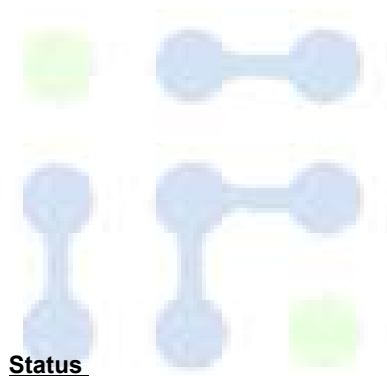


**“KNOW YOUR CUSTOMER (KYC) GUIDELINES
&
ANTI-MONEY LAUNDERING STANDARDS (AML) POLICY”**

**Indresh Financial Services Pvt. Ltd. (IFSPL) registered as NBFC- ND under Investment and Credit Company (ICC)
category**



Indresh
FINANCIAL

Status

Version	Approval Date	Recommended by	Description
1.0	24 th December, 2024	NA	Adoption of Policy

Contents

Chapter I -- PREAMBLE.....	3
Chapter II -- OBJECTIVES	3
Chapter III -- APPLICABILITY AND SCOPE	3
Chapter IV -- DEFINITIONS.....	3
Chapter V -- LIST OF DOCUMENTS	7
(A) Individual.....	7
(C) Partnership/LLP	8
(D) Company.....	8
(E) Trust/Society	8
Chapter VI -- IDENTIFICATION OF BENEFICIAL OWNER	9
Chapter VII -- RELATIONSHIP PROOF	9
Chapter VIII -- CUSTOMER ACCEPTANCE POLICY ("CAP").....	10
Chapter IX -- CUSTOMER IDENTIFICATION PROCEDURES ("CIP").....	10
Chapter X -- RISK MANAGEMENT	11
Chapter XI -- MONITORING OF TRANSACTIONS	12
Chapter XII -- ONGOING DUE DILIGENCE	12
Chapter XIII -- PERIODIC UPDATION	13
Chapter XIV -- INTERNAL CONTROL SYSTEMS/SOFTWARE	13
Chapter XV -- RECORD KEEPING	13
Chapter XVI -- REPORTING ON FINNET PORTAL AND REPORTING TO FINANCIAL INTELLIGENCE UNIT -INDIA REPORTING ON FINNET PORTAL	13
Chapter XVII -- REPORTING TO FINANCIAL INTELLIGENCE UNIT – INDIA (FIU-IND)	14
Chapter XVIII -- CENTRAL KNOW YOUR CUSTOMER REGISTRY	14
Chapter XIX -- KYC IN CASE OF TOP-UP/RENEWAL	14
Chapter XX -- SELF-ATTESTATION NORMS	14
Chapter XXI -- OSV NORMS.....	14
Chapter XXII -- HIRING OF EMPLOYEES & EMPLOYEE TRAINING	14
Chapter XXIII -- OTHER REQUIREMENTS:	14
Chapter XXIV -- DEVIATION.....	15
Chapter XXV -- INCONSISTENCY.....	15
Chapter XXVI -- REVIEW OF POLICY	15
Chapter XXVII -- EFFECTIVE DATE	15

Chapter I -- PREAMBLE

Indresh Financial Services Private Limited ("IFSPL" or "Company") is registered as a Non-Deposit taking Non-Banking Financial Company ("NBFC – ND") with the Reserve Bank of India ("RBI") since September 27, 2024 bearing NBFC registration number N-14.03630. IFSPL has been incorporated to primarily engage in the business of providing credit facilities to individuals, proprietors, partnerships, private/public companies, etc.

Reserve Bank of India ["RBI"], has issued the Know Your Customer (Reserve Bank) Directions, 2016 [the "KYC Master Directions"] bearing reference DBR.AML.BC. No.81/14.01.001/2015-16 dated 25th February 2016, (Last updated on November 06, 2024) as amended from time to time. The said directions are applicable to the Company, being a Non-Banking Financial Company having customer interface. The guidelines mainly address the risks associated with KYC Procedures, Anti Money Laundering ["AML"] Standards, regulations under the Prevention of Money Laundering Law ["PMLA"], and the recommendations of the Financial Action Task Force ["FATF"] on AML Standards. In view of the same, IFSPL has framed this KYC and PMLA Policy [this "Policy"], based on the policy framework prescribed by RBI under the KYC Directions and PMLA, along with suitable stricter modifications based on the risk matrix of the Company's operations.

Chapter II – OBJECTIVES

This policy has been framed for attaining the following objectives:

- To enable the Company to know and understand its customers and provide financial dealings in a better manner, which in turn, shall help in managing the risks prudently. This includes putting in place an effective system and procedure for customer identification and verifying its / his / her identity, residential address and conducting Customer Due Diligence ("CDD") based on the risk factors associated with each customer;
- To establish appropriate, effective and efficient controls for detection and reporting of suspicious activities in accordance with the applicable laws/rules/regulations/ laid down procedures.
- To have in place a systemic procedure of assessing and monitoring the risk factors associated with each customer and to 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;
- To monitor transactions of suspicious nature and report the same to the Financial Intelligence Unit- India ("FIU- IND"); verification and maintenance of records of transactions of customers in accordance with PMLA and the Rules made thereunder;
- To comply with RBI guidelines on KYC/PMLA.

Besides above, the following key elements form an integral part of the policy:

- Customer Acceptance Policy
- Customer Identification Procedures
- Risk Management
- Monitoring of Transactions

Chapter III -- APPLICABILITY AND SCOPE

- This policy shall be applicable organization-wide to all employees / persons dealing with customers on behalf of the Company.
- Senior management will ensure compliance with this policy, the RBI Directions, PMLA and rules made thereunder, with the assistance of the Designated Director and the Principal Officer. Company's internal audit and compliance functions shall play an important role in evaluating and ensuring adherence to the KYC policies and procedures, under the directions of the Senior Management.
- This policy is to be read in conjunction with operational guidelines issued by the RBI from time to time. The content of this policy shall always be read in tandem/auto-corrected with the changes/modifications as may be advised by RBI and/or by PMLA and amendments of the KYC Master Directions, from time to time.

Chapter IV -- DEFINITIONS

"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 (18 of 2016);

“**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.

“**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.

“**Beneficial Owner (BO)**”

Type of Customer	Persons to be considered Beneficial Owners
a) In case of company	<p>The beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercise control through other means.</p> <p>Explanation:</p> <ol style="list-style-type: none"> Controlling ownership interest – ownership of/entitlement to more than 10% of the shares or capital or profits of the company; 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) In case of partnership firm	<p>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% of capital or profits of the partnership.</p> <p>Explanation</p> <ol style="list-style-type: none"> For the purpose of this sub-clause, “control” shall include the right to control the management or policy decision.
c) In case of unincorporated association or body of individuals or societies.	<p>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% of the property or capital or profits of the unincorporated association or body of individuals.</p> <p>Explanation:</p> <ol style="list-style-type: none"> 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) In case the customer is a trust.	<p>The identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.</p>

“**Certified Copy**” means comparing the copy of proof of possession of Aadhaar Number where offline verification can’t 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 IFSP as per the provisions contained in the Act.

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:

- authorized 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.

“Central KYC Records Registry” (CKYCR): Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter usability of KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer enters into a new relationship with a financial entity.

“Designated Director” means a person designated by the RE 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 or Director, duly authorized by the Board of Directors, if the RE is a company,
- (b) the Managing Partner, if the RE is a partnership firm,
- (c) the Proprietor, if the RE is a proprietorship concern,
- (d) the Managing Trustee, if the RE is a trust,
- (e) a person or individual, as the case may be, who controls and manages the affairs of the RE, if the RE is an unincorporated association or a body of individuals, and
- (f) a person who holds the position of senior management or equivalent designated as a 'Designated Director' in respect of Cooperative Banks and Regional Rural Banks.

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.

“Customer” shall mean a Person, engaged in a financial transaction / activity with the Company and includes a person on whose behalf the Person who is engaged in the transaction / activity, is acting.

“Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner using 'Officially Valid Documents' as a 'proof of identity' and 'proof of address'.

“Customer Identification” means undertaking the process of CDD.”

“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 authorized officer of the RE as per the provisions contained in the Act.

“Digital Signature” means of any electronic record by a subscriber by means of an electronic method or procedure in accordance with the provisions.

“Equivalent E-Document” means an electronic equivalent of a document issued by the issuing authority of such documents with its valid digital signature including documents issued to the digital locker account of the customer as per Rule 9 of the Information Technology (Prevention and Retention of Information by Intermediaries Providing Digital Locker Facilities, 2016). The issued documents in Digi Locker system are deemed to be at par with Original physical documents as per rule 9A (notified on February 08, 2017; vide G.S.R. 711 (E)).

“KYC Identifier” means the unique number or code assigned to a customer by the Central CKYC Records Registry

“Non-face-to-face-customers” means customers who open accounts without visiting the Branch offices of Regulated Entities (RE) or meeting the officials of REs.

“Officially Valid Document” (OVD) means and includes:

- i. the passport,
- ii. the driving license,
- iii. Proof of possession of Aadhaar number,
- iv. the Voter's Identity Card issued by the Election Commission of India,

- v. Job card issued by NREGA duly signed by an officer of the State Government and
 - vi. 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 etc.);
 - (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 license agreements with such employers allotting official accommodation;
- (c) The customer shall submit OVD with the 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.

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.

“**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 (18 of 2016).

“**Person**” for the purposes of this policy shall mean and include:

- An Individual
- A Hindu Undivided Family
- A Company
- A Firm
- An Association of Persons / Body of Individuals, whether incorporated or not
- Every artificial juridical person, not falling within any one of the above persons
- Any agency / Office / Branch owned / controlled by any of the persons above

“**Politically Exposed Persons**” are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Government, senior politicians, senior government/judicial/military officers, senior executive of state-owned corporations, important political party officials.

“**Video Based Customer Identification Process (V-CIP)**” is method of customer identification by an official of the RE by undertaking seamless, secure, real time, consent based audio-visual interaction with the customer to obtain identification information including the documents required for CDD purpose, and to ascertain the veracity of the information furnished by the customer. Such process shall be treated as “face-to-face” process for the process of this master direction. Live photograph of customer and original documents should be captured in proper light so that they are clearly readable and identifiable.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Master Direction - Know Your Customer (KYC) Direction, 2016 as amended from time to time.

Chapter V -- LIST OF DOCUMENTS

The documents required for the purposes of this policy is broadly categorized in the following manner:

(A) Individual

Documents	Identity Proof	Address Proof
Customers shall submit at least one out of the six Officially Valid Documents (OVDs) as proof of identity and proof of address (which are mentioned from point no #1 to #6). Digi Locker printouts can also be accepted in lieu of photocopies of the original document ³ .		
PAN/Form 60 and one photograph is mandatory for all the Borrowers.		
1. Proof of Possession of Aadhar No	Applicable	Applicable
2. Copy of valid Indian Passport	Applicable	Applicable
3. Copy of Voter's Identity Card issued by Election Commission of India	Applicable	Applicable
4. Copy of JOB card issued by NREGA duly signed by an officer of the State Government	Applicable	NA
5. Copy of Driving License	Applicable	Applicable
6. Letter issued by the National Population Register (NPR) containing details of name & address	Applicable	Applicable
In case where the OVD furnished by the customer does not have updated address, then following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited period of 3 months as the proof of address, post which they will need to furnish any of the above mentioned OVD with current address.		
7. Letter of allotment of accommodation from employer issued by State/Central government Depts, Statutory or Regulatory Bodies, Public Sector Undertakings, Scheduled Commercial Banks, Financial Institutions, and listed companies and leave and license agreements with such employers allotting accommodation.	NA	Applicable
8. Pension or family Pension Payment Orders (PPOs) issued to retired employees by Govt Dept. or Public Sector Undertakings; if they contain the address.	NA	Applicable
9. Latest utility bill which is not more than 2 months old of any service provider (electricity, landline, post-paid mobile, piped gas, water bill)	NA	Applicable
10. Property or Municipal Tax receipt	NA	Applicable

(B) Proprietorship

Documents	Legal Existence Proof	Address Proof
Any two of below mentioned documents are mandatory *certified copies (as applicable; if documents can be validated through respective portal then self-certified copies may not be required) of the mandatory documents or the equivalent e-documents thereof shall be obtained as listed below:		
1. Registration Certificate	Applicable	Applicable
2. Certificate or License issued by Municipal Authority under Shop or Establishment Act/MSME (UDYAM) Certificate	Applicable	Applicable
3. Sales and IT returns	Applicable	Applicable
4. CST/ VAT/ GST certificate	Applicable	Applicable
5. IEC issued to the proprietary concern by the office of DGFT/ License/ certificate of practice issued in the name of proprietary concern by any professional body incorporated under a statute	Applicable	Applicable
6. Complete IT return in the name of sole proprietor where the firm's income is reflected duly authenticated or acknowledged by the Income Tax Authority	Applicable	NA
7. Latest utility bill which is not more than 2 months old of any service provider (electricity, landline phone bill, water tax bill)	NA	Applicable

*Two documents are mandatory for Proprietors; Like GST Certificate, MSME Certificate, IT Returns etc however if the borrower is not able to furnish two such documents, we may accept only one of those documents as proof of business/activity provided positive contact point of verification is carried out and existence of firm and business activity is verified from the address of the proprietorship concern.

(C) Partnership/LLP

Documents	Legal Existence Proof	Address Proof
Certified copies each of the following documents or equivalent e-documents thereof shall be obtained		
1. Registration Certificate	Applicable	Applicable
2. Partnership Deed	Applicable	Applicable
3. PAN of the Partnership firm	Applicable	NA
4. Identity Documents i.e. OVD of the person holding the attorney to transact on its behalf	NA	NA
Anyone of the below mentioned document is mandatory		
5. Latest Landline Bill (not more than 2 months old)	NA	Applicable
6. Latest Electricity Bill (not more than 2 months old)	NA	Applicable
7. Latest Water Bill (not more than 2 months old)	NA	Applicable
8. GST/MSME Certificate	Applicable	Applicable

Note: If any person or entity holds greater than 15% shares in the firm then all the requisite KYC documents will be required for that person or entity also.

(D) Company

Documents	Legal Existence Proof	Address Proof
Certified copies of each of the following documents or the equivalent E-Documents thereof shall be obtained		
1. Memorandum of Association and Articles of Association	Applicable	Applicable
2. Certificate of Incorporation	Applicable	Applicable
3. PAN of the Company	Applicable	NA
4. Resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf	Applicable	Applicable
5. Identity Documents i.e. OVD of the person holding the attorney to transact on its behalf	NA	NA
Any one of the below mentioned document is mandatory		
5. Latest Landline Bill (not more than 2 months old)	NA	Applicable
6. Latest Electricity Bill (not more than 2 months old)	NA	Applicable
7. Latest Water Bill (not more than 2 months old)	NA	Applicable
8. GST/MSME Certificate	Applicable	Applicable

Note: If a person or entity qualifies as beneficial owner then in that case, all the requisite KYC documents will be required for that person or entity also.

(E) Trust/Society

Documents	Legal Existence Proof	Address Proof
Certified copies of each of the following documents or the equivalent E-Documents thereof shall be obtained		
1. Registration Certificate	Applicable	Applicable
2. Trust Deed	Applicable	Applicable
3. PAN of the Trust/ Society	Applicable	NA
4. A Resolution from the Board of Trustee/Society and power of attorney	Applicable	Applicable

granted to its managers, officers or employees to transact on its behalf		
5. Identity Documents i.e. OVD of the person holding the attorney to transact on its behalf	NA	NA
Anyone of the below mentioned document is mandatory		
5. Latest Landline Bill (not more than 2 months old)	NA	Applicable
6. Latest Electricity Bill (not more than 2 months old)	NA	Applicable
7. Latest Water Bill (not more than 2 months old)	NA	Applicable

HUF

Documents	Legal Existence Proof	Address Proof
Certified copies of each if the following documents or the equivalent e-documents thereof shall be obtained		
1. PAN of HUF, Karta & all Co-Parceners	Applicable	NA
2. List of co-parceners	NA	NA
3. Photograph of Karta and all co-parceners	NA	NA
4. Current Address proof of Karta and all co-parceners	NA	NA
5.OVD of Karta and all Co-parceners	NA	Applicable
6. Deed of Declaration of HUF	Applicable	Applicable
7. Address proof of HUF – Same as individual KYC Policy	Applicable	Applicable

Chapter VI -- IDENTIFICATION OF BENEFICIAL OWNER

For opening an account of a legal person who is not a natural person, the Beneficial Owner(s) shall be identified and all reasonable steps to verify his/her identity shall be undertaken keeping in view the following:

- i. Where the customer or the owner of the controlling interest is a company listed on any stock exchange, or is subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or Beneficial Owner of such companies.
- ii. In case of trust/nominee or fiduciary accounts, whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is to be determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

If any of the above documents are in any language other than English, it must be translated into English.

Chapter VII -- RELATIONSHIP PROOF

In order to establish relationship between applicant, co-applicant or Personal guarantor the following documents should be obtained:

- Marriage Certificate
- PAN Card
- Birth Certificate
- Ration Card
- Valid Indian Passport
- Voters ID
- Aadhar Card

Type of relationships eligible under the definition of “relative” will be as follows:

- Spouse
- Father
- Mother
- Brother
- Unmarried sister
- Child

Chapter VIII -- CUSTOMER ACCEPTANCE POLICY ("CAP")

- Implementation of CAP should not be too restrictive and result in denial of the Company services to general public.
- The Company is strictly prohibited to engage into any financial transaction / account based relationship with a customer, in anonymous or fictitious / benami name(s) / entity (ies).
- The Company shall accept customers only post verification and establishing the identity of the customer and its beneficial owner(s), if any. No transaction and / or account shall be opened / closed without effecting Customer Due Diligence laid down under this policy. All necessary processes have to be implemented, before opening an account, to ensure that the identity of the customers does not match with any person with known criminal background or who is associated with known criminal organizations such as individual terrorists or terrorist organizations etc.
- The mandatory information to be sought for KYC purpose while opening an account/before entering into a transaction and during the periodic updation, as specified in the KYC Policy
- The Customer, for the purposes of acceptance for account-based relationship / financial transaction, shall be identified at the Unique Identification Code level.
- In case of Joint Account Holders, Company shall ensure that Client Due Diligence Procedures are undertaken for all joint holders before opening an account.
- In the event, the customer is permitted to act on behalf of another person/ entity, the Company shall verify that the customer has the necessary authority to do so by scrutinizing the authorization document(s).
- Documentation requirements and other information to be collected in respect of different categories of Customers depending on perceived risks and compliances with PMLA and RBI/Company's guidelines and instructions.
- If Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of National Securities Depository Limited. Company should follow similar approach for GST/MSME certificate. Where an equivalent e-document is obtained from the customer, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- Optional/additional information shall be obtained with the explicit consent of the customer post opening of the account.
- The company shall not open any account if they are unable to verify the identity of the client.
- The Company shall classify the proposed customer into the prescribed risk categories, based on the risk perception under the Client Identification Procedures. On the basis of risk perception, the Company shall apply acceptance criteria for each category of customers.
- The Company shall also ensure that the identity of the customer does not match with any person or entity, whose name appears in sanctions/ restricted lists including fictitious list circulated by RBI.

Chapter IX -- CUSTOMER IDENTIFICATION PROCEDURES ("CIP")

The Company shall obtain sufficient information necessary to verify the identity of each new Customer along with brief details of its promoters and management, wherever applicable, whether regular or occasional and the purpose of the intended nature of business relationship.

Decision- making functions of determining KYC norms shall not be outsourced for sanction for credit facilities, if any.

Identity shall be verified for:-

- i. The named account holder;
- ii. Beneficial owners;
- iii. Signatories to an account; and
- iv. Intermediate parties.

The Customer Identification Procedures are to be carried out at the following stages:

- i. While establishing a new business relationship;
- ii. Periodically as part of KYC review or when the Company feels it is necessary to obtain additional information from the existing customers based on the conduct or behavior of the account.

Copies of the documents produced as Proof of Identity and Address shall be obtained and retained with the Company, wherein a responsible Company Official has to attest such copies certifying that the Originals thereof have been verified.

The Company shall be adequately satisfied with the information furnished by each new customer with respect to identity of the customer and the purpose of the intended nature of relationship with the Company.

The satisfaction of the Company with respect to the information/ documents furnished by the customers should be such that if circumstances necessitate, the Company shall ensure that it is in a position to satisfy the competent authorities that CDD was duly observed by the Company, based on the risk profile/categorization of the customer.

As stated in the Customer Acceptance Policy, the Company shall ensure that its customer is not a fictitious person by verifying the identity of the customer through documentation and shall also carry out necessary checks, so as to confirm the identity of the customer on the basis of the documents obtained and it should not match with any person with known crime.

For proposals which have guarantee from any other Person, sufficient information will also be taken in relation to the guarantee.

Also, the information collected from the customer for the purpose of opening of account should be kept as confidential and any details thereof should not be divulged for cross selling or any other purposes. It will be ensured that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard. Any other information from the customer should be sought separately with his /her consent after opening the account.

Chapter X -- RISK MANAGEMENT

Risk categorization of customers shall be undertaken on the basis of various factors, such as nature of employment, business activity of the customer, location of customer and his/its clients, mode of payments, volume of turnover, social/ financial status and credit history.

The Company may at its own discretion identify additional factors that it may wish to utilize for customer acceptance based on risk profile determined by the Company. The Company may categorize its customers as 'High Risk / Medium Risk / Low Risk' according to the risks perceived. The Company may devise procedures for creating risk profiles of its existing and new customers and apply various Anti-Money Laundering measures keeping in view the risks involved in the financial transaction or a business relationship.

(A). High Risk – Category A Customers

High Risk Customers typically include:

- Non-Resident Customers
- High net worth individuals without an occupation track record of more than 3 years
- Trust, charitable organizations, Non-Government 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 Customers
- Person with dubious reputation as per public information available

(B). Medium Risk – Category B Customers

Medium Risk Customers typically include:

- Salaried applicant with variable income/ unstructured income receiving Salary in cheque
- Salaried applicant working with Private Limited Companies, Proprietary, Partnership firms
- Self-employed professionals other than High Net-Worth Individuals
- Self-employed customers with sound business and profitable track record for a reasonable period
- HNIs with occupation track record of more than 3 years

(C). Low Risk – Category C Customers

Low Risk customers are individuals (other than high net worth persons) 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:

- Salaried employees with well-defined salary structures for over 5 years, People working with government owned companies, regulators and statutory bodies, MNC's, rated companies public sector units, public limited companies etc.

In the event of an existing Customer or the beneficial owner of an existing account subsequently becoming a PEP, the Company will obtain approval from Board of Directors in such cases to continue the business relationship with such person, and also undertake enhanced monitoring as indicated and specified in the board approved policy.

- People belonging to lower economic strata of the society whose accounts show small balances and low turnover
- People working with Public Sector Units
- People working with reputed Public Limited Companies and Multinational Companies

The compliance in this regard shall be put up before the Board of the Company on a periodical basis.

- 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 Company shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and will have Board approved policies, controls and procedures in this regard. Further, the Company shall monitor the implementation of the controls and enhance them if required.
- The ML and TF risk assessment by the Company should be properly documented and will commensurate with the nature, size, geographical presence, complexity of activities/structure, etc. of the Company. Further, the periodicity of risk assessment exercise will be undertaken annually (unless a shorter time period is determined by the Board of Directors of the Company) in alignment with the outcome of the risk assessment exercise.
- The outcome of the ML and TF risk assessment by the Company shall be placed before the Board of Directors or any committee of the Board of Directors as delegated by the Board. The outcome of the ML and TF risk assessment will be made available to competent and self-regulating bodies, if required.

Chapter XI -- MONITORING OF TRANSACTIONS

Ongoing monitoring is an essential element of effective KYC procedures of an organization. Monitoring of transactions and its extent will be conducted taking into consideration the risk profile and risk sensitivity of the account. Company shall make endeavors to understand the normal and reasonable activity of the customer so that the transactions that fall outside the regular pattern of activity can be identified. Special attention is to be paid to all complex and all unusual patterns, which have no apparent economic or visible lawful purpose.

The Company normally does not and would not have large cash transactions. However, if and when cash transactions of Rupees Ten Lakhs and above are undertaken, the Company will keep proper records of all such cash transactions in a separate register maintained at its office. The Company shall promptly report such high value cash transactions or transactions of a suspicious nature to the appropriate regulatory and investigating authorities, as per the provisions of the PMLA and the Rules.

Chapter XII -- ONGOING DUE DILIGENCE

The Company shall carry out the periodic review of risk categorization of transactions/customer's accounts and the need for applying enhanced due diligence measures at a periodicity of not less than once in six months. Company shall also set key indicators for such accounts based on the background of the customer, country of origin, sources of funds, the type of transactions involved and other risk factors which shall determine the extent of monitoring.

The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies will be closely monitored.

Chapter XIII -- PERIODIC UPDATION

The Company will follow a risk based approach for the periodic updation of KYC. Periodic updation shall be carried out at least once every two years, for high-risk customers, once every eight years, for medium risk customers and once every ten years, for low-risk customers from the date of entering into an account based relationship/ last KYC updation.

The periodic updation process will be in accordance with the KYC Directions as issued by the RBI from time to time.

Chapter XIV -- INTERNAL CONTROL SYSTEMS/SOFTWARE

The Company's Internal Compliance functions will evaluate and ensure adherence to the KYC Policies and procedures. As a general rule, the compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. The Management of the Company under the supervision of the Board of Directors shall ensure that all the compliance are adequately followed. It is essential to specifically check and verify the application of KYC procedures and comment on the lapses observed in this regard..

Chapter XV -- RECORD KEEPING

The company will take the following steps in respect of maintenance, preservation and reporting of customer account information, with reference to the provisions of PMLA Act and Rules:

- Maintain all necessary records of transactions entered between the company and the customer for at least five years from the date of transaction.
- 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 closure of the business relationship.
- Make available the identification records and transaction data to competent authorities upon request.
- Ensure a proper system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules, 2005 which pertains to Maintenance of records of transactions.
- Maintain all necessary information in respect of transactions prescribed in Rule 3 of PML Rules:
 - 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
 - the parties to the transaction, especially the documents for identification of beneficial owner
 - maintaining records of the identity and address of their customer, and records in respect of transactions in PMLA Rules in hard or soft format

All suspicious transactions whether or not made in cash and in manner as mentioned in the PML Rules framed by the Government of India under PMLA.

Chapter XVI -- REPORTING ON FINNET PORTAL AND REPORTING TO FINANCIAL INTELLIGENCE UNIT - INDIA REPORTING ON FINNET PORTAL

The company shall furnish to the director as authorized by the Board, the Financial Intelligence Unit – India (FIU-Ind) information referred to in Rule 3 of PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof. The company shall take note of reporting formats and comprehensive reporting formatting guide prescribed/released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in preparation of prescribed reports. The Company shall register on the FINnet portal, alongwith undertaking for registration of the Principal Officer and Designated Director. The reports shall be filed by the Company in online mode only. Any change in the Principal Officer and Designated Director should be effected on the FINnet portal by the Company within one month from the date of such change. The Principal Officers of the company, where branches are not fully computerized, must have a suitable

arrangement to call out the transaction details from branches which are not yet computerized.

Chapter XVII -- REPORTING TO FINANCIAL INTELLIGENCE UNIT – INDIA (FIU-IND)

Principal officer shall report information relating to cash and suspicious transactions, if detected, to the Director, Financial Intelligence Unit India (FIU-Ind) as advised in terms of the PML Rules, in the prescribed formats as designed and circulated by RBI at the following address along with necessary online filings:

The Director,

Financial Intelligence Unit – India, 06th Floor, Hotel Samrat,
Kautilya Marg, Chanakyaपुरi, New Delhi – 110021, India.

The Company shall maintain strict confidentiality in furnishing/ reporting details of suspicious transactions.

Chapter XVIII -- CENTRAL KNOW YOUR CUSTOMER REGISTRY

The Company shall register itself on the Central Know Your Customer Registry [“CKYCR”] as maintained by the Central Registry of Securitisation and Asset Reconstruction and Security Interest of India [“CERSAI”] for the purposes of sharing KYC data. The Company shall ensure that the KYC data is regularly shared / verified from the CKYCR.

Chapter XIX -- KYC IN CASE OF TOP-UP/RENEWAL

In case of Top-up/Renewals, IFSP will collect new KYC documents if there is any change in shareholding structure/partnership arrangement, authorised signatory, address, etc. In case of change, KYC documents of new beneficial owners/applicants/co-applicants/guarantors to be collected. During renewal client can submit the revised set of documents through V-KYC, for above changes.

Chapter XX -- SELF-ATTESTATION NORMS

All documents should be self-attested by the applicant/co-applicant/guarantor to whom the document pertains.

In case where the documents run into more than 5 pages then self-attestation by the customer is required only on the first and last page of the document.

Chapter XXI -- OSV NORMS

If KYC documents can be verified through respective portal like PAN, GST, MSME etc., then OSV is not required to be done. Otherwise, all documents provided by the customer (for applicant/co-applicant/guarantor) should be sighted in original and verified by the IFSP employee with employee number, date of visit and signature/sourcing channel partner who is authorized to verify the original documents. During V-KYC process, customer shows the possession of original documents and not require any OSV.

OSV is mandatory for all KYC documents and documents for which original can be produced for verification. The documents which cannot be produced in original are Financials, ITR etc.

List of Sourcing Channel Partners must be maintained by respective Line of Business, Central MIS Resources and should be circulated to all stake holders.

Chapter XXII -- HIRING OF EMPLOYEES & EMPLOYEE TRAINING

The Company has an adequate screening mechanism as an integral part of their personnel recruitment/hiring.

On-going employee training programme to be organized to ensure that staff are adequately trained in AML/CFT policy. The focus of the training to be different for frontline staff, compliance staff and staff dealing with new customers.

Chapter XXIII -- OTHER REQUIREMENTS:

All other requirements as mentioned under KYC Directions such as Foreign Account Tax Compliance Act (FATCA),

Common Reporting Standards (CRS), PML, FIU-Ind relating to appointment of designated officer/director, principal officer and reporting requirements relating to filing of Suspicious Transaction Report (STR), Cash Transaction Report (CTR), counterfeit currency report (CCR) and other applicable reports filing under FATCA will be complied with in terms of the KYC Direction of the RBI or the other authorities to the extent applicable to the Company.

The sharing of information with respect to Central KYC Records Registry (CKYCR) will be in accordance with the prescribed manner.

Chapter XXIV -- DEVIATION

In the interest of time and to fast pace decision making, deviation to any terms of this policy can be accorded by CEO along with any one director subject to the compliance of the provisions of the applicable RBI Guidelines and noting of the same in the ensuing Board meeting.

Chapter XXV -- INCONSISTENCY

In case of any conflict between this policy or any other policies of the Company, the policy last approved by the Board of Directors of the Company will prevail and in case of any inconsistency or conflict between any policy of the Company with the RBI Regulations/Circulars/Guidelines/ Notifications, the RBI Regulations/Circulars/Guidelines/Notifications will prevail to the extent of such inconsistency till the time the updated policy is not approved by the Board of Directors of the Company.

Chapter XXVI -- REVIEW OF POLICY

This Policy shall be reviewed by the Board of Directors on an annual basis. Further, this Policy shall be approved/ amended by the Board of Directors subject to the applicable laws including but not limited to the rules, regulations, guidelines, directives, and instructions issued by the RBI, from time to time, and shall supersede the earlier version of the Policy.

The Compliance Team may suggest changes or modifications to the Policy and present it before the Board for its approval and adoption.

Chapter XXVII – EFFECTIVE DATE

This Policy shall be effective from the date of its approval by the Board and shall apply retroactively to all relevant activities occurring on or after the approval of the policy.