



ABANS FINANCE PRIVATE LIMITED

KNOW YOUR CUSTOMER NORMS & ANTI MONEY LAUNDERING POLICY & PROCEDURES

Version III

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I. PREFACE

Abans Finance Private Limited ('AFPL' or 'the Company') is a Material Subsidiary of Abans Financial Services Limited. Since March 31, 2024, it has been categorized as a Middle Layer NBFC (NBFC – ML), pursuant to the Scale Based Regulation put forth by the RBI. The purpose of this Policy is to comply with all applicable regulatory requirements and maintains the highest standards of corporate governance, risk management, and ethical conduct.

The Company recognizes its responsibility Corporate Citizen and endeavours to maintain high standards of responsibility towards its stakeholders at all times and in line with this belief the Company has adopted the Know Your Customer Norms & Anti Money Laundering Policy & Procedures as per the guidelines as set out in Master Direction on Know Your Customer (KYC) Direction, 2016 including any statutory modifications, amendments or re-enactments thereof and the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT).

The Company shall adopt the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this code to conform to the standards so prescribed. This policy shall be applicable across all branches / business segments of the company, and its financial subsidiaries and is to be read in conjunction with related operational guidelines issued from time to time. The contents of the policy shall always be read in tandem with the changes/modifications which shall be advised by RBI from time to time.

II. OBJECTIVES OF THIS CODE

The primary objective of the Know Your Customer Norms & Anti Money Laundering Policy & Procedures is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities and to develop measures for conducting due diligence in respect of customers and their financial dealings better which in turn help them manage their risks prudently.

III. SCOPE

The Know Your Customer Norms & Anti Money Laundering Policy & Procedures shall be applicable across all categories of products and services offered by the Company.

IV. DEFINITIONS

Any amendments, modifications, to the terms and expressions shall be deemed to be automatically incorporated and applicable from the date such changes come into effect.

- (i) **“Aadhaar number”** means an identification number issued to an individual under sub-section (3) of section 3 of Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016);
- (ii) **“Authentication”** in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
- (iii) **“Beneficial Owner (BO)”** shall mean

a. Where the customer is a *company*, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause

1. *“Controlling ownership interest”* means ownership of/entitlement to more than 10 percent of the shares or capital or profits of the Company.

2. *“Control”* shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

b. Where the customer is a *partnership firm*, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 percent of capital or profits of the partnership or who exercises control through other means. Explanation - For the purpose of this sub-clause, “control” shall include the right to control the management or policy decision

c. Where the customer is an *unincorporated association or body of individuals*, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 percent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term ‘*body of individuals*’ includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

d. Where the customer is a *trust*, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10 percent 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.

- (iv) **“Certified Copy”** - Obtaining a certified copy by the Company shall mean comparing

the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the RE as per the provisions contained in the Act.

Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy, certified by any one of the following, may be obtained:

- authorised officials of overseas branches of Scheduled Commercial Banks registered in India,
- branches of overseas banks with whom Indian banks have relationships,
- Notary Public abroad,
- Court Magistrate,
- Judge,
- Indian Embassy/Consulate General in the country where the non-resident customer resides

(v) **“Central KYC Records Registry” (CKYCR)** means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

(vi) **“Customer”** means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

(vii) **“Customer Due Diligence (CDD)”** means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification. Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:

(a) Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable

(b) Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;

(c) Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.

(viii) **“Customer identification”** means undertaking the process of CDD.

(ix) “**Designated Director**” means a person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include:

a. the Managing Director or a whole-time Director, duly authorized by the Board of Directors,

Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.

(x) “**Digital KYC**” means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the Company as per the provisions contained in the Act.

(xi) “**Digital Signature**” shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).

(xii) “**Equivalent e-document**” means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.

(xiii) “**Know Your Client (KYC) Identifier**” means the unique number or code assigned to a customer by the Central KYC Records Registry.

(xiv) “**Money Laundering**” Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money- laundering.

Explanation: For the removal of doubts, it is hereby clarified that,

- i. a person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely:
 - a) concealment; or
 - b) possession; or
 - c) acquisition; or
 - d) use; or
 - e) projecting as untainted property; or
 - f) claiming as untainted property, in any manner whatsoever;

- ii. the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever.]

(xv) **“Officially Valid Document”** (OVD) means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

Provided that,

- a) Where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b) Where the OVD furnished by the customer does not have an updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address:-
 - 1) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - 2) property or Municipal tax receipt;
 - 3) pension or family payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address.
 - 4) letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation.
- c) The customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above
- d) Where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

(xvi) **“Offline verification”** means the process of verifying the identity of the Aadhaar number holder without authentication, through such offline modes as may be specified by regulations as defined in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016

- (xvii) **“Person”** has the same meaning assigned in the Act and includes:
- a. an individual,
 - b. a Hindu undivided family,
 - c. a company,
 - d. a firm,
 - e. an association of persons or a body of individuals, whether incorporated or not,
 - f. every artificial juridical person, not falling within any one of the above persons (a to e), and
 - g. any agency, office or branch owned or controlled by any of the above persons (a to f).
- (xviii) **“Principal Officer”** means an officer nominated by the Company, responsible for furnishing information as per rule 8 of the Rules.
- (xix) **“Proof of Possession of Aadhaar”** means shall mean and include the following:
- (a) Aadhaar letter: Issued by the Authority carries name, address, gender, photo and date of birth details of the Aadhaar number holder.
 - (b) Downloaded Aadhaar (e-Aadhaar): Carries name, address, gender, photo and date of birth details of the Aadhaar number holder in similar form as in printed Aadhaar letter. This is digitally signed by the Authority as per Information Technology Act (Act No. 21 of 2000), which provides for legal recognition of electronic records with digital signature.
 - (c) Aadhaar Secure QR Code: A quick response code generated by the Authority containing name, address, gender, photo and date of birth details of the Aadhaar number holder. This is digitally signed by the Authority as per Information Technology Act (Act No. 21 of 2000), which provides for legal recognition of electronic records with digital signature.
 - (d) Aadhaar Paperless Offline e-KYC: An XML document generated by the Authority containing name, address, gender, photo and date of birth details of the Aadhaar number holder. This is digitally signed by the Authority as per Information Technology Act (Act No. 21 of 2000), which provides for legal recognition of electronic records with digital signature.

The Aadhaar number holder can use any of the documents above to prove possession of Aadhaar number subject to the concerned entity’s right to verify the genuineness of the above-mentioned documents. The delivery of Aadhaar in any of its forms by itself may not be considered to be satisfactory proof of possession of Aadhaar number and the Aadhaar number holder may have to provide additional documents as may be required by the concerned entity.

(xx) “**Suspicious transaction**” means a “transaction” as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:

- a) gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
- b) appears to be made in circumstances of unusual or unjustified complexity; or
- c) appears to not have economic rationale or bona-fide purpose; or
- d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.

(xxi) “**Transaction**” means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

- a) opening of an account;
- b) deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non- physical means;
- c) the use of a safety deposit box or any other form of safe deposit;
- d) entering into any fiduciary relationship;
- e) any payment made or received, in whole or in part, for any contractual or other legal obligation; or
- f) Establishing or creating a legal person or legal arrangement.

(xxii) “**Politically Exposed Persons**” (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.

(xxiii) “**Shell bank**” means a bank which is incorporated in a country where it has no physical presence and is unaffiliated to any regulated financial group.

(xxiv) “**Wire Transfer**” refers to any transaction carried out on behalf of an originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person.

Domestic wire transfer refers to any wire transfer where the ordering financial

institution and beneficiary financial institution are located in India. This term, therefore, refers to any chain of wire transfer that takes place entirely within the borders of India, even though the system used to transfer the payment message may be located in another country.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

KYC NORMS

The Company has framed its KYC policies incorporating the following key elements:

- Customer Acceptance
- Customer Identification Procedures.
- Monitoring of Transactions; and
- Risk management.

V. CUSTOMER ACCEPTANCE GUIDELINES

Following norms and procedures will be followed by the Company in relation to its customers who approach the Company for availing financial facilities. While taking decision to grant any one or more facilities to customers as well as during the continuation of any loan account of the customer, the following norms will be adhered to by the Company:

- i. No Account will be opened, and / or money will be disbursed in a name which is anonymous or fictitious or appears to be a name borrowed only for opening the loan account i.e. Benami Account. The Company shall insist on sufficient proof about the identity of the customer to ensure his physical and legal existence at the time of accepting the application form from any customer.
- ii. No Account will be opened where the Company is unable to apply appropriate Customer Due Diligence measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
- iii. The Company shall not open any account or give / sanction any loan or close an existing account where the Company is unable to apply appropriate due diligence measures arising due to any of the following circumstances:
 - The Company is unable to verify the identity of the customer
 - The customer without any valid or convincing reasons refuses to provide documents to the Company which are needed to determine the risk level in relation to the customer loan applied for by the customer and his paying capacity
 - Information furnished by the customer does not originate from the reliable sources or appears to be doubtful due to lack of supporting evidence.
 - Identity of the customer, directly or indirectly matches with any individual terrorist or prohibited / unlawful organizations, whether existing within the country or internationally, or if the customer or beneficiary is found, even remotely, to be associated with or affiliated to any illegal, prohibited or unlawful or terrorist organization as notified from time to time either by Govt. of India, State Govt. or any other national or international body / organization.

VI. CUSTOMER IDENTIFICATION PROCEDURES

As a responsible company, we undertake the identification of customers in the following scenarios:

- a. **Account-Based Relationships:** When initiating an account-based relationship with a customer,
- b. **Verification Doubts:** If there is any doubt regarding the authenticity or adequacy of the customer identification data obtained.

The Company needs to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer. The Customer identification requirements shall be as per the provisions of the KYC guidelines and provisions of Prevention of Money Laundering Act, 2002,

VII. CUSTOMER DUE DILIGENCE PROCEDURE

The Company must perform adequate due diligence based on the risk profile of the customer in compliance with the extant guidelines in place. Besides risk perception, the nature of information/documents required would also depend on the type of customer (individual, corporate etc).

As a responsible financial institution, we undertake the following steps for Customer Due Diligence (CDD) when dealing with customers.

A. Required Documentation:

- **Aadhaar Number:** We obtain the Aadhaar number in the following cases:
 - a. When the individual is seeking benefits or subsidies under any scheme notified under section 7 of the Aadhaar Act, 2016.
 - b. When the individual voluntarily submits their Aadhaar number to us.
- **Proof of Aadhaar Possession:** We accept proof of possession of the Aadhaar number for offline verification or any Officially Valid Document (OVD) containing identity and address details.
- **KYC Identifier:** With explicit consent, we download records from the Central KYC Records Registry (CKYCR).
- **Permanent Account Number (PAN):** We obtain the PAN.
- **Additional Documents:** We may require other documents related to the nature of business and financial status of the customer.

B. Authentication and Verification:

- **e-KYC Authentication:** For customers submitting their Aadhaar number, we carry out e-KYC authentication using the facility provided by the Unique Identification Authority of India (UIDAI).

- **Offline Verification:** For proof of possession of Aadhaar where offline verification can be carried out, we perform offline verification.
- **Digital Verification:** For equivalent e-documents of any OVD, we verify the digital signature and take a live photo as specified.
- **Digital KYC:** For OVDs or proof of Aadhaar where offline verification cannot be carried out, we perform verification through digital KYC.
- **KYC Records Retrieval:** For KYC Identifiers, we retrieve KYC records online from CKYCR.

C. Special Cases:

Exception Handling: In cases where e-KYC authentication cannot be performed due to injury, illness, or other causes, we perform identification through offline verification or by obtaining certified copies of other OVDs.

For customers who are not literate in English, a Vernacular Declaration Form is provided. If the customer is unable to sign, a thumb impression is taken instead. Such cases are recorded in a centralized exception database and subjected to periodic internal audit.

D. Aadhaar Usage:

- **Redaction of Aadhaar Number:** We ensure that customers redact or black out their Aadhaar number where authentication is not required in cases where the Customer is receiving any benefit or subsidy.
- **Biometric e-KYC:** Biometric-based e-KYC authentication can be done by our officials, business correspondents, or business facilitators.

E. Monitoring and Compliance:

- **Strict Monitoring:** We have strict monitoring procedures and systems to generate alerts in case of non-compliance or violations to ensure adherence to the above conditions.

The Annexure-I contains the detailed information required for CDD.

F. Identification of Beneficial Owner

When opening an account for a legal entity, we identify the beneficial owner(s) and verify their identity as per regulatory requirements.

- If the customer or the owner of the controlling interest is:
 - a. Listed on a stock exchange in India,
 - b. Listed on stock exchanges in jurisdictions notified by the Central Government,
 - c. A subsidiary of such listed entities,
 - d. We do not need to identify or verify the identity of any shareholder or beneficial owner of such entities.

For trust/nominee or fiduciary accounts, we determine if the customer is acting on behalf of another person and obtain satisfactory evidence of the intermediaries' identity and the nature of the trust or arrangement.

G. Checking the List of Wilful Defaulter's

The customer's name is verified to determine if it appears on the List of Wilful Defaulters.

VII. ON-GOING DUE DILIGENCE

The Company shall adopt a Risk-based approach for periodic updating of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk.

A. Continuous Monitoring

The Company ensures ongoing due diligence to verify that transactions are consistent with its understanding of the customer, their business activities, and risk profile. It monitors large and complex transactions, as well as those with unusual patterns or that exceed prescribed thresholds. The Company closely monitors high account turnover and the deposit of third-party cheques followed by large cash withdrawals.

B. Risk-Based Monitoring:

Monitoring is aligned with the customer's risk category, with periodic reviews at least every six months. Transactions in accounts of marketing firms, especially MLM companies, are closely monitored. High-risk accounts undergo intensified monitoring, and suspicious activities are reported to the Reserve Bank of India and other authorities.

VIII. PERIODIC KYC UPDATION

The Company has adopted a risk-based approach for periodic KYC updates, ensuring information is up-to-date and relevant. High-risk customers' KYC is updated every two years, medium-risk every eight years, and low-risk every ten years. Customers can update their KYC information through various channels, including email, mobile, and by approaching the Company personally.

A. Additional Measures:

The Company ensures KYC documents meet current standards and verify PAN details during periodic updates. Customers receive acknowledgment of document receipt and updates are promptly reflected in our records. The Company provide facilities for KYC updates at any branch for customer convenience.

B. Compliance and Customer Communication:

Customers are advised to update their documents within 30 days of any changes. If a

customer fails to provide PAN or Form No. 60, we temporarily cease account operations until compliance is met, with appropriate notice and opportunity to be heard.

C. Sharing KYC information with Central KYC Records Registry

The Company shall capture customer's KYC records and upload the same on Central KYC Records Registry (CKYCR) as maintained by Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) within 10 days of account-based relationship with the customer. The Company shall comply with the Operational Guidelines issued by CERSAI in this regard.

IX. MONITORING OF TRANSACTIONS

The company does not accept any deposits. Further, there are no operative accounts where in the need for fixing the threshold limits for individual transactions and aggregate is more relevant and necessary. No other transactions whatsoever nature other than repayment of loan with interest is carried out by the customer with the Company.

The Company shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND), as per timelines as prescribed in case of any suspicious activity.

X. RISK MANAGEMENT

The Company as a part of the Risk Management approach shall categorize all its customers into various risk categories, based on the assessment and risk perception of the Company.

The Company shall categorize the customers into the below mentioned categories:

(i) Low Risk Customers

Individuals (other than high net worth) and entities whose identities and sources of wealth can be easily identified and all other person not covered under above two categories shall be identified as Low Risk Customer.

An illustrative list of Customers may include the following:

- Salaried employees with well-defined salary structure
- People working with government owned companies, regulators and statutory bodies, etc.
- People belonging to the lower economic strata of society whose accounts show small balances and low turnover
- People working with Public Sector Units
- People working with reputed Public Limited.
- Individuals in Tier I cities.
- Individuals in the age category of 18-50 years old.
- Companies and Multinational Companies in the event of an existing customer or the

beneficial owner of an existing account subsequently becoming a PEP, the Company will obtain senior management approval in such cases to continue the business relationship with such person, and also undertake enhanced monitoring as indicated and specified in **Annexure - I**

- Credit Score Above benchmark score

(ii) **Medium Risk Customers**

An illustrative list of Customers who may be categorized as Medium Risk Customers includes the following:

- Salaried applicant with variable income/ unstructured income receiving Salary in cheque
- Salaried applicants working with Private Limited Companies with Net worth of Rupees ten crore or Profit more than rupees one crore.
- Self-employed professionals other than HNIs
- Self-employed customers with sound business and profitable track record for a reasonable period, and
- High net worth individuals with occupation track record of more than 3 years
- Individuals in Tier II Cities.
- Individuals in the age category of 50-65 years old.

(iii) **High Risk Customers**

An illustrative list of Customers who may be categorized as High-Risk Customers includes the following:

- Non – resident Customers
- Salaried applicants working with Private Limited Companies with Net- worth less than Rupees ten crore or Profit less than rupees one crore.
- Business involved with Jewellery.
- High net worth individuals without an occupation track record of more than 3 years
- Trust, charitable organizations, non govt. organization (NGO), organizations receiving donations,
- Companies having close family shareholding or beneficial ownership.
- Firms with sleeping partners
- Politically exposed persons (PEPs) of Indian/ foreign origin
- Non face to face to customers
- Person with dubious reputation as per public information available.
- Client with cheque return history & low credit score
- Clients with dubious reputation as per public information available etc.
- Individuals in Tier III and IV cities.
- Individuals in the age category of 65 and above.

The Report on the classification of customers as High-Risk Customers, including any changes thereon, shall be placed before the Risk Management Committee as well as the

Board of Directors at periodicity as may be deemed fit.

XI. RECORD MANAGEMENT

The Company takes the following steps to maintain, preserve, and report customer information in compliance with the PML Act and Rules as well as KYC Norms. : The Company maintains all necessary records of transactions, both domestic and international, for at least five years from the date of the transaction.

The Company shall maintain the following details in respect of transactions:

- the nature of the transactions;
- the amount of the transaction and the currency in which it was denominated;
- the date on which the transaction was conducted; and
- the parties to the transaction.

XII. REPORTING REQUIREMENT UNDER FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) and COMMON REPORTING STANDARDS (CRS)

Under FATCA and CRS, the Company shall adhere to the provisions of Income Tax Rules 114F, 114G and 114H and determine whether they are a Reporting Financial Institution as defined in Income Tax Rule 114F and if so, shall take the steps mentioned as per Rule 57 of the KYC Direction 2016, given by RBI and any other amendments preceding that.

XIII ANTI MONEY LAUNDERING POLICY & PROCEDURES

The Company shall carry out Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment exercise to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc. in line with Prevention Of Money Laundering Act (PMLA), 2002.

A. Reporting to Financial Intelligence Unit India

In accordance to the PMLA rules, the Company shall report following information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND):

B. Cash Transaction Report

The Company shall submit a Cash Transaction Report (CTR) of prescribed values and as per timelines specified by PMLA Rules, from time to time.

C. Suspicious Transaction Report

The Company shall submit a Suspicious Transaction Report (STR) relating to any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature of prescribed values and as per timelines specified by PMLA Rules, from time to time.

The Company shall report Cash Transaction Report (CTR)/ Suspicious Transaction Report (STR) in the form and manner as may be prescribed from time to time.

D. Appointment of Principal Officer and Designated Director

The Board of Directors of the Company shall appoint a one among themselves as the “Designated Director” who shall be entrusted with the responsibility to ensure overall compliance with the obligations imposed under PMLA and the Rules.

The “Principal Officer” as appointed by the Company shall be responsible for ensuring compliance, monitoring transactions and sharing and reporting information as required under the law/regulations.

The details viz. name, designation and address of the Principal Officer and Designated Director shall be communicated to the FIU-IND, in case of any changes.

E. Combating Financing Of Terrorism

The Company shall take all necessary steps to prohibit any financing to individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

The details of the two lists are as under:

- (a) The “ISIL (Da’esh) & Al-Qaida Sanctions List” and
- (b) The “1988 Sanctions List”

The Company further pledges to disclose details of any account resembling any of the individuals/entities in the aforementioned lists to FIU-IND.

XIV. AMENDMENT

The Board of Directors of the Company reserves the power to review and amend this Policy from time to time, subject to revision / amendment in accordance with applicable laws as may be issued by relevant statutory, governmental and regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.

Annexure — I

Customer Identification Procedure

Features to be verified and documents that may be obtained from customers

Customers/Clients	Documents (Certified Copy)
Individual	<ul style="list-style-type: none"> i. Pan Card ii. Aadhaar card issued by Unique Identification Authority of India containing details of name, address and Aadhaar number or Passport or Voter's Identity Card or Driving License or OVD iii. C-KYC Number iv. C-PML Copy (if available) v. Audited Financials for past 3 years vi. Bank Statement for past 6 months vii. ITR for the past 3 years viii. Passport Size Photograph of Borrower and co-borrower ix. GST Certificate if applicable x. 6 months GST Returns if applicable xi. For Address Proof – Utility Bills (not older than 2 months) xii. Client Visit Form (if applicable) xiii. Post Dated Cheques / Undated Cheques – equivalent to the sanction amount xiv. Net worth Statement of Borrower- <ul style="list-style-type: none"> If Income from Business- Net worth If Salaried Individual – 3 Months' Salary Slip
Company	<ul style="list-style-type: none"> i. Certificate of Incorporation; ii. Memorandum of Association and Articles of Association; iii. A resolution from the Board of Directors iv. Brief Company Profile and Profile of Directors v. All the requirements specified for individuals have to be individually obtained for all the directors. vi. Copy of PAN card; vii. List of Directors/ Promoter and their KYC Documents; viii. List of shareholders and Shareholding Pattern; ix. Net worth Statement of Borrower; which is CA Certified x. Audited Financials for past 3 years; xi. Bank Statement for past 6 months; xii. Rating Letter - If rated xiii. GST Certificate; xiv. 6 months GST Returns;

	<ul style="list-style-type: none"> xv. Copy of the Utility Bill (not older than 2 months); xvi. Passport Size Photograph of authorized person xv. Post Dated Cheques / Undated Cheques – equivalent to the sanction amount.
Partnership Firm	<ul style="list-style-type: none"> i. Registration certificate, if registered; ii. Copy of PAN Card; iii. Partnership deed; iv. All the requisites as mentioned for Individuals obtained for all the partners v. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf; vi. Any officially valid document identifying the partners and the vii. persons holding the power of Attorney and their address; and viii. Utility Bill (not older than 2 months) in the name of firms / partners. ix. Net worth Statement of Borrower; x. Audited Financials for past 3 years; xi. Bank Statement for past 6 months; xii. Rating Letter - If rated xiii. GST Certificate; xiv. Cancelled Copy of Cheque xv. 6 months GST Returns; xvi. Passport Size Photograph of authorized person. xvii. Post Dated Cheques / Undated Cheques – equivalent to the sanction amount
Trusts & Foundation	<ul style="list-style-type: none"> i. Registration certificate, if registered; ii. PAN Card iii. Trust deed; iv. Power of Attorney granted to transact business on its behalf; v. Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders / managers / directors and their address;

	<p>vi. Cancelled Copy of Cheque</p> <p>vii. Resolution of the managing body of the foundation / association; and</p> <p>viii. Utility Bill (not older than 2 months) in the name of trust / trustees.</p>
Unincorporated Association or a Body of Individuals	<p>i. Resolution of the managing body of such association or body of individuals.</p> <p>ii. Power of attorney granted to him to transact on its behalf.</p> <p>iii. Such information as may be required by the reporting entity to collectively establish the legal existence of such an association or body of individuals.</p> <p>An officially valid document in respect of the person holding an attorney to transact on its behalf.</p>
Accounts of Sole Proprietary Firms/concerns	<p>Certified copy of OVD as applicable to the Individuals (i.e. of proprietor) shall be obtained.</p> <p>In addition to the above, any two of the following documents as a proof of business/activity in the name of the proprietary firm shall also be obtained:</p> <p>i. Registration certificate (in the case of a registered concern)</p> <p>ii. Certificate/licence issued by the municipal authorities under Shop and Establishment Act.</p> <p>iii. GST and Income tax returns.</p> <p>iv. CST/VAT/GST certificate, whenever applicable Certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities / GST authorities.</p> <p>v. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.</p> <p>Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.</p> <p>vii. Utility bills such as electricity, water, and landline telephone bills (not older than 2 months).</p> <p>In cases where the Company is satisfied that it is not possible to furnish two such documents, it would have the discretion to accept only one of those documents as proof of business/activity.</p>