Rule 7 of the PML (Maintenance of Records) Rules, 2005 and the SEBI Master Circular, the firm has appointed both a Designated Director and a Principal Officer. These are distinct roles.

- **Designated Director (PMLA):** Mr. Yashodhan Khare, Partner. The Designated Director is responsible, at the level of senior management, for ensuring overall compliance with the obligations imposed under Chapter IV of the PMLA and the Rules.
- **Principal Officer:** Mr. Atul Khare, who is qualified by experience, knowledge and training. The Principal Officer is responsible for monitoring the firm's compliance with AML/CFT obligations, overseeing employee communication and training, ensuring proper AML records are maintained, and, where warranted, filing the necessary reports with the Financial Intelligence Unit – India (FIU-IND).
- **Compliance Officer:** Neelakshi Kshemkalyani, who is qualified by experience, knowledge and training. Email: neelakshik@vimalandsons.com.

The firm has provided FIU-IND with the name, designation, address, email and telephone number of both the Designated Director and the Principal Officer, and will promptly notify FIU-IND of any change to this information.

3. Risk-Based Approach (RBA) & ML/TF Risk Assessment

The firm adopts a documented risk-based approach. We identify and assess the money-laundering and terrorist-financing (ML/TF) risks to which the firm is exposed, and apply controls proportionate to those risks.

- **Risk tiering:** every client is categorised as *low*, *medium* or *high* risk on the basis of client type, business and constitution, country/geographic risk, product/service used, and delivery channel (including non-face-to-face onboarding).
- **Tiered CDD:** the intensity of due diligence — including enhanced due diligence for high-risk clients and simplified measures, where permitted, for low-risk clients — is matched to the assigned risk category.
- **Periodic assessment:** the firm's overall ML/TF risk assessment is documented, kept up to date, and made available to SEBI / FIU-IND on request. A risk assessment is also carried out before the launch of new products, business practices, or new/developing technologies.

4. Client Identification & Due Diligence (CDD)

At the time of opening an account or executing any transaction, the firm verifies and maintains a record of the identity and current and permanent address(es) of the client, the nature of the client's business and the client's financial status, in accordance with the following document matrix. All PAN cards received are verified from the Income Tax / NSDL website before the account is opened.

Constitution of Client	Proof of Identity	Proof of Address	Other
Individual	PAN Card	Electricity / telephone bill, copy of bank statement, etc.	—
Company	PAN Card; Certificate of Incorporation; Memorandum & Articles of Association; Board resolution	As above	Proof of identity of the directors / persons authorised to trade on behalf of the company
Partnership Firm	PAN Card; Registration certificate; Partnership deed	As above	Proof of identity of the partners / persons authorised to trade on behalf of the firm
Trust	PAN Card; Registration certificate; Trust deed	As above	Proof of identity of the trustees / persons authorised to trade on behalf of the trust
AOP / BOI	PAN Card; Resolution of the managing body; Documents collectively establishing the legal existence of the AOP / BOI	As above	Proof of identity of the persons authorised to trade on behalf of the AOP / BOI

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, the firm will not open the new account, and will consider whether the circumstances warrant the filing of a suspicious transaction report (see Section 14).

5. Identification of Beneficial Ownership

For every client other than an individual, the firm identifies the beneficial owner(s) and takes reasonable measures to verify their identity. "Beneficial owner" means the natural person(s) who ultimately own or control the client. The applicable controlling-ownership-interest thresholds, per the SEBI Master Circular dated 6 June 2024, are:

- **Company:** ownership of / entitlement to **more than 10%** of the shares, capital or profits of the company.
- **Partnership:** ownership of / entitlement to **more than 10%** of the capital or profits of the partnership.
- **Unincorporated association or body of individuals:** ownership of / entitlement to **more than 15%** of the property, capital or profits.
- **Trust:** the settlor, the trustee(s), the protector, the beneficiaries with **10% or more** interest in the trust, and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

Where no natural person is identified by reference to the above ownership thresholds, the firm identifies the natural person who exercises control through other means (voting rights, agreements or other arrangements) and, failing that, the natural person who holds the position of senior managing official.

Exemption — listed companies. Where the client, or the owner of the controlling interest, is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such company.

6. Clients of Special Category (CSC) & Enhanced Due Diligence

The firm applies enhanced due diligence (EDD) to Clients of Special Category, which include, without limitation:

- Non-resident clients;
- High net-worth individuals;
- Trusts, charities, non-profit / non-governmental organisations and bodies that receive donations;
- Companies having close family shareholding or beneficial ownership;
- Politically Exposed Persons and their close relatives / associates (see Section 7);
- Clients in, or connected with, high-risk jurisdictions or countries that do not (or insufficiently) apply FATF standards;
- Non-face-to-face clients; and
- Clients with a dubious reputation as per available public information.

EDD measures include obtaining additional identification and source-of-funds / source-of-wealth information, closer ongoing monitoring, and senior-management sign-off where applicable.

7. Politically Exposed Persons (PEPs)

PEPs are individuals who are or have been entrusted with prominent public functions in India or a foreign country, together with their close relatives and close associates. For PEP clients (and beneficial owners who are PEPs), the firm:

- gathers sufficient information to identify the client / beneficial owner as a PEP, including a reasonable check of available public information;
- obtains the approval of senior management before establishing — and before continuing — a business relationship with the PEP;
- takes reasonable measures to establish the source of funds and source of wealth; and
- conducts enhanced ongoing monitoring of the relationship.

8. Non-Profit Organisations & DARPAN Registration

Where a client is a non-profit organisation (NPO), the firm registers the details of the NPO client on the NITI Aayog DARPAN portal and maintains such registration records for a period of five years after the business relationship has ended or the account has been closed, whichever is later. Donations and other transactions of NPO clients are subject to enhanced monitoring and, where applicable, reporting in the prescribed Non-Profit Organisation Transaction Report (NTR).

9. Reliance on Third Parties for CDD

The firm may, in accordance with Rule 9(2) of the PML (Maintenance of Records) Rules, 2005 and the SEBI Master Circular, rely on a third party to perform elements of client due diligence, provided that the records and information are obtained immediately, the firm is satisfied that copies of identification data will be made available on request without delay, and the third party is regulated, supervised and subject to adequate AML/CFT requirements. **Notwithstanding any such reliance, the firm remains ultimately responsible** for client due diligence and for compliance with this policy.

10. UAPA Section 51A & UNSC Sanctions-List Screening and Freezing

In terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and the procedures notified thereunder, the firm ensures that it does not maintain any account in the name of any individual or entity appearing in:

- the lists of individuals and entities suspected of having terrorist links that are approved and periodically circulated by the United Nations Security Council — the **UNSC 1267 / 1989 ISIL (Da'esh) & Al-Qaida Sanctions List** and the **UNSC 1718 (DPRK)** list; and
- the lists of designated individuals / entities notified under Section 35(1) of the UAPA by the Ministry of Home Affairs.

The firm screens all existing and prospective clients (and their beneficial owners) against these lists at onboarding and on an ongoing basis, and immediately upon receipt of an updated list. Where the particulars of any client match the particulars of a designated individual / entity, the firm shall not carry out the transaction, shall **freeze** the funds / financial assets concerned, and shall immediately — and in any event not later than **24 hours** from finding such a match — inform full particulars to the UAPA Nodal Officer and to FIU-IND, with a copy to SEBI, in the prescribed manner. The firm complies with the prescribed procedures for freezing, unfreezing, and for communicating false / inadvertent matches.

11. Ongoing Due Diligence & Periodic KYC Updation

Client due diligence is not a one-time, onboarding-only exercise. The firm:

- scrutinises transactions on an ongoing basis to ensure they are consistent with the firm's knowledge of the client, the client's business and risk profile, and (where necessary) the source of funds;
- periodically updates client identification records and KYC information, applying a frequency commensurate with the client's risk category (more frequently for high-risk clients); and
- applies these ongoing-diligence measures to existing clients on the basis of materiality and risk.

12. Maintenance & Retention of Records

The Principal Officer is responsible for the maintenance of records of:

- all cash transactions of the value of more than ten lakh rupees (₹10,00,000) or its equivalent in foreign currency;
- all series of integrally connected cash transactions individually valued below ten lakh rupees where such series takes place within a calendar month;
- all cash transactions where forged or counterfeit currency notes / bank notes have been used as genuine, or where any forgery of a valuable security has taken place;
- all suspicious transactions, whether or not made in cash; and
- all transactions involving receipts by non-profit organisations of the prescribed value.

Each record contains the nature of the transaction, the amount and currency, the date, and the parties to the transaction. Records are updated on a daily basis and in any case not later than 5 working days.

Retention period. The firm maintains records of the identity of clients, and records of transactions, for a period of **five years** from the date of the transaction between the client and the firm, or for five years after the business relationship has ended or the account has been closed (whichever is later). Where the firm acts as a depository participant, records of beneficial-ownership / demat documentation are retained for the longer period of **eight years** as applicable. Records relating to a matter under investigation are retained until it is confirmed that the case has been closed.

13. Monitoring of Transactions & Red Flags

The firm monitors transactions through the automated facilities of its back-office software for unusual size, volume, pattern or type. For non-automated monitoring, the following are treated as **red flags** and escalated to the Principal Officer for investigation:

- The customer exhibits unusual concern about the firm's compliance with government reporting requirements or AML policies, or is reluctant / refuses to reveal information about identity, business or assets, or furnishes unusual or suspicious documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or that are inconsistent with the customer's stated business or strategy.
- Information provided to identify a legitimate source of funds is false, misleading or substantially incorrect, or the customer refuses / fails to indicate any legitimate source of funds.
- The customer (or a person publicly associated with them) has a questionable background or is the subject of news reports indicating possible criminal, civil or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions or other transaction costs.
- The customer appears to act as an agent for an undisclosed principal but is reluctant or evasive, without legitimate commercial reason, about that person or entity.
- The customer has difficulty describing the nature of, or lacks general knowledge of, their business / industry.
- The customer attempts frequent or large cash deposits, insists on dealing only in cash, or seeks exemptions from the firm's cash-deposit policies.
- The customer engages in transactions in cash or cash-equivalents structured to avoid the ₹10,00,000 reporting requirement, especially amounts just below reporting or recording thresholds.
- The customer insists on multiple accounts under a single name or multiple names, with numerous inter-account or third-party transfers, for no apparent reason.
- The customer engages in excessive journal entries between unrelated accounts without apparent business purpose.
- The customer requests that a transaction be processed so as to avoid the firm's normal documentation requirements.
- The customer, for no apparent reason or in conjunction with other red flags, transacts in certain securities (e.g., Z-group and T-group stocks) that, though legitimate, have been associated with fraudulent schemes and money-laundering activity.
- The customer's account shows an unexplained high level of activity, or sudden activity in a dormant account.
- The customer maintains multiple accounts, or accounts in the names of family members or corporate entities, for no apparent purpose.
- The customer's account has inflows of funds or assets well beyond the known income or resources of the customer.

Broad categories of reason for suspicion include: doubtful identity of client (false or unverifiable documents, non-face-to-face client, doubt over the real beneficiary, names very close to established entities); suspicious background or links with known criminals; multiple accounts with no rationale; unusual activity in accounts (including sudden activity in dormant accounts, alternate use of different accounts, circular trading, activity inconsistent with declared business); suspicious nature of transactions (unjustified complexity, no economic rationale, doubtful source of funds, likely insider trading or market manipulation, suspicious off-market transactions, proceeds transferred to a third party); and suspicious value of transactions (values just under the reporting threshold, large overseas inflows, amounts inconsistent with the client's financial standing, off-market block deals at artificial prices).

14. Reporting to FIU-IND (CTR / STR) & Tipping-off Prohibition

Cash Transaction Reports (CTR)

All cash transactions requiring reporting are reported to FIU-IND in the prescribed CTR format. CTRs are filed **by the 15th day of the month succeeding** the month in which the reportable transactions occurred.

Suspicious Transaction Reports (STR)

The firm files an STR with FIU-IND where it knows, suspects, or has reason to suspect that a transaction (whether or not in cash) involves the proceeds of crime, is intended to disguise such proceeds, has no apparent lawful or economic purpose, or is intended to evade the requirements of the PMLA. An STR is filed **within 7 days** of arriving at a conclusion that a transaction (or a series of transactions) is of a suspicious nature.

- **No threshold gating.** The decision to file an STR is never based solely on whether the transaction exceeds a monetary threshold.
- **Attempted transactions.** Attempted or aborted transactions are reportable as STRs irrespective of whether the transaction was completed and irrespective of amount.

Tipping-off prohibition

The firm, its directors, partners, officers and employees shall **not** disclose — to the client or to any other person — the fact that an STR or related information is being, has been, or will be filed, whether before, during or after filing. Where a suspicion has been formed or an STR filed, the firm continues to deal with the client in the ordinary course and avoids any action that could tip off the client.

Confidentiality of STRs

STRs and supporting documentation are held strictly confidential and segregated from the firm's other books and records. The firm will not disclose STR information to any person other than a law-enforcement / regulatory agency or securities regulator, will refuse any third-party request for STR information, and will immediately inform FIU-IND of any such request. The Principal Officer handles all requests relating to STRs.

15. Training Programmes

The firm conducts ongoing employee training under the leadership of the Principal Officer, at least annually, scaled to the firm's size, customer base and resources. Training covers how to identify red flags and signs of money laundering; what to do once a risk is identified; employees' roles in the firm's compliance efforts; the firm's record-retention policy; and the disciplinary, civil and criminal consequences of non-compliance with the PMLA. Specialised additional training is provided to employees in compliance and other sensitive functions as required.

16. Monitoring of Employee Conduct & Accounts

Employee accounts are subject to the same AML procedures as customer accounts, under the supervision of the Principal Officer. The AML performance of supervisors is reviewed as part of their annual performance review. The Principal Officer's own accounts are reviewed by the Partners. The firm also monitors associate / proprietary transactions against publicly available sources such as the SEBI list of vanishing companies and watchoutinvestors.com.

17. Confidential Reporting of AML Non-Compliance (Whistleblower)

Employees shall report any violation of the firm's AML compliance program to the Principal Officer; where the violation implicates the Principal / Compliance Officer, the employee shall instead report to the Partner of the firm, Mr. Yashodhan Khare. All such reports are kept confidential, and no employee will suffer retaliation for making a report in good faith.

18. Section 12A — Weapons of Mass Destruction Act / Proliferation-Financing Screening

This section implements Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ("WMD Act"), on the basis of the Order issued by the Government of India, Ministry of Finance vide **F.No. P-12011/14/2022-ES Cell DOR** ("the Order"), which details the procedure for implementation of Section 12A. The WMD-Act regime operates in parallel with the UAPA Section 51A regime in Section 10 above. Pursuant to the Order, **Vimal & Sons** shall:

1. **Maintain the Designated List.** Maintain the list of individuals / entities (the "Designated List") and update it, without delay, in terms of paragraph 2.1 of the Order.
2. **Screen parties pre-transaction; freeze on match; report to the CNO.** Before carrying out any financial transaction, verify whether the particulars of the entities / individuals party to the transaction match the particulars in the Designated List. In case of a match, the firm shall **not** carry out such transaction and shall immediately inform the transaction details, with full particulars of the funds, financial assets or economic resources involved, to the Central Nodal Officer ("CNO") at FIU-India, without delay.
3. **Check holdings at onboarding and periodically.** Run a check, on the given parameters, at the time of establishing a relationship with a client and on a periodic basis, to verify whether any individual / entity in the Designated List holds any funds, financial assets or economic resources or related

services (in the form of bank accounts, stocks, insurance policies, etc.). In case of any such finding, the firm shall immediately report it to the CNO at FIU-India.

4. **Copy the SEBI Nodal Officer.** In case of any such reporting to the CNO at FIU-India, the firm shall simultaneously send a copy of the communication (referred to in obligations (ii) and (iii) above), without delay, to the Nodal Officer of SEBI by email.
5. **File an STR for Section 12A(2)(a)/(b) funds.** Where the firm believes beyond doubt that funds and assets held by a client would fall under the purview of Section 12A(2)(a) or Section 12A(2)(b) of the WMD Act, the firm shall file a Suspicious Transaction Report (STR) with FIU-India covering all transactions in the said account.
6. **Comply with CNO exemption / inadvertent-freeze provisions.** While running all of the aforementioned checks and the respective reporting, the firm shall comply with the provisions regarding exemptions from the above, and regarding the inadvertent freezing of accounts, as may be applicable under the orders of the CNO.

19. Approval & Review

This AML/CFT program has been approved by the Partners of Vimal & Sons as reasonably designed to achieve and monitor the firm's ongoing compliance with the requirements of the PMLA, the UAPA, the WMD Act and the implementing regulations and SEBI guidelines thereunder. The policy is reviewed at least annually, and is updated promptly upon any material change in applicable law, regulation or the firm's business.

Approved for **Vimal & Sons** by the Partners.

Designated Director (PMLA): Yashodhan Khare, Partner.

Principal Officer: Mr. Atul Khare.

Compliance Officer: Neelakshi Kshemkalyani — neelakshik@vimalandsons.com.

Last reviewed: 1 June 2026.