INTERNAL CONTROL POLICY

Vridhi Capital & Finance Private Limited ("**VRIDHI**") is a SEBI registered Stock Broker and Depository Participant committed to maintaining the highest standards of corporate governance, operational excellence, regulatory compliance, transparency and ethical business practices.

An effective internal control framework forms the foundation of a sound governance structure by ensuring that business activities are conducted in an orderly and efficient manner, risks are appropriately identified and managed, client interests are adequately protected, financial information remains reliable, and statutory obligations are fulfilled within the prescribed timelines.

This Internal Control Policy has been formulated in accordance with the applicable provisions of the Securities and Exchange Board of India (SEBI) Act, 1992, SEBI Regulations, Stock Exchange Rules, Bye-laws and Circulars, Depository Regulations, Prevention of Money Laundering Act, 2002, and all other applicable statutory and regulatory requirements.

The policy establishes the principles, responsibilities and internal control mechanisms necessary for safeguarding the Company's assets, protecting client funds and securities, ensuring operational efficiency and maintaining compliance with all applicable laws and regulatory directives.

OBJECTIVE

The primary objective of this Policy is to establish and maintain an effective system of internal controls that provides reasonable assurance regarding the achievement of the Company's operational, financial, compliance and strategic objectives.

The Internal Control Framework is designed to ensure that:

- Business activities are conducted efficiently, ethically and in accordance with approved policies and procedures.
- Client assets, securities, confidential information and Company resources are adequately safeguarded against misuse, loss or unauthorized access.
- Financial and accounting records are complete, accurate, reliable and prepared in accordance with applicable accounting standards and regulatory requirements.
- Applicable provisions of SEBI, Stock Exchanges, Depositories, Prevention of Money Laundering Act and other statutory authorities are complied with at all times.
- Responsibilities and authorities are clearly defined with appropriate segregation of duties to eliminate conflicts of interest and minimize operational risks.
- Operational, financial, technological, legal and compliance risks are continuously identified, assessed, monitored and mitigated.
- Management receives timely, accurate and meaningful information for effective decision making.
- Internal processes are periodically reviewed for continual improvement and operational excellence.

SCOPE

This Policy shall apply to every business activity undertaken by VRIDHI, including all offices, branches, departments, business units, Authorised Persons, employees and outsourced activities where applicable.

The Policy covers every operational function including client onboarding, trading operations, risk management, settlement, finance, compliance, information technology, investor servicing, record management and regulatory reporting.

GUIDING PRINCIPLES OF INTERNAL CONTROL

The Internal Control Framework of the Company is based upon internationally accepted principles of governance and internal control.

The framework emphasizes accountability, transparency, segregation of duties, maker-checker controls, risk-based supervision, regulatory compliance, documentation, authorization hierarchy, independent verification, system-based controls and continuous monitoring.

No employee shall independently complete any critical activity without the prescribed supervisory review wherever applicable.

All material activities shall be adequately documented and supported by appropriate records.

DEPARTMENTAL CONTROL FRAMEWORK

To ensure operational efficiency and effective internal controls, responsibilities have been segregated among various functional departments.

Client Registration & KYC Department

This department is responsible for client onboarding, Customer Due Diligence (CDD), Know Your Customer (KYC) verification, KRA processing, CKYC compliance, UCC activation, FATCA/CRS compliance, risk categorisation, verification of client documents and allocation of clients to dealers, branches and Authorised Persons.

No client account shall be activated unless all regulatory requirements have been complied with.

Surveillance & Risk Management Department

The department shall continuously monitor trading activities through system-generated surveillance alerts, exposure monitoring, margin utilisation, client-wise limits, unusual trading patterns and exchange-generated alerts.

The department shall ensure implementation of adequate pre-trade and post-trade risk management controls and immediately escalate abnormal trading activities to the Compliance Officer.

Trade Operations Department

The department shall ensure timely trade processing, trade verification, exchange reconciliation, trade imports, generation and issuance of Electronic Contract Notes (ECN), physical contract notes wherever applicable and maintenance of trade records.

Adequate maker-checker controls shall be maintained for all critical operational activities.

Settlement & Depository Operations Department

The department shall ensure timely securities pay-in, pay-out, early pay-in, margin obligations, pledge processing, quarterly settlement of client accounts, reconciliation of securities balances, settlement obligations and compliance with exchange and depository settlement requirements.

Daily reconciliation shall be performed between exchange records, depository balances and internal records.

Accounts & Finance Department

The department shall maintain proper books of accounts, client ledgers, bank reconciliations, statutory accounting records and financial statements.

The department shall also ensure timely settlement of client funds, exchange obligations, GST compliance, TDS compliance, statutory payments, financial reporting and audit support.

Regular reconciliation of client funds with designated bank accounts shall be carried out.

Documentation & Record Management

The department shall maintain proper custody of physical and electronic records, agreements, KYC documents, client communications, regulatory filings and statutory registers.

All records shall be preserved in accordance with SEBI, Exchange and Depository record retention requirements.

Information Technology Department

The Information Technology Department shall ensure uninterrupted functioning of trading infrastructure, servers, networks, cyber security controls, disaster recovery arrangements, business continuity systems, user access management, website maintenance, digital signatures, email security and periodic data backups.

System access shall be granted strictly on a need-to-know basis and reviewed periodically.

Compliance Department

The Compliance Department shall monitor compliance with all applicable SEBI Regulations, Exchange Bye-laws, Depository Regulations, Prevention of Money Laundering requirements and other statutory obligations.

The department shall coordinate inspections, internal audits, system audits, cyber security audits, regulatory submissions, investor grievance redressal and implementation of regulatory changes.

Material non-compliance shall immediately be reported to the Board of Directors.

ORGANISATIONAL REPORTING STRUCTURE

The Internal Control Framework shall operate under the following reporting hierarchy:

Board of Directors

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Managing Director / Chief Executive Officer

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Compliance Officer

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Department Heads

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Executives

Each level of management shall exercise adequate supervision over subordinate staff and shall be accountable for ensuring compliance with this Policy.

INTERNAL CONTROL MECHANISM

The Company shall maintain a comprehensive internal control system comprising, among others:

- Segregation of duties.
- Maker-checker authorization.
- Approval hierarchy.
- Daily operational reconciliations.
- Client fund and securities reconciliation.
- Risk monitoring.

- System-generated exception reports.
- Periodic compliance reviews.
- Internal audit observations.
- Information security controls.
- Periodic management review meetings.
- Regulatory reporting controls.
- Documentation standards.
- Business Continuity and Disaster Recovery procedures.
- User access management.
- Change management controls.
- Incident reporting and corrective action monitoring.

MONITORING AND REPORTING

Department Heads shall continuously monitor departmental activities and immediately report operational deficiencies, control failures or regulatory breaches to the Compliance Officer.

The Compliance Officer shall periodically evaluate the effectiveness of the Internal Control Framework and submit reports to the Board of Directors regarding significant risks, audit observations, compliance status and corrective actions.

The Board shall periodically review the adequacy of the Internal Control System and direct improvements wherever considered necessary.

INTERNAL AUDIT

The Internal Audit function shall independently assess the adequacy and effectiveness of internal controls established by the Company.

Audit observations shall be reviewed by the Compliance Officer and corrective actions shall be implemented within prescribed timelines.

The status of compliance with audit observations shall be periodically placed before the Board of Directors.

RESPONSIBILITIES OF EMPLOYEES

Every employee shall:

- Comply with this Policy and all applicable regulatory requirements.
- Protect client information and Company assets.
- Maintain confidentiality of sensitive information.
- Promptly report operational deficiencies, frauds or suspicious activities.
- Cooperate during regulatory inspections and audits.
- Follow approved Standard Operating Procedures at all times.

Failure to comply with this Policy may attract disciplinary action in accordance with the Company's HR Policy and applicable laws.

REVIEW OF POLICY

This Policy shall be reviewed annually or earlier whenever there is any amendment in applicable laws, SEBI Regulations, Exchange Circulars, Depository requirements or business operations.

Any amendment to this Policy shall become effective only after approval by the Board of Directors.

BOARD APPROVAL

This Internal Control Policy has been reviewed and approved by the Board of Directors of **Vridhi Capital & Finance Private Limited**.

The Board authorizes the Compliance Officer to issue operational guidelines, Standard Operating Procedures and implementation instructions consistent with this Policy.

POLICY COMMUNICATION

The approved Policy shall be communicated to all Directors, Employees, Department Heads, Branches, Authorised Persons and other concerned personnel.

The latest approved version shall be hosted on the Company's website and shall be made available to SEBI, Stock Exchanges, Depositories, auditors and other regulatory authorities whenever required.

Last Reviewed on	Reviewed By	Approved By
02-04-2026	Compliance Officer	Management