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Policy Version: 1.2

POLICY ON KNOW YOUR CUSTOMER
&
ANTI-MONEY LAUNDERING ("AML") MEASURES

Policy Owner

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1. INTRODUCTION:

Reserve Bank of India, one of the regulatory agencies entrusted with the responsibility of driving the anti-money laundering initiatives advised NBFCs to follow certain customer identification procedure for opening of accounts and monitoring transactions of suspicious nature for the purpose of reporting it to appropriate authority. RBI revisited these guidelines from time to time keeping in view the recommendations of Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism.

Reserve Bank of India (RBI) has issued Master Direction - 'Know Your Customer' (KYC) Direction 2016, RBI/DBR/2015-16/18 DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25th, 2016 as amended from time to time thereby setting standards in terms of provisions of Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 as amended from time to time by the Government of India. The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this policy to confirm to the standards so prescribed. This policy is applicable across all branches / business segments of the company, 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/auto-corrected with the changes/modifications which shall be advised by RBI from time to time.

The Company endeavors to frame a proper policy framework on 'Know Your Customer' (KYC) and Anti- Money Laundering measures as per Master Direction – Know Your Customer (KYC) Directions, 2016 as may be issued and amended by Reserve Bank of India from time to time. The Company shall make all the relevant changes/amendments/insertions in this Policy once in every year as per said directions. The Company is committed for transparency and fairness in dealing with all stakeholders and in ensuring adherence to provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India as notified by the Government of India and all laws and regulations. The Company ensures that the information collected from the customer for any purpose would be kept as confidential and not divulges any details thereof for cross selling or any other purposes. The Company commits that information sought from the customer is relevant to the perceived risk, is not intrusive, and is inconformity with the guidelines issued in this regard. Any other

information from the customer shall be sought separately with his /her consent and after effective rendering of services.

The company shall also communicate its KYC norms to its customers. The company shall ensure that the implementation of the KYC norms is the responsibility of the entire organisation.

The company's Board of Directors and the management team are responsible for implementing the KYC norms hereinafter detailed, and also to ensure that its operations reflect its initiatives to prevent money laundering activities.

2. OBJECTIVE:

The objective of RBI guidelines is to prevent NBFCs being used, intentionally or unintentionally, by criminal elements for money laundering activities. The Guideline also mandates making reasonable efforts to determine the true identity and beneficial ownership of accounts, source of funds, the nature of customer's business, reasonableness of operations in the account in relation to the customer's business etc. which in turn help the company to manage its risk prudently. Accordingly, the main objective of this policy is to enable the company to have positive identification of its customers.

3. DEFINITIONS:

1. Terms bearing meaning assigned in terms of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005

   i. Aadhaar number" shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;

   ii. "Act" and "Rules" means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto;

   iii. 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;

iv. "Customer" for this purpose of this Policy would have the same meaning as assigned to it under the RBI's Guidelines on 'Know your customer' and Anti-Money Laundering Measures, as amended from time to time.

v. Certified Copy" - Obtaining a certified copy 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.

vi. 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;

vii. "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.

viii. 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;

ix. 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;

x. 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;

xi. Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry;

xii. "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 MNREGA 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 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: -

i. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
ii. property or Municipal tax receipt;
iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
iv. 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.

xiii. Offline verification" shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;

xiv. "Person" has the same meaning assigned in the Act and includes:

a. an individual;
b. a Hindu undivided family;
c. a company 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).

xv. "Principal Officer" means an officer nominated by the company, responsible for furnishing information as per rule 8 of the Rules;

xvi. "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

xvii. "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.

KNOW YOUR CUSTOMER STANDARDS

The Company hereunder framing its KYC policies incorporating the following key elements:

1. Customer Acceptance Policy;

2. Risk Management;
3. Customer Identification Procedures (CIP);
4. Money Laundering and Terrorist Financing Risk Assessment;
5. Customer Due Diligence (CDD) Procedure;
6. Record Management;
7. Reporting Requirements to Financial Intelligence Unit – India;
8. Monitoring of Transactions:
    (i) Secrecy Obligations and Sharing of Information;
    (ii) CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR);
    (iii) Period for presenting payment instruments
    (iv) Unique Customer Identification Code
    (v) Quoting of PAN;
    (vi) Hiring of Employees and Employee training;
    (vii) Adherence to Know Your Customer (KYC) guidelines by NBFCs/RNBCs and persons authorised by NBFCs/RNBCs including brokers/agents etc.;

Appointment of Designated Director: -

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 be nominated by the Board.

Designated Officer shall be responsible for monitoring and reporting of all transaction and sharing of information as required under the law. He shall maintain close liaison with enforcement agencies, banks and any other institution which are involved in the fight against money laundering and combating financing of terrorism. In terms of Section 14.2 of Prevention of Money-laundering (Amendment) Act, 2012, NBFC shall also designate a person as a 'Designated Director' to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

The name, designation and address of the Designated Director shall be communicated to the FIU-IND.

Mr. Dharmendra Kumar Jangid Shall be appointed as Designated Officer to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

Appointment of Principal Officer: -

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

The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.

Mr. Dharmendra Kumar Jangid shall be appointed as Principal Officer.

Compliance of KYC Policy: -

a. Company shall ensure compliance with KYC Policy through:
   (i) A senior officer will constitute as 'Senior Management' for the purpose of KYC Compliance.
   (ii) Allocation of responsibility for effective implementation of policies and procedures at Head office/Regional office/Branch Office Level.
   (iii) Independent evaluation of the compliance functions of DCL policies and procedures, including legal and regulatory requirements.
   (iv) Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
   (v) Submission of quarterly audit notes and compliance to the Audit Committee.

b. Company shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

1. CUSTOMER ACCEPTANCE POLICY

Company's Customer Acceptance policy (CAP) lays down the criteria for acceptance of customers.

The guidelines in respect of the customer relationship with the company broadly are detailed below:

a) No account is opened in anonymous or fictitious/benami name(s)/entity(ies);

b) No account is to be opened where the company is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer;

c) No transaction or account-based relationship is undertaken without following the CDD procedure;

d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified;

e) 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened;

f) The company shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a company desires to open another account with us, there shall be no need for a fresh CDD exercise;

g) CDD Procedure is followed for all the joint account holders, while opening a joint account;

h) Circumstances, in which a customer is permitted to act on behalf of another person/ entity shall be clearly spelt out;

i) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India;

j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority;

k) Where an equivalent e-document is obtained from the customer, company shall verify the digital signature as per the provisions of the Information Technology Act, 2000;

l) Adoption of customer acceptance policy and its implementation shall not become too restrictive and shall not result in denial of financial services to general public, especially to those, who are financially or socially disadvantaged.

2. RISK MANAGEMENT

For Risk Management, the Company will have a risk-based approach which includes the following:

a) Customers shall be categorized as low, medium and high-risk category, based on the assessment and risk perception of the Company;

b) Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in;

c) The customers will be monitored on regular basis with built in mechanism for tracking irregular behavior for risk management and suitable timely corrective action;

(i) High Risk – (Category L3):

High risk customers typically include:

a) Non – resident Customers;

b) High net worth individuals without an occupation track record of more than 3 years;
c) Trust, charitable organizations, non govt. organization (NGO) organizations receiving donations;
d) Companies having close family shareholding or beneficial ownership;
e) Firms with sleeping partners;
f) Politically exposed persons (PEPs) of Indian/ foreign origin;
g) Non face to face to customers;
h) Person with dubious reputation as per public information available;
i) Client with cheque return history & low credit score;
j) Clients with dubious reputation as per public information available etc.

(ii) Medium Risk – (Category L2):

Medium risk customers will include:

a) Salaried applicant with variable income/ unstructured income receiving Salary in cheque;
b) Salaried applicant working with Private Limited Companies;
c) Self employed professionals other than HNIs;
d) Self employed customers with sound business and profitable track record for a reasonable period, and;
e) High net worth individuals with occupation track record of more than 3 years New Client (up to 3 months) in Broking industry;
g) Credit Score below bench mark score.

(ii) Low Risk – (Category L1):

Low risk 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 Customer carrying low risk may include the following:

a) Salaried employees with well defined salary structures;
b) People working with government owned companies, regulators and statutory bodies, etc.

c) People belonging to lower economic strata of the society whose accounts show small balances and low turnover;
d) People working with Public Sector Units) People working with reputed Public Limited;
e) 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
f) Credit Score Above bench mark score.

The above mentioned categorization shall depend and vary as per the score received from Credit Rating agencies.

3. CUSTOMER IDENTIFICATION PROCEDURE (CIP):

The company shall undertake identification of customers in the following cases:

(a) Commencement of an account-based relationship with the customer;

(b) Carrying out any international money transfer operations for a person who is not an account holder of the bank;

(c) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained;

(d) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees 50,000 (fifty thousand);

(e) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected;

(f) When company has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand;

(g) Company shall ensure that introduction is not to be sought while opening accounts.

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, company shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:

a) Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry;

b) Adequate steps are taken by REs to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay;

c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act;

d) The third party shall not be based in a country or jurisdiction assessed as high risk;

e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the company;

4. MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT

a) The company shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically 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.

The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, company shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with REs from time to time;

b) The risk assessment by the company shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the company. Further, the periodicity of risk assessment exercise shall be determined by the Board of the company, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually;

c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to competent authorities and self-regulating bodies.

The company shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard. Further, company shall monitor the implementation of the controls and enhance them if necessary.

Accordingly, the below mentioned priority areas for addressing the threats and vulnerabilities of Money laundering/Terrorists Financing risk in NBFC Sector shall be carried out while carrying out internal ML/TF Risk assessment: -

a. Effectiveness of Suspicious Activity Monitoring and Reporting
b. Availability and Access to Beneficial Ownership information
c. Effectiveness of Compliance Function (Organization)
d. Integrity of Business/Institution Staff

5. CUSTOMER DUE DILIGENCE (CDD) PROCEDURE

Customer due diligence (CDD) Procedure in case of Individuals:

In case a person who desires to open an account is not able to produce documents, as specified in Section 16, company may at their discretion open accounts subject to the following conditions:

a) The company shall obtain a self-attested photograph from the customer;
b) The designated officer of the company certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence;
c) The account shall remain operational initially for a period of twelve months, within which CDD as per Section 16 shall be carried out;
d) Balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time;
e) The total credit in all the accounts taken together shall not exceed rupees one Lakh in a year;
f) The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case Directions (d) and (e) above are breached by him;
g) The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in direction (d) and (e) above;
h) KYC verification once done by one branch/office of the company shall be valid for transfer of the account to any other branch/office of the same Company, provided full KYC verification has already been done for the concerned account and the same is not due for periodic updation.

On-going Due Diligence

The company shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds.

Simplified Norms for Self Help Groups (SHGS)

a) CDD of all the members of SHG shall not be required while opening the savings bank account of the SHG;
b) CDD of all the office bearers shall suffice;
c) No separate CDD as per the CDD procedure mentioned in Section 16 of the MD of the members or office bearers shall be necessary at the time of credit linking of SHGs;

6. RECORD MANAGEMENT

The following steps shall be taken regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules. Company shall:

a) maintain all necessary records of transactions between the company and the customer, both domestic and international, for at least five years from the date of transaction;
b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
c) make available the identification records and transaction data to the competent authorities upon request;
d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005;
e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:

(i) the nature of the transactions;

(ii) the amount of the transaction and the currency in which it was denominated;

(iii) the date on which the transaction was conducted; and

(iv) the parties to the transaction.

f) evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;

g) Maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

7. REPORTING REQUIREMENTS TO FINANCIAL INTELLIGENCE UNIT - INDIA

(i) Company shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

***Explanation**:* In terms of Third Amendment Rules notified September 22, 2015 regarding amendment to sub rule 3 and 4 of rule 7, Director, FIU-IND shall have powers to issue guidelines to the REs for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.

(ii) The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by REs which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officers shall have suitable arrangement to cull out the transaction details from branches which are not yet computerized and to feed the data into an electronic file with the help of

the editable electronic utilities of CTR/STR as have been made available by FIU-IND on its website http://fiuindia.gov.in.

(iii) While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. REs shall not put any restriction on operations in the accounts where an STR has been filed. REs shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level

8. MONITORING OF TRANSACTIONS

(i) Secrecy Obligations and Sharing of Information:

a) Company shall maintain secrecy regarding the customer information which arises out of the contractual relationship with the customer;

b) Information collected from customers for the purpose of opening of account/proving loan shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer

c) The exceptions to the said rule shall be as under:

I. Where disclosure is under compulsion of law
II. Where there is a duty to the public to disclose,
III. The interest of bank requires disclosure and
IV. Where the disclosure is made with the express or implied consent of the customer.

d) Company shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.

(ii) CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

(a) Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.

(b) In terms of provision of Rule 9(1A) of PML Rules, the REs shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.

(c) Operational Guidelines for uploading the KYC data have been released by CERSAI.

(d) Company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be. The templates may be revised from time to time, as may be required and released by CERSAI.

(e) As per the communique having reference no. CKYC/2022/02 dated January 20, 2022 exemption has been provided by Government of India to the companies registered with CERSAI (CKYCRR), that they are not required to upload the KYC records related to Self Help Groups (SHGs) and Joint Liability Groups (JLGs) to CKYC Records Registry.

(iii) Period for presenting payment instruments:

Payment of cheques/drafts/pay orders/banker's cheques, if they are presented beyond the period of three months from the date of such instruments, shall not be made.

(iv) Unique Customer Identification Code (UCIC):

(a) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by the company;

(b) The company shall, at their option, not issue UCIC to all walk-in/occasional customers such as buyers of pre-paid instruments/purchasers of third party products provided it is ensured that there is adequate mechanism to identify such walk-in customers who have frequent transactions with them and ensure that they are allotted UCIC.

(v) Quoting of PAN

Permanent account number (PAN) or equivalent e-document thereof of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule 114B applicable to company, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN or equivalent e-document thereof

(vi) Hiring of Employees and Employee training

a) Adequate screening mechanism as an integral part of personnel recruitment/hiring process shall be put in place;.

b) On-going employee training programme shall be put in place so that the members of staff are adequately trained in AML/CFT policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in AML/CFT policies of the Company, regulation and related issues shall be ensured.

(vii) Adherence to Know Your Customer (KYC) guidelines by NBFCs/RNBCs and persons authorised by NBFCs/RNBCs including brokers/agents etc.

a) Persons authorised by Company for collecting the deposits and their brokers/agents or the like, shall be fully compliant with the KYC guidelines applicable to Company;

b) All information shall be made available to the Reserve Bank of India to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorised by Company including brokers/agents etc. who are operating on their behalf;

c) The books of accounts of persons authorised by Company including

brokers/agents or the like, so far as they relate to brokerage functions of the company, shall be made available for audit and inspection whenever required.

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ANNEXURE — I

Customer Identification Procedure Features to be verified and documents that shall be obtained from customers.
KYC CHECKLIST

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

Features	Documents
Identity Proof (Individual)	Passport
	Photo PAN card
	Voter's Identity Card
	E-Aadhar/ Aadhar Card issued by UID
	Laminated Driving license - Permanent. For a Driving license coming in a booklet form (Not laminated) to be acceptable as KYC document, an OSV done by Angel's employee on the Photocopy of the Driving license would be mandatory.
	Employee ID card (MNCs / PSUs / Public Limited Companies/Other Government companies and not Pvt. Ltd. Co)
	Photo Ration Card
	Photo Debit Card
	Bankers' verification/passbook with stamp on photograph along with applicant's signature. This can be accepted provided it contains customer's photo and signature, a/c number, date of opening, branch name, address and it shall be certified only by the Branch Manager or Operations Head with their name & designation.
	Defense ID Card
	Photo credit Card - provided the card is valid & current and is at least 3 months old
Address Proof (Individual)	Telephone Bill
	E-Aadhar/ Aadhar Card issued by UID
	Life Insurance Premium receipt of any insurer (Policy shall be minimum 12 months in force)
	Post paid Piped gas connection bill showing consumption and full address
	Electricity Bill
	Ration Card
	Voter's Identity Card
	Laminated Driving license - Permanent. For a Driving license coming in a booklet form (Not laminated) to be acceptable as KYC document, an OSV done by Angel's employee on the photocopy of the Driving license would be mandatory.
	Passport
	Copy of sale agreement if current residence is owned

	Cooperative Housing society Receipt to be taken provided residence FI is positive at the same address
	Lease & License agreement if the applicant is staying on rent & the agreement is registered /notarized. Wherever notarized Lease & License agreement is taken, the notarization shall be in original & the agreement shall be executed on a stamp paper as per the respective State Stamp Act (mail already circulated to all in the past on the same) Applicable to lease deed also.
	Post Paid Mobile Bills
	Bank Passbook/ Latest Bank Account Statement (first page of the same with full address mentioned which matches with the applicant's address as per the Application form). In case of a Bank Passbook, the page showing the latest banking transaction shall be taken on record.
	Front Copy of the Credit Card and latest Card statement
	Municipality Water Bill
	Municipal tax receipt/ Property tax receipt
	Office Identity card mentioning the address (MNCs/PSUs/Public Limited Companies/Other Government companies) OR letter from employer if the Margin Money Cheque Clearance if paid favoring Digamber Capfin Limited (Copy of cheque taken prior to clearing)
Signature verification (Individual)	Passport
	Laminated Driving license - Permanent. For a Driving license coming in a booklet form (Not laminated) to be acceptable as KYC document, an OSV done by ANGEL'S employee on the photocopy of the Driving license would be mandatory.
	PAN Card
	Bankers Verification
	Photo Debit Card with scanned signatures
	Copy of entire Registered Sale deed showing Photo & signature
	Photo credit Card with scanned signatures - provided the card is valid &current and is at least 3 months old.
	Government ID card for govt. employees
KYC Docs for Entities (Self Proprietorship / Partnership / Companies)	
a) Proof of Legal Existence and Registered Office Address	For Partnership firms, Partnership Deed or Certificate of Registration from Registrar of firms in case the firm is registered
	For Companies, MOA & AOA along with Certificate of Incorporation. In case of Public Limited Company, Certificate of Commencement of Business also to be taken. PAN Card of partnership firm or companies can be taken as proof of existence. (In this case separate proof of registered address needs to be taken)
	Goods & Service tax registration Certificate
	Shop & Establishment Certificate
	Factory Registration Certificate
	SSI Registration Certificate
	Importer - Exporter Code Certificate
	Goods & Service Tax Registration Certificate
	Latest Bank Account Statement in the name of the Entity with full address mentioned which matches with the entity's address as per the Application form along with Banker's
	Telephone Bill / Electricity Bill in the name of the entity
	Verification of the Authorized Signatory of the entity

b) Proof of Operating Address	Lease & License agreement in the name of the entity if the entity is operating its business from a rented premises & the agreement is registered / notarized. Wherever notarized Lease & License agreement is taken, the notarization shall be in original & the agreement shall be executed on a stamp paper as per the respective State Stamp Act. (mail already circulated to all in the past on the same)
	IT Assessment Order Pan
	Intimation letter
	Acknowledged ITR of the entity
	Latest Bank Account Statement in the name of the Entity with full address mentioned which matches with the entity's address as per the Application form along with Banker's Verification of the Authorized Signatory of the entity
	In case of Self Proprietorship concerns, proof of the operating address could be taken in the individual's name as long as the Office FI is positive at the address from where the individual is operating his business. This shall match with the office address given by the individual as per the Application form. Office FI in this case shall not be negative on account of applicant not running business from the same premises.
c) Trust/Society	Certificate of registration, if registered
	Trust Deed/ Constitutional Documents of the trust / Society
	ECS mandate with the signatures of authorized signatories and with the stamp of entity
	Verified and acknowledged by the banker pre disbursement.
	Clearance of Initial payment cheque equal to an amount of the EMI and confirmed by local office
	Certain companies have GPAs for signing PDCs. The GPA can be an SV subject to the GPA carrying the signature of the auth signatories along with their names & certified only by the Branch Manager or Operations Head with their name & designation. Care must be taken to verify the GPA for any specific covenants such as (a) If GPA is applicable for a particular bank account, and then PDCs must be from the same bank account (b) Whether GPA is valid indefinitely or has an expiry date. In a case where there is an expiry date then the validity of GPA shall be > contract tenure otherwise such GPA becomes invalid Documents which would have been submitted to banker at time of opening of account by the entity stating the authorized signatories of the bank account. These documents again shall be certified by the Branch Manager or Operations Head with their name & designation.
d) Signature verification of the Authorized Signatory of the Entity	Bankers Verification of the Entity's Authorized Signatory from where the PDCs are issued.

ANNEXURE – II

Customer Identification Requirements – Indicative Guidelines

Accounts of non-face-to-face customers

With the introduction of telephone and electronic banking, increasingly accounts are being opened by banks for customers without the need for the customer to visit the bank branch. In the case of non face- to-face customers, apart from applying the usual customer identification procedures, there must be specific and adequate procedures to mitigate the higher risk involved. Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for. In such cases, banks may also require the first payment to be affected through the customer's account with another bank which, in turn, adheres to similar KYC standards. In the case of cross border customers, there is the additional difficulty of matching the customer with the documentation and the bank may have to rely on third party certification/introduction. In such cases, it must be ensured that the third party is a regulated and supervised entity and has adequate KYC systems in place.

ANNEXURE –III

An Indicative List of Suspicious Activities

Transactions Involving Large Amounts of Cash

Company transactions that are denominated by unusually large amounts of cash, rather than normally associated with the normal commercial operations of the company, e.g. cheques

Transactions that do not make Economic Sense

Transactions in which assets are withdrawn immediately after being deposited unless the business activities of the customer's furnishes a plausible reason for immediate withdrawal

Activities not consistent with the Customer's Business

Accounts with large volume of credits whereas the nature of business does not justify such credits;

Attempts to avoid Reporting/Record-keeping Requirements

a) A customer who is reluctant to provide information needed for a mandatory report, to have the report filed or to proceed with a transaction after being informed that the report must be filed.
b) Any individual or group that coerces/induces or attempts to coerce/induce a NBFC employee not to file any reports or any other forms.
c) An account where there are several cash transactions below a specified threshold level to a avoid filing of reports that may be necessary in case of transactions above the threshold level, as the customer intentionally splits the transaction into smaller amounts for the purpose of avoiding the threshold limit.

Unusual Activities

Funds are coming from the countries /centers which are known for money laundering.

Customer who provides Insufficient or Suspicious Information

a) A customer/company who is reluctant to provide complete information regarding the purpose of the business, prior business relationships, officers or directors, or its locations.
b) A customer/company who is reluctant to reveal details about its activities or to provide financial statements.
c) A customer who has no record of past or present employment but makes frequent large transactions.

Certain NBFC Employees arousing Suspicion

a) An employee whose lavish lifestyle cannot be supported by his or her salary.
b) Negligence of employees/willful blindness is reported repeatedly.

Some examples of suspicious activities/transactions to be monitored by the operating staff-

Large Cash Transactions;

Multiple accounts under the same name;

Placing funds in term Deposits and using them as security for more loans sudden; surge in activity level same.

Funds being moved repeatedly among several accounts

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