



**KNOW YOUR CUSTOMER (KYC)
AND
ANTI-MONEY LAUNDERING (AML)
POLICY
(KYC & AML POLICY)**

V.04

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1. INTRODUCTION AND BACKGROUND

Mufin Green Finance Limited (hereinafter referred to as ‘the Company’ or ‘MGFL’), is a Non-Banking Financial Company Investment and Credit Company categorized as Middle Layer (“NBFC ICC ML”). The Company specializes in electric vehicle (EV), solar, green infrastructure & insurance premium financing.

Under the provisions of the Prevention of Money-Laundering Act, 2002 (“PMLA”) and the Prevention of Money- Laundering (Maintenance of Records) Rules, 2005 (“PML Rules”), as notified and further amended from time to time, regulated entities like banks and NBFCs are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise. They are also required to monitor these transactions closely. Additionally, these entities are required to take steps to ensure implementing the provisions of the aforementioned Act, Rules and Ordinance, including operational instructions issued in pursuance of such amendment(s).

Further, Reserve Bank of India (Non-Banking Financial Companies - Know Your Customer (KYC) Directions, 2025 (“RBI KYC Directions”), the Company being an NBFC is required to have a Know Your Customer Policy approved by their respective Board of Directors (“Board”).

Accordingly, the Company has adopted this KYC/AML/CFT and CAP Policy (**‘the Policy’**) in line with the requirements of the RBI’s Master Direction (Non-Banking Financial Companies - Know Your Customer (KYC)) Direction, 2025, as updated from time to time. This policy has been duly approved by the Board of Directors of the Company.

This Policy framework shall seek to ensure compliance with PMLA and PML Rules, including regulatory instructions in this regard. While ensuring compliance of the legal/regulatory requirements as above, the Company shall also endeavour to adopt the relevant best practices taking into account the standards and guidance notes issued by the Financial Action Task Force (**“FATF”**), for managing risks better. The Company shall apply enhanced due diligence measures, which are effective and proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

2. OBJECTIVE

This Know Your Customer and Anti- Money Laundering Policy (“KYC-AML Policy”) has been divided into two broad sections – Know Your Customer guidelines and Anti Money Laundering norms. This policy sets out to standardize KYC documentation across the company and establish governing principles, broad guidelines, and standards to be adopted by the Company in order to protect itself from being used by any person to launder money.

The major objectives of this policy are:

- To lay standard operating procedures on KYC norms and AML requirements.
- To ensure all necessary Customer Identification Procedures (“CIP”) / Customer Due Diligence (“CDD”) / Enhanced Due Diligence (“EDD”) measures are followed.
- To protect the Company from being used intentionally or unintentionally by criminal elements for money laundering/ fraudulent/anti-social activities.
- To enable the Company to know/understand their customers and their financial dealings better which, in turn, would help in managing the risks prudently.
- To take appropriate action, once suspicious activities is detected, and make report to designated authorities in accordance with applicable law / laid down procedures.
- To comply with applicable laws as well as norms adopted internationally with reference to Money Laundering.
- Enable the Company to formulate and adopt procedures and processes to prevent their businesses from being misused for money laundering and terrorist financing.



- Establish standards to monitor and review Customer accounts and transactions to prevent/detect transactions that may be suspicious from a money laundering and terrorist financing perspective;
- Formulate strategies for training and developing material for training and dissemination of information for effective administration, enforcement and compliance with KYC norms.

3. APPLICABILITY & EFFECTIVE DATE

This KYC – AML policy is applicable to all the businesses undertaken by the company and shall be applicable for all new and existing customers of the company.

- I. The Management Committee of the Company (“**Management Committee**”), along with the Designated Director of the Company and the Principal Officer of the Company will ensure compliance with this Policy, the Directions, PML Act and Rules made thereunder, and other applicable laws and regulations.
- II. The Management Committee will play an important role in evaluating and ensuring adherence to the Policy and procedures. The Management Committee will submit quarterly notes and compliance with respect to this Policy, to the Audit Committee of the Company (“**Audit Committee**”).
- III. The Company’s Internal Audit Team will conduct audits to specifically check and verify the application, procedures and compliance of the Policy, the Directions, PML Act and Rules made thereunder, including at the branch level and any lapse or short coming observed will be brought to the notice of the Management Committee / Audit Committee. The Company’s Internal Audit Team will also provide an independent evaluation of the compliance with the Policy, including compliance with legal and regulatory requirements and report to the Audit Committee/ Board.

This Policy has become effective from the date of its initial approval by the Board and any subsequent amendments shall become effective from the date of approval of such amendment by the Board of Directors. All employees of the company are responsible for ensuring the effective implementation of this Policy.

4. DEFINITION OF THE TERMS USED IN THIS POLICY

1. Terms bearing meaning assigned in terms of the Prevention of Money Laundering Act, 2002, and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005:
 - a. “**Aadhaar Act**” means the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
 - b. ‘**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);
 - c. ‘**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.
 - d. ‘**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.
 - e. ‘**Beneficial Owner (BO)**’:



- (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 exercises control through other means.

Explanation: For the purpose of this sub-clause-

- ‘Controlling ownership interest’ means ownership of / entitlement to more than 10 percent of the shares or capital or profits of the company.
- ‘Control’ shall include the right to appoint the 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(s), 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.

- f. **‘Certified Copy’** – The NBFC obtaining the certified copy shall mean comparing the copy of the proof of possession of Aadhaar number (where offline verification cannot be carried out) or the officially valid document produced by the customer with the original, and an authorised officer of the NBFC shall record the comparison on the copy 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)}, the NBFC may alternatively obtain the original certified copy, certified by any one of the following:

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

- g. **‘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.

- h. **‘Deemed Officially Valid Document (“Deemed OVD”)**’: In case an OVD furnished by the Customer does not have updated address, the following documents or the equivalent e-documents thereof will be deemed to be OVDs for the limited purpose of proof of address:



- 1) Utility Bills like (electricity, telephone, post-paid mobile bill, piped gas, water bill) not more than 2 months old;
- 2) Property or municipal tax receipt;
- 3) Pension or family pension payment orders 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;

Provided that in case the Customer furnishes any 1 (one) of the above Deemed OVDs as address proof, the Customer will need to submit OVD with current address within a period of 3 months from submitting the Deemed OVDs.

If a Customer/borrower temporarily shifts or relocates to any other location or city, the Customer will provide a valid '**Rent Agreement**' as correspondence/communication address and the declared address will be verified by positive confirmation, i.e., by means such as field verification, address verification letter, contact point verification, deliverables, etc. The same has to be supported with the OVD of permanent address proof

- i. '**Designated Director**' means a person whom the NBFC designates to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include the Managing Director or a whole-time Director, whom the Board of Directors has duly authorised. 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.
- j. '**Digital KYC**' means that an authorised officer of the NBFC captures a 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, as per the provisions contained in the Act.
- k. '**Digital Signature**' shall have the same meaning as assigned to it in clause (p) of sub-section (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).
- l. '**Equivalent e-document**' means an electronic equivalent of a document that the issuing authority of such document issues 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.
- m. '**Group**' – The term 'group' shall have the same meaning assigned to it in clause (e) of sub-section (9) of section 286 of the Income-tax Act, 1961 (43 of 1961).
- n. '**Know Your Client (KYC) Identifier**' means the unique number or code that the Central KYC Records Registry assigns to a customer. Explanation: A customer can obtain his KYC Identifier through the following ways: In the process of opening an account, once the customer's KYC Identifier is generated by CKYCR and provided to the NBFC, the latter shall share the same with the concerned customer. The customer can also access his KYC Identifier on CKYCR Portal (www.ckycindia.in).
- o. '**Internal Audit Team**': means the audit team of the Company, headed by Head – Internal Audit and the other employees of the Company reporting to Head – Internal Audit.



- p. **‘Non-profit organisations (NPO)’** means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under section 8 of the Companies Act, 2013 (18 of 2013).
- q. **‘Officially Valid Document (OVD)’** means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card that the Election Commission of India issues, the job card that NREGA issues and an officer of the State Government duly signs, and the letter that the National Population Register issues containing details of name and address.

Provided that,

- i. where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form that the Unique Identification Authority of India (UIDAI) issues.
 - ii. When the customer furnishes an OVD that does not have an updated address, the NBFC shall deem the following documents or the equivalent e-documents thereof to be OVDs for the limited purpose of proof of address:-
 - o utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - o property or Municipal tax receipt;
 - o pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - o letter of allotment of accommodation from employer that is 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;
Illustration: If a customer is staying in Chennai but their OVD contains an address in New Delhi, they can open an account in Chennai by submitting a deemed to be OVD for the purpose of proof of address. However, as mentioned below in clause (c), they are required to submit an OVD with current address within a period of three months.
 - iii. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at (b) above
 - iv. if the OVD that a foreign national presents does not contain the details of address, the NBFC shall accept documents that Government departments of foreign jurisdictions issue, and a letter that the Foreign Embassy or Mission in India issues, as proof of address.
Explanation: For the purpose of this clause, the NBFC shall deem a document to be an OVD even if there is a change in the name subsequent to its issuance provided that it is supported by a marriage certificate that the State Government issues or a Gazette notification, indicating such a change of name.
- r. **‘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).
- s. **‘Person’** has the same meaning assigned in the Act and includes:
- i. an individual,
 - ii. a Hindu undivided family,
 - iii. a company,



- iv. an association of persons or a body of individuals, whether incorporated or not,
 - v. every artificial juridical person, not falling within any one of the above persons (a to e), and
 - vi. any agency, office or branch owned or controlled by any of the above persons (a to f).
 - t. **‘Principal Officer’** means a NBFC’s nominated officer at the management level, responsible for furnishing information as per rule 8 of the Rules.
 - u. **‘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:
 - i. 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
 - ii. appears to be made in circumstances of unusual or unjustified complexity; or
 - iii. appears to have no economic rationale or bona fide purpose; or
 - iv. 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 that the NBFC suspects are linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organisation or those who finance or are attempting to finance terrorism.
 - v. **‘Transaction’** means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
 - i. opening of an account;
 - ii. 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;
 - iii. the use of a safety deposit box or any other form of safe deposit;
 - iv. entering into any fiduciary relationship;
 - v. any payment made or received, in whole or in part, for any contractual or other legal obligation; or
 - vi. establishing or creating a legal person or legal arrangement.
2. Unless the context otherwise requires, terms used shall bear the meanings assigned to them under Reserve Bank of India (Non-Banking Financial Companies - Know Your Customer (KYC) Directions, 2025:
- a. **‘Common Reporting Standards (CRS)’** means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.
 - b. **‘Customer’** means a person who is engaged in a financial transaction or activity with an NBFC and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
 - c. **‘Walk-in Customer’** means a person who does not have an account-based relationship with the NBFC, but undertakes transactions with the NBFC.
 - d. **‘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 ₹50,000 whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:



- i. 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
 - ii. Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
 - iii. 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.
- e. **'Customer identification'** means undertaking the process of CDD.
- f. **'FATCA'** means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- g. **'IGA'** means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- h. **'KYC Templates'** means templates prepared to facilitate collating and reporting KYC data to the CKYCR, for individuals and legal entities.
- i. **'Non-face-to-face customers'** means customers who open accounts without visiting the branch / offices of the NBFC or meeting the officials of the NBFC.
- j. **'On-going Due Diligence'** means regular monitoring of transactions in accounts to ensure that transactions are consistent with the NBFC's knowledge about the customers, customers' business and risk profile, the source of funds / wealth.
- k. **'Periodic Updation'** means the steps taken to ensure that documents, data or information collected under the CDD process are kept up-to-date and relevant by undertaking reviews of existing records at the periodicity prescribed by the RBI.
- l. **'Regulated Entities (REs)' means:**
 - i. all Scheduled Commercial Banks (SCBs) / Regional Rural Banks (RRBs) / Local Area Banks (LABs) / All Primary (Urban) Co-operative Banks (UCBs) / State and Central Co-operative Banks (StCBs / CCBs), and any other entity which has been licensed under section 22 of Banking Regulation Act, 1949, which as a group shall be referred as 'banks'
 - ii. All India Financial Institutions (AIFIs)
 - iii. All Non-Banking Finance Companies (NBFCs), Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs)
 - iv. Asset Reconstruction Companies (ARCs)
 - v. All Payment System Providers (PSPs) / System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)
 - vi. All authorised persons (APs), including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
- m. **'Shell Bank'** means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision. Physical presence means meaningful mind and management located within a country. The existence simply of a local agent or low-level staff does not constitute physical presence.
- n. **'Senior Management'**: means members of the management of the Company 1 (one) level below the managing director and executive vice chairman of the Company.
- o. **'Video based Customer Identification Process (V-CIP)'**: an alternative method by which an authorised official of the NBFC conducts customer identification with facial recognition and customer due diligence. This process involves a seamless, secure, live, informed- consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of



the information which the customer furnished, through independent verification and by maintaining an audit trail of the process and the NBFC shall treat such processes complying with prescribed standards and procedures on par with face to-face CIP for the purpose of these Directions.

p. **‘Wire transfer’** related definitions:

- i. **Batch transfer:** A batch transfer is a transfer comprised of a number of individual wire transfers that are being sent to the same financial institutions but may / may not be ultimately intended for different persons.
- ii. **Beneficiary:** Beneficiary refers to a natural or legal person or legal arrangement whom / which the originator identifies as the receiver of the requested wire transfer.
- iii. **Beneficiary RE:** It refers to a financial institution that RBI regulates, which receives the wire transfer from the ordering financial institution directly or through an intermediary RE and makes the funds available to the beneficiary.
- iv. **Cover Payment:** Cover Payment refers to a wire transfer that combines a payment message which the ordering financial institution sends directly to the beneficiary financial institution with the routing of the funding instruction (the cover) from the ordering financial institution to the beneficiary financial institution through one or more intermediary financial institutions.
- v. **Cross-border wire transfer:** Cross-border wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in different countries. This term also refers to any chain of wire transfer in which at least one of the financial institutions involved is located in a different country.
- vi. **Domestic wire transfer:** 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 transfers 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.
- vii. **Financial Institution:** In the context of wire-transfer instructions, the term ‘Financial Institution’ shall have the same meaning as has been ascribed to it in the FATF Recommendations, as revised from time to time.
- viii. **Intermediary RE:** Intermediary RE refers to an RBI regulated financial institution / entity that handles an intermediary element of the wire transfer, in a serial or cover payment chain and that receives and transmits a wire transfer on behalf of the ordering financial institution and the beneficiary financial institution, or another intermediary financial institution.
- ix. **Ordering RE:** Ordering RE refers to the RBI-regulated financial institution which initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the originator.
- x. **Originator:** Originator refers to the account holder who allows the wire transfer from that account, or where there is no account, the natural or legal person that places the order with the ordering financial institution to perform the wire transfer.
- xi. **Serial Payment:** Serial Payment refers to a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering financial institution to the beneficiary financial institution directly or through one or more intermediary financial institutions (e.g., correspondent banks).
- xii. **Straight-through Processing:** Straight-through processing refers to payment transactions that are conducted electronically without the need for manual intervention.



- xiii. **Unique transaction reference number:** Unique transaction reference number refers to a combination of letters, numbers or symbols, a payment service provider determines, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer.
 - xiv. **Wire transfer:** 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.
3. Unless defined herein, all other expressions shall have the same meaning as has 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.

5. POLICY GOVERNANCE

a. Key Responsibilities of the Board of Directors/ Board:

- To review and approve the Policy as and when required as per the RBI KYC Directions
- To consider and approve appointment of the Designated Director and the Principal Officer, as and when required.
- To delegate any authority for review, approval and implementation of the Policy.

b. Key responsibilities of the Risk Management Committee (“RMC”)

To review the Money Laundering and Terrorist Financing Risk Assessment conducted by the Company and provide appropriate guidance to the Company for managing the money laundering and terrorist financing risk.

c. Key Responsibilities of the Senior Management:

- To ensure implementation of the KYC and AML Policy and related procedures.
- To ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

d. Designated Director and Key Responsibilities:

- The Company shall appoint the Managing Director or a whole-time Director designated by the Board of Directors of the Company to ensure overall compliance with the obligations prescribed by the PMLA and the PML Rules. The name, designation, address and contact details of the Designated Director shall be communicated to the FIU as well as the RBI.
- The Designated Director shall ensure overall compliance with the obligations prescribed by the PMLA, the PML Rules and RBI KYC Directions. The Designated Director shall consider, review and approve various procedures which may be proposed for the implementation of this Policy.

e. Principal Officer and Key Responsibilities:

The Company shall designate one of its officials as the Principal Officer of the Company, who shall be responsible for overseeing implementation of the KYC and AML Policy and related procedures. The Principal Officer should have knowledge, sufficient independence, authority, time and resources to manage and mitigate the AML risks of the business.

Key Responsibilities of the Principal Officer (“PO”) shall be as under:

- The PO shall recommend suitable amendments to the Policy based on the latest applicable requirements under the PMLA, the PML Rules and RBI KYC Directions, as and when required



- To consider, review and recommend various procedures which may be necessary for implementation of the Policy.
- PO, with the assistance of relevant functions, shall put in place relevant procedures required for implementation of this Policy.
- To ensure implementation of the Company's KYC and AML policy and monitoring of the same.
- To ensure reporting of transactions to the FIU-IND and/ or the RBI and sharing of the information as required under the applicable laws/ regulations.
- To ensure submission of periodical reports to the Board/ senior management of the Company.
- Co-ordination with the HR function in organizing training of employees to make them aware of the KYC and AML requirements, from time to time.
- The name, designation, address and contact details of the Principal Officer shall be communicated to the FIU as well as to the RBI.

f. Responsibilities of the Employees of the Company

The employees of the Company, while delivering their official responsibilities, shall be required to comply with this KYC and AML Policy and other procedures defined by the Company for implementation of the Policy.

g. Responsibilities of the Company's Agents and their authorized representatives

The Company's agents or persons authorized by it, for its business, shall be required to ensure adherence with the Company's KYC and AML Policy. In this regard, as per the regulatory requirements, the Company shall be responsible for consequences of any violation by the persons authorised by the Company including agents etc. who are operating on its behalf. Further, all information and books of accounts of persons authorized by the Company including agents etc., so far as they relate to business of the Company, shall be made available to the RBI or any of the Company authorised representative for audit/ inspection to verify the compliance with the Policy.

6. KEY ELEMENTS OF THE POLICY

1. Customer Acceptance Policy ("CAP")
2. Customer Identification Procedures ("CIP")
3. Customer Due Diligence Procedures
4. Risk Management
5. Monitoring of transactions.

6.1 CUSTOMER ACCEPTANCE POLICY ("CAP")

The Customer Acceptance Policy lays down explicit criteria for acceptance of customers. The Policy ensures that the following procedures shall be followed in relation to customer who approaches for availing financial facilities with the Company.

- Company shall not open any account(s), or no transactions shall be executed in anonymous, fictitious or benami' name(s) or on behalf of other persons whose identity has not been disclosed or cannot be verified.
- No transaction shall be undertaken where the Company is unable to apply appropriate CDD measures as set out in this Policy, either due to non-cooperation of the customer or non –reliability of the documents/ information furnished by the customer. The Company shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer



- In order to avoid fictitious and fraudulent applications of the customers, and to achieve a reasonable degree of satisfaction as to the identity of the customer, the Company shall conduct appropriate basic customer due diligence. Further, it shall not undertake transaction or account-based relationship without following the CDD measures.
- CDD procedure shall be followed by the Company for all the co-borrowers and guarantors wherever applicable.
- All mandatory information sought at the time of CDD of a new customer or at the time of periodic updation, shall be specified by the Company in this Policy. Any other additional information not specified in this Policy shall be obtained with the explicit consent of the customer.
- For initial KYC purposes and during the periodic updation, all mandatory information shall be sought by the Company.
- The Company shall define the process for accepting a third person to act on behalf of another person/ entity/ customer as a mandate holder or authority holder of the actual beneficiary, based on the legal and regulatory requirements.
- The Company shall ensure that necessary checks are carried out before creating/ opening a new loan account to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc. Full details of accounts/ customers bearing resemblance with any of the individuals/ entities in the list shall be reviewed and reported if found suspicious or matching with any entry in the sanction list.
- The Company will ensure that it implements suitable built-in safeguards to avoid harassment of the Customer, as part of its CAP, including by complying with the provisions of this CAP.
- The Company shall conduct the necessary AML screening like adverse negative screening, PEP screening and sanction screening before onboarding the customer.

Further, the Company shall take into consideration those individuals/entities whose names appear in the sanction's lists including United Nations Security Council Resolutions ('UNSCRs'), and also to those individuals/entities from jurisdictions that do not or insufficiently apply the Financial Action Task Force (FATF) Recommendations as per the FATF statements circulated by the RBI.

With respect to Politically Exposed Persons ("PEP"), as part of this CAP, the Company will ensure that:

- (i) The decision to open an account for / enter into transactions with Politically Exposed Person ("PEP")(whether as Customer or BO) will be taken at a senior level i.e., by Principal Officer of the Company, including the determination of whether the Customer or the BO is a PEP;
- (ii) The Company will take reasonable measures for establishing the source of funds / wealth of such Customers;
- (iii) The Company will subject all such accounts to enhanced monitoring on an on-going basis;
- (iv) In the event of an existing Customer or the BO of an existing account subsequently becoming a PEP, the Company will obtain the senior management's approval, i.e., Principal Officer of the Company's approval to continue the business relationship;
- (v) The Company will apply these instructions to family members or close associates of PEPs as well.
 - a. A Unique Customer Identification Code ("UCIC") or Customer Identification File/ Form ("CIF") shall be allotted while entering into new relationships with customers.



However, the Company shall not issue UCIC to occasional customers such as purchasers of third-party products.

- b. The Company shall conduct due diligence at the UCIC/ CIF level. Thus, if an existing KYC compliant customer desires to open another account with the Company, there shall be no need for a fresh CDD exercise.
- c. The nature and extent of due diligence to be conducted, at the time of initiation of business relationship, would depend upon risk category of the customer and involve collection/ verification of information by using reliable independent documents, data or information. This may include information relating to the customer's identity, social/ financial status, nature of business activity, information about his clients' business and their location, etc.
- d. The Company, while preparing customer profile, shall ensure that it obtains only such information from the customer which is relevant to the risk category and is not intrusive, and is in conformity with the guidelines issued. The customer profile shall be treated as a confidential document and details contained therein shall not be divulged for cross selling or any other purposes without the customer's consent.
- e. The purpose of commencing the relationship/opening of accounts shall be established and the beneficiary of the relationship/ account shall also be identified.
- f. The information collected from the customer shall be kept confidential.
- g. Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, the Company may consider terminating the business relationship. However, the decision to close an existing account shall be taken at the Principal Officer or departmental head level after giving due notice to the customer explaining the reasons for such a decision.
- h. Where Permanent Account Number ("PAN") is obtained, the same shall be verified from the verification facility of the issuing authority.
- i. Where Goods and Services Tax ("GST") details are available, the GST number shall be verified from the search/verification facility of the issuing authority.
- j. Where an equivalent e-document is obtained from the customer, the Company will verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- k. Where the Company forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file a Suspicious Transaction Report ("STR") with the FIU.
- l. Parameters of risk perception in terms of monitoring Suspicious Transactions shall be clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc.
- m. Customer shall be categorized as low, medium, and high risk, based on their risk perception assessed as per the principles laid out by the Company for risk-categorisation.
- n. Appropriate Enhanced Due Diligence ("EDD") measures shall be adopted for customers with a high-risk profile from a money laundering perspective. Further, in respect of unusual or suspicious transactions/applications or when the customer moves from a low risk to a high- risk profile, appropriate EDD measures shall be adopted.
- o. The account shall be monitored and when there is suspicion of ML/TF activities or other high-risk scenarios, the identity of the customer shall be established as per Customer Due Diligence Procedure.



- p. Records or the information of the customers due diligence carried out through the records of CKYCR shall be obtained by the Company within 2 days from the Central KYC Records Registry.
- q. Customer Acceptance Policy shall not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

The Company shall factor the above aspects while formulating the KYC/AML procedures for various customers/ products. However, while defining the KYC/CDD procedures, the Company shall ensure that its procedures does not become too restrictive or pose significant difficulties in availing its services by deserving general public, especially the financially and socially disadvantaged sections of society including the Persons with Disabilities (PwDs). No application for onboarding or periodic updation of KYC shall be rejected without application of mind. Reason(s) of rejection shall be duly recorded by the officer concerned.

The Company shall not outsource the decision-making function of determining compliance with KYC norms.

6.2 CUSTOMER IDENTIFICATION PROCEDURES (“CIP”)

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data, or information of individual as well as corporate. The Company shall endeavor to obtain sufficient information necessary to assess not only the identity of each proposed customer, but also the purpose of the proposed nature of relationship. The Company shall adopt the customer identification procedure to be carried out at different stages in accordance with the applicable provisions of the Act, Rules and the RBI KYC Directions.

Accordingly, the Company shall undertake identification of customers in the following circumstances:

- i. Commencement of an account-based relationship with a customer, or while carrying out occasional transaction(s) of an amount equal to or exceeding ₹50,000, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations.
- ii. Whenever there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- iii. Whenever selling third party products as agents, selling their own products, payment with respect to any other product for more than ₹50,000/-.
- iv. Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds ₹50,000/-, whether conducted as a single transaction or several transactions that appear to be connected.
- v. When the 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 ₹50,000/-
- vi. The Company shall ensure that introduction is not to be sought while opening accounts.

The Company may rely upon CDD done by a third party subject to the following condition:”

- a. Records or the information of the customers due diligence carried out by the third party is obtained by the Company immediately from the third party or from the Central KYC Records Registry.
- b. Adequate steps are taken by the Company 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.

6.3 CUSTOMER DUE DILIGENCE PROCEDURES

The Company shall obtain certified Officially Valid Documents (“OVD” or “KYC documents”) in accordance with the regulatory requirements to verify the customer’s identity, beneficial owner and location along with such other documents pertaining to the nature of business or financial status as may be specified by the Company.

6.3.1 Customer Due Diligence Procedure if an Individual is the Customer

The provisions of this paragraph shall be applicable to an individual who himself/ herself is a customer or is a beneficial owner or an authorized signatory/ power of attorney holder on behalf of a legal entity who is proposed to be a customer of the Company.

For Customer Due Diligence (“CDD”) of an individual, the Company shall carry-out the following activities:

- A. Photograph and OVDs to be obtained-** One recent photograph of the customer to be obtained.
- B. Permanent Account Number (“PAN”)** - PAN or the equivalent e-document thereof shall be obtained. If PAN has not been obtained by the customer, then Form No. 60 as defined in Income-tax Rules, 1962 shall be taken.
- C. OVDs to be obtained-** In addition to the above, certified copy of one of the OVDs or the equivalent e-document thereof or one of the following shall be taken for verification of the identity and the address:
 - The Company shall, to verify the identity of individual obtain a certified copy of the proof of possession of Aadhaar number or any other OVD, along with a recent photograph of the individual where an equivalent e-document is not submitted.
 - Here, the copy of the proof of possession of Aadhaar or OVD, as the case may be, is compared with the original documents in the possession of the individual and is stamped as certified copy by the authorised official of the Company.
 - All documents provided by the customer (for applicant/co-applicant/beneficiary owner/proprietor) should be sighted in original and verified by the “Authorised Official” of the Company who is authorized to do OSV and signed with OSV remarks. OSV shall be mandatory for all the KYC documents and documents for which original can be produced for verification.
 - Aadhaar Number:
If customer is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar Act; *or*
If customer decides to submit his Aadhaar number voluntarily to the Company, provided the Company notified under first proviso to sub-section (1) of section 11A of the PMLA for e-KYC authentication facility provided by the UIDAI; *or*
 - Proof of Possession of Aadhaar number where offline verification can be carried out; *or*
 - Proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; *or*
 - The KYC Identifier with an explicit consent to download records from CKYCR. Where a customer, for the purposes of establishing an account-based relationship, submits a KYC



Identifier to the Company or retrieve the KYC Identifier, if available, with an explicit consent to download records from CKYCR, then the Company shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless:

- there is change in the information of the customer vis-à-vis that existing in the records of CKYCR; *or*
 - the current address of the customer is required to be verified; *or*
 - the respective credit approving authority of the Company considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the customer; *or*
 - the validity period of documents downloaded from the CKYCR has lapsed.
 - the KYC records / information retrieved from the CKYCR is incomplete or is not as per the prevailing applicable KYC norms.
- Detailed use of the CKYCR Registry is mentioned hereinbelow in para 6.3.7 of this Policy.

D. Documents relating to business and financial status- such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be prescribed by the Company from time to time.

If the Customer's line of business is such wherein a specific license/certificate/approval is required from the govt. authorities, then, in addition to the valid KYC documents collected from the customer, the Company may collect relevant documents.

E. Other requirements to be complied with respect to various KYC documents

- Aadhaar number may specifically be obtained in the following scenarios:
 - If customer is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar Act; *or*
 - If customer decides to submit his Aadhaar number voluntarily to the Company, provided the Company notified under first proviso to sub-section (1) of section 11A of the PMLA for e-KYC authentication facility provided by the UIDAI.
- Authentication using e-KYC authentication facility provided by the UIDAI-
- As and when the Company is authorized to conduct authorization through e-KYC authentication facility provided by the UIDAI, it may conduct such authorization and use the e-KYC facility in accordance with the conditions prescribed under the Aadhaar Act or the RBI KYC Directions. Further, in such a case, if a customer wants to provide a current address, different from the address as per the identity information available in Central Identities Data Repository of the UIDAI, he shall provide a self-declaration to that effect to the Company.
- If the customer submits his Aadhaar number, the Company will ensure such customer to redact or blackout his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required under Section 7 of the Aadhaar Act.
- The use of Aadhaar, proof of possession of Aadhaar etc. shall be in accordance with the Aadhaar Act and other applicable regulations/ rules.
- In case proof of possession of the Aadhaar has been submitted by a customer, the Company shall carry out offline verification wherever possible.
- Where a customer has submitted an equivalent e-document of any OVD, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo as specified under the Digital KYC Process as specified in the paragraph 6.3.5 below.
- Where a customer submits any OVD or proof of possession of Aadhaar number and its offline verification of such OVD/ proof of possession of Aadhaar cannot be carried out, the Company



shall have option to carry out verification through Digital KYC Process as specified in the paragraph 6.3.5 below.

6.3.2 Customer Due Diligence Procedure if a non-individual is the Customer

For customers that are legal persons or entities, the Company shall:

- verify the legal status of the legal person/ entity through charter documents and tax registration etc.
- verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person through authentic documents and
- understand the ownership and control structure of the customer and determine who are the natural persons ultimately controlling the legal person.

The list of documents to be collected and verified depending upon their nature is specified in below table:

Types of entity	Type of document to be collected and verified
Sole Proprietary firms	In addition to performing CDD applicable in case of an Individual at Para 6.3.1. and 6.3.6 of this Policy (for the proprietor) any two of the following documents must be obtained as a proof of business/ activity in the name of the proprietary firm: i. Registration certificate including Udyam Registration Certificate (URC) issued by the Government ii. Certificate/license issued by the municipal authorities under Shop and Establishment Act iii. Sales and income tax returns iv. CST/VAT/ GST certificate (provisional/final) v. Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities vi. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute vii. 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. viii. Utility bills such as electricity, water, landline telephone bills, etc. Provided, in cases where the Company is satisfied that it is not possible to furnish two such documents as mentioned above, it may accept only one of those documents as proof of business/ activity, subject to contact point verification and collection of such other information and clarification as would be required to establish the existence of such firm. Further, it should be satisfied that the business activity has been verified from the address of the proprietary concern
Corporate (Public Limited/ Private Limited Company)	Certified copies of each of the following documents or the equivalent e-documents of the Company shall be obtained: i. Certificate of Incorporation ii. Updated Memorandum and Articles of Association iii. PAN of the Company iv. A resolution from the Board of Directors and power of attorney granted to its managers, officers, or employees to apply, open, and operate the loan on its behalf v. Documents specified above in Para 6.3.1 and 6.3.6 of this Policy for individuals relating to beneficial owner, the managers,



	<p>officers, or employees, as the case may be, holding an attorney to transact on the company's behalf</p> <p>v. the names of the relevant persons holding senior management position; and</p> <p>vi. the registered office and the principal place of its business if it is different.</p>
Partnership Firms	<p>Certified copies of each of the following documents or the equivalent e-documents of the Firm shall be obtained:</p> <p>i. Registration Certificate</p> <p>ii. Partnership Deed</p> <p>iii. PAN of the Partnership Firm</p> <p>iv. Documents, as specified in para 6.3.1 and 6.3.6 of this Policy, relating to beneficial owner, managers, officers, or employees, as the case may be, holding an attorney to transact on its behalf</p> <p>v. The names of all the partners; and</p> <p>vi. Address of the registered office, and the principal place of business, if it is different</p>
Trust	<p>Certified copies of each of the following documents or the equivalent e-documents of the Trust shall be obtained:</p> <p>i. Registration certificate</p> <p>ii. Trust deed</p> <p>iii. Permanent Account Number or Form No.60 of the trust</p> <p>iv. Documents, as specified in para 6.3.1 and 6.3.6 of this Policy, relating to beneficial owner, managers, officers, or employees, as the case may be, holding an attorney to transact on its behalf</p> <p>v. the names of the beneficiaries, trustees, settlor, and authors of the trust</p> <p>vi. the address of the registered office of the trust; and</p> <p>vii. list of trustees and documents, as specified in para 6.3.1 of this Policy, for those discharging the role as trustee and authorized to transact on behalf of then trust.</p>
Unincorporated association or a body of individuals & Unregistered trust/ partnership firms/ societies	<p>Certified copies of each of the following documents or the equivalent e-documents of the unincorporated association or a body of Individuals shall be obtained:</p> <p>i. Resolution of the managing body of such association or body of individuals</p> <p>ii. Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals</p> <p>iii. Power of attorney granted to transact on its behalf</p> <p>iv. Documents, as specified in para 6.3.1 and 6.3.6 of this Policy, relating to beneficial owner, managers, officers, or employees, as the case may be, holding an attorney to transact on its behalf; and</p> <p>v. Such information as may be required by the RE to collectively establish the legal existence of such an association or body of individuals.</p>
Customer who is a juridical person (not specifically covered in the earlier sections)	<p>For opening account of a customer who is a juridical person (not specifically covered in the earlier part) such as societies, universities and local bodies like village panchayats, etc., or who purports to act on behalf of such juridical person or individual or</p>



	trust, certified copies of the following documents or the equivalent e-documents thereof shall be obtained and verified: i. Document showing name of the person authorised to act on behalf of the entity. ii. Documents, as specified in para 6.3.1 of this Policy, of the person holding an attorney to transact on its behalf. iii. Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person.
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Note:

- The Company shall collect the necessary documents and information in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by the RBI from time to time.
- The first 8 digits of the Aadhaar number need to be blackout before accepting Aadhar from customer.
- In case of trust, the Company will ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified in the KYC Master Direction.

6.3.3 Identification of Beneficial Owner

For opening an account of a Legal Person who is not a natural person, the Company would take reasonable measures to identify the beneficial owners and thereafter verify the beneficial owner(s) in terms of Rule 9(3) of the PML Rules, keeping in view the below:

Type of Entity	Criteria for Identification of Beneficial Owner
Company	Individual (natural person) who has the ownership of/entitlement to more than <u>10%</u> of share or capital or profits of the Company.
Partnership Firm	Individual/partner (natural person) who has the ownership of/entitlement to more than <u>10%</u> of the capital or profits of the Firm.
Unincorporated Association or Body of individual	Individual (natural person) who has the ownership of/entitlement to more than <u>15%</u> of the property or capital or profits of the association
Trust	Individual (natural person) who is the setter of the trust, the trustee, the protector, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership

- a) Where the customer or the owner of the controlling interest is:
- an entity listed on a stock exchange in India, or
 - it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or
 - it is a subsidiary of such listed entities:
- it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.
- b) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee, or any other intermediary is 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.



6.3.4 Accounts opened using the Aadhaar OTP based e-KYC, in Non-Face-to-Face Mode

Accounts opened using OTP based e-KYC authentication, in non-face-to-face mode, shall be subject to the following conditions:

- a. There must be specific consent from the customer for authentication through OTP;
- b. Only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed Rs.60,000/- in a year;
- c. As a risk-mitigating measure for such accounts, the Company shall ensure that transaction alerts, OTP, etc., are sent only to the mobile number of the customer registered with Aadhaar.
- d. Change in the mobile number used for opening of the account through the Aadhaar OTP shall be permitted subject to the following due diligence by the Company:
 - i. The request for change in the mobile number may be considered only after the customer completes the CDD as per Paragraph 6.3.1 above or V-CIP as per Paragraph 6.3.6 below; or
 - ii. The customer logs into the customer portal or mobile app of the Company and places request for change in the mobile number. Once such a request is placed through the customer portal or mobile app of the Company, existing mobile number and new mobile number shall be verified through separate OTPs.
- e. Accounts opened using OTP based e-KYC shall not be allowed for more than one year unless identification is carried-out either as per preceding paragraphs at Paragraph 6.3.1 above or as per Paragraph 6.3.6 (V-CIP) below. If Aadhaar details are used under V-CIP, the process shall be followed in its entirety including fresh Aadhaar OTP authentication;
- f. If the CDD procedure as mentioned above is not completed within a year, no further debits shall be allowed;
- g. A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other RE. Further, while uploading KYC information to CKYCR, the Company shall clearly indicate that such accounts are opened using OTP based e-KYC; and
- h. The Company shall not open new accounts by way of e-KYC if, based on the KYC information available in the CKYCR, another RE has already opened an account of the customers with OTP based e-KYC procedure in non-face-to-face mode.
- i. The Company shall have a strict monitoring procedure including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.

6.3.5 Digital KYC Process

- a) If the Company plans to implement Digital KYC Process, the Company shall develop an application for Digital KYC process which would be made available at customer touch points for undertaking KYC of its customers and the KYC process shall be undertaken only through this authenticated application of the Company.
- b) The access of the Application shall be controlled by the Company, and it shall ensure that the same is not used by any unauthorized persons. The Application should be accessed only through login-id and password, or Live OTP or Time OTP controlled mechanism given by the Company to its authorized officials.
- c) The customer, for the purpose of KYC, will be required to visit the location of the authorized official of the Company or vice-versa. The original OVD should be in the possession of the customer.
- d) For this process, it shall be ensured that the Live photograph of the customer is taken by its authorized official and the same photograph is embedded in the Customer Application Form (“CAF”). Further, the system application of the Company should put a water-mark in readable form having CAF number, GPS coordinates, authorized official’s name, unique employee Code (assigned by the Company) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.



- e) The Application of the Company shall have the feature that only live photograph of the customer is captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white colour and no other person should come into the frame while capturing the live photograph of the customer.
- f) Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), should be captured vertically from above and water-
- g) marking in readable form as mentioned above should be done. No skew or tilt in the mobile device should be there while capturing the live photograph of the original documents.
- h) The live photograph of the customer and his original documents should be captured in proper light so that they are clearly readable and identifiable.
- i) Thereafter, all the entries in the CAF should be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address may be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.
- j) Once the above-mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/ her own mobile number, then the mobile number of his/ her family/ relatives/ known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the Company shall not be used for customer signature. It shall be checked that the mobile number used in customer signature should not be the mobile number of the authorized officer.
- k) The authorized officer should provide a declaration about the capturing of the live photograph of the customer and the original document. For this purpose, the authorized official will be required to verify authenticity with a One Time Password (OTP) which will be sent to his mobile number registered with the Company. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.
- l) Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the Company, and also generate the transaction-id/ reference-id number of the process. The authorized officer shall intimate the details regarding transaction-id/ reference-id number to customer for future reference.
- m) The authorized officer of the Company shall check and verify that:
 - information available in the picture of document is matching with the information entered by authorized officer in CAF;
 - live photograph of the customer matches with the photo available in the document.; and
 - all of the necessary details in CAF including mandatory field are filled properly.
- n) On successful verification, the CAF shall be digitally signed by an authorized officer of the Company who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

6.3.6 Video based Customer Identification Process (V-CIP)

The Company may undertake V- CIP to carry- out:

- In case of onboarding of new customers, CDD applicable to individual customers, proprietor in case of proprietorship firm, authorised signatories, and the BOs in case of a customer which is a legal entity.
- Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e-KYC authentication mentioned above.



- Updation/ Periodic updation of KYC for customers, as applicable from time to time.
- If the Company opts to undertake V-CIP, it shall adhere to the following minimum standards:

I. V-CIP Infrastructure

- A. The Company shall comply with the applicable directions prescribed by the RBI on minimum baseline cyber security and resilience framework.
- B. The technology infrastructure shall be housed in own premises of the Company, unless cloud deployment model is used, and the V-CIP connection and interaction should necessarily originate from its own secured network domain. Any technology related outsourcing for the process shall be compliant with the applicable RBI directions/ guidelines.
 - a) If cloud deployment model is used, it shall be ensured that the ownership of data in such model rests with the Company only and all the data including video recording is transferred to the Company's exclusively owned/ leased server(s) including cloud server, if any, immediately after the V-CIP process is completed and no data shall be retained by the cloud service provider or third-party technology provider assisting the V-CIP of the Company.
 - b) The Company shall ensure end-to-end encryption of data between customer device and the hosting point of the V-CIP application, as per appropriate encryption standards. The customer's consent should be recorded in an auditable and alteration-proof manner.
 - c) The V-CIP infrastructure/ application should be capable of preventing connection from IP addresses outside India or from spoofed IP addresses.
 - d) The video recordings should contain the live GPS co-ordinates (geo-tagging) of the customer undertaking the V-CIP and date-time stamp. The quality of the live video in the V-CIP should be adequate to allow identification of the customer beyond doubt.
 - e) The application should have components with face liveness/ spoof detection as well as face matching technology with high degree of accuracy, even though the ultimate responsibility of any customer identification rests with the Company.
 - f) Appropriate artificial intelligence (AI) technology can be used to ensure that the V-CIP is robust.
 - g) Based on experience of detected/ attempted/ 'near-miss' cases of forged identity, the technology infrastructure including application software as well as workflows shall be regularly upgraded. Any detected case of forged identity through V-CIP shall be reported as a cyber event under extant regulatory guidelines.
 - h) The V-CIP infrastructure shall undergo necessary tests such as Vulnerability Assessment, Penetration testing and a Security Audit to ensure its robustness and end-to-end encryption capabilities. Any critical gap reported under this process shall be mitigated before rolling out its implementation. Such tests should be conducted by the empanelled auditors of Indian Computer Emergency Response Team (CERT-In) and shall be conducted periodically, in conformity with the applicable regulatory guidelines.
 - i) The V-CIP application software and relevant APIs/ webservice should also undergo appropriate testing of functional, performance, maintenance strength before being used in a live environment. Only after closure of any critical gap found during such tests, the application should be rolled out. Such tests shall also be carried out periodically in conformity with internal policy and applicable regulatory guidelines.

II. V-CIP Procedure

- a. The Company shall adhere to these V-CIP procedures and shall have a clear workflow in this regard. The V-CIP process shall be operated only by officials of the Company specially trained for this purpose. The official should be capable of carrying out liveness check and detect any



- other fraudulent manipulation or suspicious conduct of the customer and act upon it. The liveness check shall not result in exclusion of person with special needs.
- b. Disruption of any sort including pausing of video, reconnecting calls, etc., should not result in creation of multiple video files. If pause or disruption does not lead to the creation of multiple files, then the Company may not initiate a fresh session. However, in case of call drop / disconnection, a fresh session initiated.
 - c. The sequence and/or type of questions, including those indicating the liveness of the interaction, during video interactions shall be varied in order to establish that the interactions are real-time and not pre- recorded.
 - d. Any prompting, observed at end of customer shall lead to rejection of the account opening process.
 - e. The fact of the V-CIP customer being an existing or new customer, or if it relates to a case rejected earlier or if the name appearing in some negative list should be factored in at an appropriate stage of workflow.
 - f. The authorised official of the Company performing the V-CIP shall record audio- video as well as capture photograph of the customer present for identification and obtain the identification information using any one of the following:
 - i. OTP based Aadhaar e-KYC authentication.
 - ii. Offline Verification of Aadhaar for identification.
 - iii. KYC records downloaded from CKYCR, as prescribed, using the KYC identifier.
 - iv. Equivalent e-document of OVDs including documents issued through Digilocker.
 - g. In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than three working days from the date of carrying out V-CIP. Accordingly, the Company shall also ensure that the video process of the V-CIP is undertaken within 3 working days of downloading/ obtaining the identification information through CKYCR/ Aadhaar authentication/ equivalent e-document, if in the rare cases, the entire process cannot be completed at one go or seamlessly. The Company shall ensure that no incremental risk is added due to this.
 - h. The Company shall capture a clear image of the PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority including through Digilocker.
 - i. Use of printed copy of equivalent e-document including e-PAN shall not be considered valid for the V-CIP.
 - j. The authorised official of the Company shall ensure that photograph of the customer in the Aadhaar/OVD and PAN/e -PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e- PAN shall match with the details provided by the customer.
 - k. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of the process and its acceptability of the outcome.

III. V-CIP Records and Data Management

- a. The entire data and recordings of V-CIP shall be stored in a system located in India. The Company shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp that affords easy historical data search.
- b. For V- CIP also, the Company shall comply with extant regulatory requirements relating to record management.
- c. The activity log along with the credentials of the official performing the V-CIP shall be preserved.



6.3.7 CDD Procedure and sharing of 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) date November 26, 2015
- b. In terms of the provision of Rule 9(1A) of PML Rules, the Company shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer. This shall be applicable to customers whose data is not already uploaded on the CKYCR and the KYC Identifier is not available.
- c. The Company will capture the KYC information/ details as per the KYC templates and share the same with the CKYCR in the manner as prescribed in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.
- d. The 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.
- e. Once KYC Identifier is generated by CKYCR, the Company shall ensure that the same is communicated to the individual/ LE, as the case may be.
- f. Where a customer for the purpose of establishing an account-based relationship, updation/periodic updation or for verification of identity submits a KYC identifier to Company or retrieve the KYC Identifier, if available, with an explicit consent to download records from CKYCR, then the Company shall retrieve the KYC records online from the CKYCR using the KYC identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –
 - There is change in KYC information of the customers as existing in the records of CKYCR.
 - The current address of the customer is required to be verified.
 - The Company considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.
 - the validity period of documents downloaded from CKYCR has lapsed, the KYC records / information retrieved from the CKYCR is incomplete or is not as per the prevailing applicable KYC norms.
- g. In order to ensure that all KYC records are incrementally uploaded on to CKYCR, the Company shall upload/update the KYC data pertaining to accounts of individual customers and LEs at the time of scheduled periodic updation, specified in this Policy as per the risk categorization of a customer, or earlier, if any updated KYC information is obtained/received from the customer.
- h. The Company shall ensure that during periodic updation, the customers are migrated to the on-going CDD standard of the Company.
- i. Where an additional or updated information is received from the customer at the time of establishing an account based relationship, periodic updation, or updation initiated by customer, the Company shall furnish the updated information to the CKYCR within 7 days or within such period as may be notified by the Central Government. The CKYCR shall thereafter electronically notify all other REs who have dealt with the concerned customer of the updated information.
- j. When the Company receives any communication from the CKYCR of any updated information of their existing customers, it shall retrieve the updated KYC records from the CKYCR and replicate the update in its records promptly.

6.3.8 On-going Due Diligence and Monitoring of Transactions

- 1) Ongoing monitoring is an essential element of the Policy. The Company shall undertake on-going due diligence of customers to ensure that their transactions are consistent with its knowledge about its customers, customers' business/ employment and risk profile, and source of funds.
- 2) The Company will conduct CDD periodically, in order to ensure that the information or data



collected under CDD is kept up to date and relevant by undertaking reviews of existing records, particularly where there is high risk. Such periodic updation will be carried out at least once at following time intervals and manner:

- **Low Risk Customers:** 10 years
 - **Medium Risk Customers:** 8 years
 - **High Risk Customers:** 2 years
- 3) The time limits prescribed above would apply from the date of initiation of transaction / last KYC verification.
 - 4) The Company will advise the Customers that in order to comply with the PML Act and the Rules framed thereunder, in case of any update in the documents submitted by the Customer at the time of establishment of business relationship and thereafter, as necessary, the Customers will need to submit to the Company, the update of such documents. This will need to be done within 30 (thirty) days of the update to the documents, for the purpose of updating the records at Company's end.
 - 5) Save as otherwise provided in this Policy, the instructions or procedure for Customer identification and CDD will mutatis mutandis apply in case of Periodic updation.

The Company will provide alternate options to the Customers to submit updated KYC details like online updation, nearest branch visit and etc., for convenience of the Customers.

- a. The Company shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose, or transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer.
- b. The extent of monitoring shall be aligned with the risk category of the customer.
- c. Periodic review of risk categorization of account will be carried out at least once in six months.
- d. For ongoing due diligence, the Company shall consider adopting appropriate technological means/ support that may be required for effective monitoring commensurate with the money laundering risk perceived for the business undertaken by the Company.

6.3.9 Validity of KYC Due Diligence once done by the Company

KYC verification if done once by one branch/ office of the Company shall be valid for its any other branch/ office, provided complete KYC verification has already been done for the concerned account and the same is not due for periodic updation.

6.3.10 Enhanced Due Diligence Procedures

i. Enhanced Due Diligence for Higher Risk Customers

For its medium and high-risk customers, the Company, in addition to the CDD, shall conduct risk-based Enhanced Due Diligence ("EDD"). Such EDD should assist the Company in the following:

- Determining whether the customer appears to be engaged in legitimate business activities and has legitimate sources of funds; and
- Anticipating the customer's usual and expected activity so that suspicious activity can be detected.

Any business relationship with a high risk or medium risk customers as per the Annexure 1 of this Policy shall require approval from an appropriate authority. Further, any suspicious triggers relating to higher risk customer's transactions shall be reviewed more rigorously. For higher risk customers, the EDD procedures shall include collecting additional information and documentation regarding the following:

- Purpose of the account/ end-use.
- Source of income/ funds.
- Review of income/ financial statements and banking statements.
- Diligence regarding the customer's workplace/ business and business operations.



- Proximity of the customer's residence, place of employment, or place of business.
- Due diligence of the individuals with ownership or control over the account, such as beneficial owners, signatories, or guarantors, if any.

Further, as part of the EDD procedures, the Company shall follow a system of periodic updation of KYC information for various categories of the customers as prescribed in this Policy.

EDD is an ongoing process, and the Company should take measures to ensure that information is updated as required and that appropriate risk-based monitoring occurs to ensure that any suspicious activity is escalated, analyzed and reported, as prescribed in the Policy.

ii. Accounts of Non-Face-to-Face Customers (other than Aadhaar OTP based on-boarding done as per Paragraph 6.3.4 above)

Non-face-to-face onboarding facilitates the Company to establish relationship with the customer without meeting the customer physically or through V-CIP. Such non-face-to-face modes for the purpose of this paragraph includes use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc., and non-digital modes such as obtaining copy of OVD certified by additional certifying authorities as allowed for NRIs and PIOs. The Company shall adhere to the following EDD measures for non-face-to-face customer onboarding (other than Aadhaar OTP based on-boarding done in terms with the Paragraph 6.3.4 above):

- a) If the Company has introduced the process of V-CIP, the same shall be provided as the first option to the customer for remote onboarding. Such V-CIP shall be treated on par with face-to-face CIP for the purpose of the RBI KYC Directions.
- b) In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc. Transactions shall be permitted only from the mobile number used for account opening. For any change in the mobile used for accounting opening, the following process shall be adopted for due diligence:
 - a. The request for change in the mobile number may be considered only after the customer completes the CDD as per Paragraph 6.3.1 or V-CIP as per Paragraph 6.3.6 of this Policy; or
 - b. The customer may log-in through customer portal or mobile app of the Company and place request for change in the mobile number. Once such a request is placed through the customer portal or mobile app of the Company, the existing mobile number and new mobile number shall be verified through separate OTP.
- c) Apart from obtaining the current address proof, the Company shall verify the current address through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc.
- d) PAN of the customer shall be verified from the verification facility of the issuing authority.
- e) The Company shall ensure that the first transaction in such accounts shall be a credit from existing KYC-complied bank account of the customer.
- f) Such customers shall be categorized as high-risk customers and accounts opened in non-face to face mode shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.
- g) Such non-face-to-face modes for the purpose of this paragraph include use of digital channels such as the Central KYC Records Registry ("CKYCR"). The Regulated Entity ("RE") that has last uploaded or updated the customer's KYC records in the CKYCR shall be responsible for verifying the identity and / or address of the customer, as applicable. Accordingly, the Company, while downloading and relying upon such KYC records from CKYCR, shall not be required to re-verify the authenticity of the customer's identity and / or address, provided that the KYC records downloaded from CKYCR are current and compliant with the provisions of the Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 ("PML Act / PML Rules") and the applicable RBI KYC Directions. Notwithstanding



the foregoing, the Company shall remain responsible for all other aspects of the Customer Due Diligence (“CDD”) procedure and compliance with the provisions of these Directions, including ongoing due diligence and transaction monitoring, except for the verification of identity and / or address of the customer to the extent reliance is placed on current and compliant CKYCR records.

iii. Accounts of Politically Exposed Persons (PEPs)

The Company, while establishing a relationship with PEPs (whether customer or beneficial owner) apart from performing normal customer due diligence, shall ensure the following:

- The Company shall have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;
- Reasonable measures are taken by the Company for establishing the source of funds / wealth
- The identity of the person shall have been verified before accepting the PEP as a customer.
- Any lending/business relationship with a PEP shall be established only with the approval of an official from the Senior Management.
- All such accounts are subjected to enhanced monitoring on an on-going basis.
- In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management’s approval shall be obtained to continue the business relationship. All PEP accounts would be classified as high-risk accounts and will be subject to enhanced monitoring on an on-going basis.

The above will also be applicable to accounts where a PEP is the beneficial owner or to the account of a family members or close associates of a PEP.

6.3.11 Reliance on Customer Due Diligence done by a Third Party

For verifying the identity of customers at the time of commencement of an account-based relationship, the Company may also rely on customer due diligence done by a third party, only if the following conditions are met:

- 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 Act.
- Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the CKYCR.
- 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.
- The third party shall not be based in a country or jurisdiction assessed as high risk.
- The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.

6.4 RISK MANAGEMENT - CUSTOMER CATEGORIZATION

Customers shall be categorised based on their KYC risk assessment and risk perception of the company. The risk categorisation of a customer and the specific reasons for such categorisation shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

Parameters of risk perception will be clearly defined in terms such as the Customer’s identity, nature of business activity, information about the Customer’s business and location of Customer and his clients, geographical risk covering Customers as well as transactions, type of product/services offered, delivery channels used for product/ services, mode of payments (cash, cheque/ monetary instruments, wire transfers, forex transactions etc.), volume of turnover, social and financial status, ability to confirm identity documents through online or other services offered by issuing authorities etc. to enable



categorization of Customers into low, medium and high risk.

6.4.1 Risk Categorisation of customers

For Risk Management, the company shall have a risk based approach which includes the following:

- The Company will categorise its customers under Low, Medium or High-risk categories, based on the assessment, profiling and the money laundering risk perceived by it in accordance with the provisions of the RBI KYC Directions.
- The risk categorisation shall be done based on type of credit exposure, the customer's background, nature, location and type of occupation/ employment/ business, purpose of loan, sources of funds, mode of repayment etc. However, while conducting such assessment, the Company shall ensure that various other information/ details collected from different categories of customers relating to the perceived risk, are non-intrusive.

The Company shall adopt the risk categorisation as per the grid provided in the Annexure 1 enclosed with the Policy. The RMC shall have authority to review and revise the grid provided in the Annexure 1. The risk categorisation of a customer and the specific reasons for such categorisation shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

The nature and extent of due diligence will depend on the risk perceived by the company. However, while preparing customer profile the company should take care to seek only such information from the customer which is relevant to the risk category and is not intrusive and is in conformity with the guidelines issued by RBI in this regard. Any other information from the customer will be sought separately with his/her consent.

Customer Risk in this context refers to the money laundering and terrorist funding risk associated with a particular customer from the company's perspective. This risk categorisation is based on AML/KYC risk perceptions associated with customer profile and not the level of credit risk.

Explanation: FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated to all cooperative banks by the RBI etc., may also be used in risk assessment.

6.4.2 Probable Match with Negative List

The Company shall monitor the following instances and review those from a money laundering risk perspective:

- a. Probable match of a customer's identity with the details provided in the UN Sanctioned Terrorist List or any of the negative lists prescribed by the RBI.
- b. Negative/ Adverse media report against any customer.
- c. Any material complaint or alert received against a customer of the Company.
- d. Query or information received from a Law Enforcement Agency regarding a customer of the Company.

6.4.3 Periodic Review of Risk Categorisation

The Company shall put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures wherever required as per the regulatory requirements. The Company will put in place a system of periodical review of risk categorization of accounts. The Company will carry such review of risk categorization of customers at a periodicity of not less than once in six months. In case of higher risk perception on a customer, the Company shall assess the need for applying enhanced due diligence measures for such customer.



- a) The Company will prescribe procedures to periodically review profile of existing Customers against lists of prohibited individuals and entities issued by the United Nations or any other regulatory/statutory authorities. Such due diligence must be conducted based on the risk categorization of Customers, inter alia detailed as under:
- b) The Company will conduct review of risk-categorization by performing EDD in case of receipt of any updated document/information from Customer or receipt of information about Customer from any other source or from public or by regulators, FIU-India, Law Enforcement Agency, Enforcement Department or any other legal agencies.
- c) The Company will ensure to upgrade and downgrade the new residual risk of their Customers based on the review of risk-categorization. Also, the Company will update the number of cases where risk-rating is unchanged.
- d) The Company may include other parameters while conducting periodic risk-categorization like Customer STR filed during the review period, AML and Sanction screening, PEP Screening, fraud cases reported to RBI under FMRs and etc.
- e) The risk-categorization of a Customer and the specific reasons for such categorization will be kept confidential and will not be revealed to the Customer to avoid tipping off the Customer.

6.4.4 Money Laundering (“ML”) And Terrorist Financing (TF”) Risk Assessment

The Company shall carry out the ML and the TF risk assessment for mitigation of AML risks at least Yearly covering the following aspects:

- a. Identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, products, services, transactions or delivery channels, etc.
- b. 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, the Company shall also take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with the Company from time to time.
- c. The risk assessment shall be commensurate to the nature, size, geographical presence, complexity of activities of the Company and should be properly documented.
- d. The outcome of the exercise shall be put up to the Risk Management Committee of the Company (“RMC”) and should be available to competent Authorities and self-regulating bodies.
- e. The Company shall apply a Risk Based Approach (RBA) for mitigation and management of the risks (identified on their own or through national risk assessment) and should have Board approved policies, controls and procedures in this regard and shall monitor the implementation of the controls and enhance them if necessary. The Company shall implement a CDD programme, having regard to the ML/TF risks identified and the size of business. Further, company shall monitor the implementation of the controls and enhance them if necessary.

6.4.5 Updation/ Periodic Updation of KYC

The Company shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. The Company will conduct periodic updation of KYC documents at least once in every two years for high-risk customers, once in every eight years for medium risk customers and once in every ten years for low-risk customers from the date of opening of the account / last KYC updation. For updation of KYC documents, the Company, shall ensure compliance with the following:

i. Individual Customers



- a. **No change in KYC information:** In case of no change in the KYC information, a self- declaration from the customer in this regard shall be obtained. The customer may provide such self-declaration through letter or through his/ her email-id/ mobile number registered with the Company or through the Company's digital channels, if available, such as customer portal/ mobile application of the Company etc.
- b. **Change in address:** In case of a change in address of the customer, a self-declaration of new address shall be obtained from the customer. The customer may provide such self-declaration through letter or through his/ her email-id/ mobile number registered with the Company or through the Company's digital channels, if available, such as customer portal/ mobile application of the Company etc. Thereafter, the Company shall get the declared address verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc. However, due to its inability to conduct contact point verification/ address verification or any reason as per the discretion of any Senior Management official or the Principal Officer, the Company may obtain a copy of OVD or deemed OVD or the equivalent e- documents thereof, for the purpose of proof of address, declared by the customer at the time of periodic updation.

Aadhaar OTP based e-KYC in non-face to face mode may be used for periodic updation. To clarify, conditions stipulated in Paragraph 6.3.4 of this Policy are not applicable in case of updation / periodic updation of KYC through Aadhaar OTP based e-KYC in non-face to face mode. Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. However, the Company shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

ii. Non- Individual Customers

- a. **No change in KYC information:** In case of no change in the KYC information of the non- individual customer, a declaration/ letter from an official authorized by such customer along with a copy of the board resolution etc., as applicable, shall be taken. The customer may provide such declaration through letter or through its email-id/ mobile number registered with the Company or through the Company's digital channels, if available, e.g., customer portal/ mobile application of the Company etc.
- b. **Beneficial Ownership ("BO") information:** The Company shall take steps to keep BO information available with them accurate and updated, as far as possible.
- c. **Change in KYC information:** In case of change in KYC information, the Company shall undertake the KYC process equivalent to that applicable for on boarding a new non- individual customer.

6.4.6 In addition to the above, the Company shall take the following measures:

- a. KYC updation shall be applicable even if there is no change in customer information but the documents available with the Company are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the Company has expired at the time of periodic updation of KYC, the Company shall undertake the KYC process equivalent to that applicable for on boarding a new customer.
- b. The customer's PAN details, if available with the Company, will be verified from the database of the issuing authority at the time of periodic updation of KYC.
- c. Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out updation/periodic updation.



- d. Further, the Company would ensure that the information/ documents obtained from the customers at the time of updation/periodic updation of KYC are promptly updated in the records/ database of the Company and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- e. In order to ensure customer convenience, the facility of updation/periodic updation of KYC may be made available at any branch or through any of the online/ digital/ electronic channels of the Company, subject to compliance with the RBI KYC Directions.
- f. The Company shall advise its customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship / account-based relationship and thereafter, as necessary; the customers shall submit to the Company the update of such documents, within 30 days of the update to such documents.
- g. The Company shall intimate customers in advance about KYC updates and provide at least three reminders before the due date, including one by letter, using available communication channels. If the customer does not comply, three post-due date reminders (again including one letter) shall be sent. These communications shall include clear KYC update instructions, escalation options, and potential consequences for non-compliance.
- h. All intimation/reminder records shall be maintained in the Company's system for audit purposes.

6.4.7 Internal Control System

- a. The Company's internal audit and compliance functions have an important role in evaluating and ensuring adherence to the KYC & AML policy and procedures. The compliance function under the guidance of Compliance Head / officer will provide an independent evaluation of the Company's policy and procedure, including legal and regulatory requirements.
- b. The Company will ensure that its audit function is staffed adequately with individuals who are well-versed in such policies and procedures or hire the services of a reputed Company engaged in providing quality services in the said field.
- c. Internal Auditors will specifically check and verify the application of KYC procedures and comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board at quarterly intervals. Any gaps identified by the auditors need to be rectified under the supervision of the Business head or Compliance Head / officer.

6.4.8 Measures to be adopted while dealing with jurisdictions that do not or insufficiently apply the FATF Recommendations

- a. Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.
- b. The Company shall consider FATF statements issued by the RBI and other publicly available information to identify countries that do not, or insufficiently, comply with FATF Recommendations. For such countries, REs are required to apply enhanced due diligence measures that are effective and proportionate to the associated risks, in relation to both individuals and entities (including financial institutions).
- c. Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.
Explanation: The processes referred to in (i) & (ii) above do not preclude the Company from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.



- d. The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/other relevant authorities, on request.

6.5 MONITORING OF TRANSACTIONS

The Company shall undertake an on-going due diligence/ monitoring of transactions 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 shall be undertaken on an on-going basis.

The Company shall monitor the transactions undertaken by its customers including the following types of transactions:

- Cash repayments above certain thresholds.
- Large and complex transactions and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
- Frequent prepayments above some thresholds which are not consistent with the Customer's repayment capacity.
- Frequent cash repayments.
- Early loan closure within very short time-period of availing the loan.
- Any unusual pattern in the operations of the accounts which seems inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose, shall be closely monitored.
- Transactions which exceed the thresholds prescribed for specific categories of accounts.

The extent of monitoring shall be aligned with the risk category of the customer. Further, High risk accounts shall be subjected to more intensified monitoring.

A system of periodic review of risk categorization of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.

For ongoing due diligence, the company may consider adopting appropriate innovations including artificial intelligence and machine learning (AI & ML) technologies to support effective monitoring.

- I. The Company will put in place an appropriate system / mechanism to throw alerts when the transactions are inconsistent with risk categorization and updated profile of Customers.
- II. The Company should ensure that a record of transactions with Customers is preserved, maintained and reported as required in terms of Section 12 of the PML Act and Para 47 of the Directions. It may also be ensured that transactions of suspicious nature and/or any other type of transactions notified under the PML Act, will be reported to the appropriate law enforcement authority, in the prescribed form and within the stipulated time frame.

Reporting Requirements to Financial Intelligence Unit-India (FIU-IND):



In terms of the Rules, the Company is required to report information relating to cash and suspicious transactions electronically to FIU India. The Company needs to comply with such reporting requirement by utilising the formats stipulated in the Master Directions and as prescribed by FIU-IND.

For the following transactions, the Company shall file the Cash Transaction Report (“CTR”) which for a month should reach to the FIU-IND by 15th day of the succeeding month:

- all cash transactions of the value of more than ₹10 Lakh; or
- all series of cash transactions integrally connected to each other which have been valued below ₹10 Lakh where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds ₹10 Lakh.

The Suspicious Transaction Report (STR) shall be submitted within 7 working days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature.

In this regard, the Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.

The Company shall keep in mind that any delay in furnishing of information would result into a violation of the requirement stipulated in the Rules.

To ensure effective implementation of this Policy, the Board will appoint / designate Managing Director / Whole-Time Director, as its Designated Director who will be responsible for ensuring overall compliance as required under this Policy, the Directions, PML Act and the Rules made thereunder.

The Principal Officer will be responsible for timely submission of STR to FIU-IND. No Nil reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

In no case will the Principal Officer be appointed as the Designated Director.

The name of the Designated Director and the Principal Officer so designated and other information (including the designation, address and contact details) will be intimated to the Director, FIU-IND and to RBI.

Details of accounts resembling any of the individuals / entities 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) shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under Unlawful Activities Prevention Act, 1967 (‘UAPA’) notification dated February 2, 2021.

The company may not put any restriction on operations in the accounts where STR is reported but will ensure that there is no tipping off to the customer at any level. The company will report all attempted transactions of customers reported in STRs; even though transactions are incomplete and are of any amount. The company shall keep the fact of furnishing of STR strictly confidential.

In addition to the above, all such cash transactions identified where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security or a document has taken place facilitating the transactions, if any, shall also be reported by the Company to FIU-IND as Counterfeit Currency Report by 15th day of the succeeding month.

The Company, its Directors, Officers, and all employees shall ensure that the fact of maintenance of records referred to in rule 3 of the PML (Maintenance of Records) Rules, 2005 and furnishing of the



information to the director is confidential and its Directors, Officers and employees (permanent and temporary) will be prohibited from disclosing (“tipping off”) the fact that an STR or related information is being reported or provided to the FIU- IND. However, such confidentiality requirement shall not inhibit sharing of information under section 4(b) of Master Direction of any analysis of transactions and activities which appear unusual, if any such analysis has been done.

This prohibition on tipping off extends not only to the filing of the STR and/or related information but even before, during and after the submission of an STR. Thus, it shall be the duty of all employees involved to ensure that there is no tipping off to the customer at any level.

ANTI-MONEY LAUNDERING (AML)

- 1) Anti-Money Laundering (“**AML**”) refers to the collection of laws, law enforcement, processes, policies, and regulations that prevent illegally obtained money from entering the financial system by criminals, money launders, terrorist financing and through other illegal activities, etc.
- 2) The Company, will ensure compliance with the PML Act, Rules and the Directions, to ensure prevention of ML or TF, including by complying with obligations applicable to it under Section 12 of PML Act which include:
 - Maintaining a record of prescribed transactions
 - Furnishing information of prescribed transactions to the specified authority
 - Verifying and maintaining records of the identity of its Customers
 - Preserving records in respect of (1), (2), (3) above for a period of 5 years from the date of cessation of transactions with the Customers.

C-KYC AND SHARING KYC INFORMATION WITH CENTRAL KYC RECORDS REGISTRY (CKYCR)

- 1) In the process of opening an account, once the Customer’s KYC Identifier is generated by CKYCR and provided to the Company, the Company will share the same with the concerned Customer. Alternatively, the Company may seek the KYC Identifier, if available with the Customer, with its explicit consent.
- 2) The Company will comply with the operational guidelines for uploading the KYC data, as released by CERSAI, from time to time.
- 3) The Company will capture Customer’s KYC records and upload onto CKYCR within 10 (ten) days of commencement of an account-based relationship with the Customer, as per the prescribed template. Further, the Company will upload the Customer’s KYC records at the time of periodic updation, or earlier, when the updated KYC information is obtained / received from the Customer. If the Company obtains additional or updated information from any Customer it will, within 7 (seven) days, furnish the updated information to CKYCR.
- 4) Once CKYCR informs the Company regarding an update in the KYC record of an existing Customer, the Company will retrieve the updated KYC records from CKYCR and update the KYC record maintained by it.
- 5) For the purpose of establishing an account-based relationship, updation / periodic updation or for verification of identity of a Customer, the Company will seek the KYC Identifier from the Customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC Identifier and will not require a customer to submit the same KYC records or information or any other additional identification documents or details, unless–



1. there is a change in the information of the customer as existing in the records of CKYCR; or
 2. the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
 3. the validity period of downloaded documents has lapsed; or
 4. the Company considers it necessary in order to verify the identity or address (including current address) of the Customer; or
 5. to perform enhanced due diligence or to build an appropriate risk profile of the Customer.
- 6) If the Company downloads and relies on records from the CKYCR, it will not be required to re-verify the authenticity of the Customer's identity and / or address, provided the KYC records downloaded from CKYCR are current and compliant with the PML Act and Rules. Nonetheless, the Company remain responsible for all aspects of CDD procedure, except verification of identity and / or address of the Customer.

Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

The Company adheres to the provisions of the Income Tax Rules 114F, 114G and 114H, as applicable. It shall determine whether they are a reporting financial institution and shall follow the steps for complying with the reporting requirements.

7. RECORD MANAGEMENT

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

- i. 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;
- ii. maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - 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.
- iii. 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;
- iv. make available swiftly, the identification records and transaction data to the competent authorities upon request;
- v. introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- vi. 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.
- vii. the records of identity and address of their customer, and records in respect of transactions referred to in Rule 3 shall be maintained in hard or soft copy.
- viii. The Company shall ensure that in case of customers who are Non-Profit Organisations (NPO), the details of such customers are registered on the DARPAN Portal of NITI Aayog. If the same are not registered, the Company shall register the details on the DARPAN Portal and also maintain such registration records for a period of five years after the business relationship



between the customer and Company has ended or the account has been closed, whichever is later.

Explanation. – For the purpose of this Section, the expressions "records pertaining to the identification", "identification records," etc., shall include updated records of the identification data, account files, business correspondence and results of any analysis undertaken.

8. OTHER INSTRUCTIONS

8.1. Selling Third Party Products

The Company, if acting as agents while selling third party products as per regulations in force from time to time, will comply with the following aspects:

- i. The identity and address of the walk-in customer shall be verified for the transactions as required under the CIP prescribed above.
- ii. Transaction details of sale of third-party products and related records shall be maintained.
- iii. AML software capable of capturing, generating, and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.
- iv. Transaction involving rupees fifty thousand and above shall be undertaken only by:
 - debit to customers' account or against cheques; and
 - obtaining and verifying the PAN given by the account based as well as walk-in customers
- v. Instruction at 'iv' above shall also apply to sale of REs' own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for rupees fifty thousand and above.
- vi. Monitoring of transactions for any suspicious activity will be done.

8.2. Quoting of PAN

In accordance with the Income Tax Rule 114B, for cash collection of ₹50,000/- and more than in a single day, the Company shall ensure the following:

- If the borrower's PAN is not updated in system, PAN of the customer along with a copy of the PAN Card shall be required to be collected for cash receipt of ₹50,000/- or more. Further, the PAN shall be updated in the Company's system.
- If any borrower is not having PAN, then Form 60 duly signed by the borrower along with a valid identity proof shall be collected for cash receipt of ₹50,000/- and more.

8.3. Hiring of Employees and Employee Training

8.3.1. Hiring of Employees

The Company shall put in place an adequate screening mechanism as an integral part of its personnel recruitment/ hiring process.

The Company shall endeavour to ensure that the staff dealing with/ being deployed for KYC/ AML/ CFT matters have the following:

- high integrity and ethical standards;
- good understanding of extant KYC/ AML/ CFT standards;
- effective communication skills; and
- ability to keep up with the changing KYC/ AML/ CFT landscape, nationally and internationally.



The Company shall also strive to develop an environment which fosters open communication and high integrity amongst the staff. Any inefficient or suspicious behavior of employees shall be dealt with suitably. It shall be ensured that there is no tipping off to the customer at any level.

8.3.2. Employees' training

The Company shall organise employee training programmes so that the members of staff are adequately trained in the KYC/AML /CFT procedures and fully understand the rationale behind the KYC/AML policies and implement them consistently.

All necessary circulars, guidelines, notifications issued by the RBI or government authority in connection with KYC / AML procedures will be communicated to all relevant members of the Company by the Compliance Officer. Relevant members of the Company shall include frontline staff, back-office staff, senior staff, risk management staff and staff dealing with new clients.

The training shall include all frontline staff, operations 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 policy of Ambium, regulation and related issues shall be ensured by the compliance officer.

8.4. Customer Education

The implementation of KYC procedures requires the Company to demand certain information from customers, which may be of personal nature, or which has hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. The Company's front line staff will therefore personally discuss this with customers and if required, the Company may also prepare specific literature/ pamphlets, etc. to educate the customer on the objectives of the KYC program.

8.5. Secrecy Obligations and Sharing of Information

- a. The Company officials shall maintain confidentiality of information as provided under Section 45NB of the RBI Act 1934.
- b. The Company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the Company and customer.
- c. Information collected from customers for the purpose of opening of account 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.
- d. While considering the requests for data/information from Government and other agencies, the Company shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the transactions.
- e. The exceptions to the said rule shall be as under:
 - Where disclosure is under compulsion of law
 - Where there is a duty to the public to disclose,
 - The interest of the Company requires disclosure; and
 - Where the disclosure is made with the express or implied consent of the customer.

8.6 Introduction of New Technologies



The Company shall identify and assess the ML/ TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.

Further, the Company shall ensure:

- to undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and
- adoption of a risk-based approach to manage and mitigate the risks through appropriate EDD measures and transaction monitoring, etc.

9. OMNIBUS CLAUSE

All extant & future master circulars/directions/guidelines/guidance notes issued by Reserve Bank of India (RBI) from time to time would be the directing force for the KYC AML Policy of MGFL and will super cede the contents of this KYC AML Policy.

10. REGULATORY COMPLIANCE AND PRECEDENCE

In the event of any conflict or inconsistency between the provisions of this Policy and the applicable laws, rules, regulations, notifications, circulars or directions issued by the Reserve Bank of India (RBI) or any other competent authority, the provisions of the applicable law or regulatory requirements shall prevail.

11. REVIEW OF THE POLICY

The Board of Directors shall review this Policy annually or on a need-basis i.e., in the event of change in regulatory framework or for business or operational need (whichever is earlier). Such updates / changes to the Policy will be communicated to the relevant staff /personnel (both in-house or outsourced) and relevant stakeholders across the Company.

Any deviations from this Policy can only be undertaken with the approval of the Board, unless specified otherwise in this Policy.



Annexure 1

RISK CATEGORIZATION TABLE (at the time of onboarding)		
High Risk	Medium Risk	Low Risk
a) Non-Resident Indians for the authorized business transactions, if any b) Foreign citizens for the authorized business transactions, if any c) Cooperative banks d) Credit Societies e) Companies Incorporated overseas. f) Charitable Originations (Non Education) g) Trusts (Non-Education) h) Society (Non-Education) i) NGOs (excluding UN promoted NGOs) j) Local/ domestic foreign Politically Exposed Persons (PEPs) and their relatives. k) Customers engaged into the following businesses (with Annual Turnover > 100 Cr.) Bullion, Gold, Silver, Diamond, Gems/ Precious l) Stones, Jewellery m) Non face to face n) Customer with un-identified or with complex Beneficial Ownership Structure.	a) NBFCs b) Micro Finance Institutions (MFI) c) HUF d) Trusts (Education less than 5 years) e) Society (Education less than 5 years) f) Foreign Currency Exchange Dealers g) Chit Funds h) Association of Persons (AOP)/Body of Individuals (BOI)/ Artificial Judicial Person (AJP) i) Customers engaged into the following: • Real Estate (Individual & Nonindividual) • Stock Market (Individual & Franchisees of brokers) j) Customers engaged into the following businesses (with Annual turnover <= 100 Cr.): Bullion, Gold, Silver, Diamond, Gems/ precious stones, Jewellery k) Customers with clear Ownership Structure. l) Unlisted Public Listed Companies.	a) Individual Resident (other than specified in High risk). b) Salaried Persons c) Sole proprietorship entity d) Partnership e) Listed Public Limited Companies f) Limited Liability Partnership (LLP) g) Private Limited company h) Domestic Listed companies. i) Government depts. & local bodies j) Central or State Government k) owned companies l) Regulatory & Statutory bodies m) Society (Education more than 5 years) n) Trusts (Education more than 5 years) o) Corporate Financial Intermediaries regulated/ governed/controlled by RBI/ IRDA/ SEBI/ PFRDA example- • Insurance companies • Mutual funds • Security firms registered with the SEBI. • Banks (excluding coop. bank) p) Other customers not covered in high and medium



Risk Categorisation of Customers

Customers whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large confirm to the known profile, may be categorized as low risk. Customers that are likely to pose a higher-than-average risk of money-laundering should be categorized as Medium or High-Risk Customers, depending on Customer's background, nature and location of activity, country of origin, sources of funds, client profile, etc.

Low Risk (Grade A) <i>Illustrative examples of Low-Risk Customers:</i>
Listed companies or their majority owned subsidiaries in India
Entities that are regulated by any Indian financial sector regulator like SEBI, RBI or IRDA.
Government departments & Government owned companies, regulators, statutory bodies and juridical bodies created under a law in force in India
Individuals / entities like salaried or self-employed individuals, professionals, proprietary firms, partnership firms, people belong to low-income group, Hindu Undivided Family (HUF), Trusts, private / public limited companies, with clear sources of funds verifiable through documents like IT Returns, statutory filings, documents registered / filed with statutory authorities, etc. (other than as mentioned in
Individual entities, proprietary firms, partnership firms, Hindu undivided family having Income below taxable limits /not filed ITRs whereas income source is being identified basis business experience, repayment tracks/ CIBIL history.
Medium Risk (Grade B) <i>Illustrative examples of Medium Risk Customers:</i>
Entities belonging to business groups where at least two major entities are companies listed in India
Entities belonging to business group where at least one major entity is regulated by an Indian financial sector regulator like SEBI, RBI or IRDA. However, if the regulated entity is a stock broker or an insurance broker, this sub-rule cannot be applied
Entities whose loan has been purchased from, or is assigned to the Company by a listed NBFC
Entities that have a credit rating of AA or higher from 2 or more SEBI approved Indian rating agencies
Entities like proprietary firms, partnership firms, Hindu undivided family, trusts, private / public limited companies, with clear sources of funds verifiable through documents like IT Returns, statutory filings, documents registered / filed with statutory authorities, etc., with transaction size of more than INR 50
Trusts, charities, NGOs and other organizations receiving donations
Entities / Individuals engaged in / deriving income from activities related to Real Estate sector.
Non-profit organizations, non-government organizations not promoted by the United Nations or its agencies
Non-banking finance companies
Micro finance institutions
Foreign currency exchange dealers
Chit funds
Association of persons/ body of individuals/ artificial judicial person
Entities / individuals engaged in / deriving income from activities related to Stock Market activities (individual and franchisees of brokers)
Customers engaged into the business (with annual turnover of less than or equal to INR 100 crores) of bullion, gold, silver, diamond, gems/ precious stones, jewelry



High Risk (Grade C) <i>Illustrative examples of High-Risk Customers:</i>
Entities that cannot be covered under KYC Grade A or B, as per specified criteria.
Non-residents / Foreign Nationals
High Net Worth Individuals i.e., individuals with net worth of more than INR 10 crore
Firms with ‘sleeping partners’
Politically Exposed Persons of foreign origin or connected Customer / Beneficial Owner/ Directors/ Related Parties/Key Managerial Persons
Multi-level Marketing Companies
Customers in jurisdictions that do not or insufficiently apply the FATF Recommendations
Customers with dubious reputation as per public information
Cooperative banks
Credit societies, Trusts, charities, Societies, NGOs / NPOs those operating on a “cross border” basis, unregulated clubs and organizations receiving donations (excluding NPOs / NGOs promoted by governments)
Companies incorporated overseas
Customers engaged into the business (with annual turnover of more than INR 100 crores) of bullion, gold, silver, diamond, gems, precious stones, jewelry)
Customers on-boarded in non-face to face mode

- The grade assigned to a Customer must be clearly indicated in the relevant credit memo and the intensity of due diligence for each Customer will depend on its risk category.
- KYC grading guidelines mentioned above are indicative. In case of ambiguity on classification, the next higher KYC grade must be applied. For instance, a real estate company that is listed on stock exchange would be covered under KYC Grade A, by virtue of being listed. However, since its primary business is real estate, KYC Grade B would be applicable.

**DECLARATION OF BENEFICIAL OWNERSHIP**

[Applicable to Company, Partnership Firm, Unincorporated Association or Body of Individuals and Trusts. Not applicable for listed companies and their subsidiaries]

Name of the Customer: _____

Registered Address: _____

¹The Customer as stated above hereby confirms and declares that as on date, the following natural person(s), [in case of a company, who, whether acting alone or together, or through one or more juridical persons, has / have a controlling ownership interest or who exercises control through other means² OR in case of a partnership firm, who, whether acting alone or together, or through one or more juridical person(s), has / have ownership of / entitlement to more than 10% of capital or profits of the partnership or who exercises control through other means³ OR in case of an unincorporated association or body of individuals, 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 individuals⁴ or in case of a trust, 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].

Sl. No.	Full Name of Beneficial owner/controlling natural person(s)	DIN/ Nature of relation with applicant entity	Nationality	KYC Documents		Controlling Ownership Interest/ Profit Share (%)
				Document Type	Document Type	

I/We certify that the facts stated above are true and correct. I/We acknowledge and confirm that the Company shall be entitled to rely on my/our declaration above on the identity(ies) of and information relating to the Beneficial Owners of the account. I/we undertake to inform the Company in writing; should there be any changes to the ownership/shareholding structure in the future.

For and on behalf of (name of the entity):

Signature of the Authorized Official(s):

¹ Note to draft: Strike off, where not applicable.

² Controlling ownership interest' means ownership of / entitlement to more than 10 percent of the shares or capital or profits of the company. 'Control' shall include the right to appoint the 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

³ 'Control' shall include the right to control the management or policy decision

⁴ Term 'body of individuals' includes societies



Full Name of the Authorized official (s):

Designation / Position:

Date: __ __ / __ __ / __ __ __ __

Place:



DECLARATION OF ADDRESS CHANGE

[Applicable to all types of customers]

To
Mufin Green Finance Limited

☐

Change of Address

☐

No change of Address

I _____ am _____ Mr./Mrs.

hereby declare that my Address as per Aadhaar is

I hereby declare that; I am residing at (Correspondence Address)

Nearest landmark : _____

Since last _____ Months _____ Years.

I hereby submitting registered rent agreement or any other deemed OVD for current address proof.

Please consider the above Correspondence address for communication purposes. I will update the given correspondence address in my OVD and ensure to submit to the Company (Mufin Green Finance Limited), documentary evidence of the same, within 90 days from loan disbursement for their record purpose and completing KYC requirements.

Aadhaar copy is attached.

Yours faithfully,

Signature:

Name: _____

LAN or Customer ID _____



DECLARATION OF MOBILE NUMBER CHANGE

[Applicable to all types of customers and related parties]

To
Mufin Green Finance Limited

Date:

I _____ am _____ Mr./Mrs.

hereby declare that my new mobile number as per attached proof is

Name of account holder	
☐ New Mobile Number	
☐ Email ID (If available)	

I have herewith attached the new mobile number proof for the evidence of above-mentioned mobile number confirmation.

Yours faithfully,

Signature:

Name: _____

LAN or Customer ID _____



DECLARATION OF PROOF OF RELATIONSHIP

To
Mufin Green Finance Limited

Date:

I, [____], holder of [Identification Type and Number, e.g., Passport/Aadhaar No. _____], residing at [____], do hereby solemnly declare that [Name of Related Person], holder of [Identification Type and Number, e.g., Passport/Aadhaar No. _____], is my [spouse].⁵

This declaration is made for the purpose of submission to **Mufin Green Finance Limited** as proof of our relationship, along with [Name of document and Number] as documentary evidence in relation to the same.

I affirm that the information provided above is true and correct.

Declared on this [day] of [month, year] at [city, country]
Yours faithfully,

Signature:

Name: _____

LAN or Customer ID _____

Enclosed:

Mandatory Documents [☒ any one or more of the following mandatory documents, as applicable, to establish proof of relationship]

1. Copy of passport;
2. Copy of driving license;
3. Copy of voter ID card;
4. Copy of Aadhaar card;
5. Copy of marriage certificate

AND

Additional Documents [☒ any one or more of the following documents, as applicable, in the event the Mandatory Documents do not establish proof of relationship]

1. Copy of birth certificate;
2. Copy of legal heir certificate;
3. Copy of succession certificate;
4. Copy of court order/ decree;
5. Copy of joint bank account statement/ passbook/ nomination records;
6. Copy of insurance/ provident fund/ pension statements;
7. Copy of school certificate (issued by state or central government);
8. Copy of ration card;
9. Notarised affidavit;
10. Registered rent agreement/ sale deed;
11. Joint declaration

⁵ Note to draft: Retain as applicable