

**Know Your Customer (KYC), Anti-Money Laundering (AML) and Counter-
Terrorism Financing Policy**

MINDA INVESTMENTS LIMITED

1) INTRODUCTION AND BACKGROUND

The Prevention of Money Laundering Act, 2002 (PMLA) and the Rules notified thereunder impose obligation on banking companies, financial institutions (which includes chit fund company, a co-operative bank, a non-banking financial company and a housing finance institution) and other defined intermediaries to verify identity of clients, maintain records and furnish requisite information to Financial Intelligence Unit- India (FIU-IND). The PMLA defines money laundering offence and provides for the freezing, seizure and confiscation of the proceeds of crime.

The Reserve Bank of India (RBI) has prescribed the Know Your Customer (KYC) Directions, 2025 ("RBI KYC Directions") in order to ensure compliance by every entity regulated by RBI with the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005.

The Company, being a Core Investment Company registered U/s 45-IA of the RBI Act as a CIC, is engaged in investment and financing activities to its entities in the Group, and therefore, is required to comply with the KYC Directions to the extent of its applicability to the Company while dealing with the group Companies.

This Know Your Customer (KYC) and Anti Money Laundering (AML) Policy has been prepared considering the following 4 key elements:

- a) To lay down the criteria for Customer Acceptance (CAP);
- b) Risk Management from Money Laundering Risk perspective;
- c) To lay down criteria for Customer Identification Procedures (CIP);
- d) To establish procedures for monitoring of transactions as may be applicable.

2) APPLICABILITY

The Know Your Customer, Anti-Money Laundering and Counter-Terrorism Financing Policy (the "Policy") applies to the Company. The Policy also applies to any third parties relied upon or used by the Company to perform any of the requirements of its AntiMoney Laundering ("AML") Program.

3) DEFINITIONS- For this Policy, definition of various terms used is as under:

3.1 "Aadhaar number", as defined in the Aadhaar and Other Law (Amendment) Ordinance, 2019, means an identification number issued to an individual under sub-section (3) of section 3 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016), and includes any alternative virtual identity generated under sub-section (4) of that section.

3.2 "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.

3.3 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 person, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause

- i) “Controlling ownership interest” means ownership of/entitlement to more than 25 per cent of the shares or capital or profits of the company.
- ii) “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
- b) Where the **customer is a partnership firm**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/ have ownership of/ entitlement to more than 15 per cent of capital or profits of the partnership.
- 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 per cent 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 15% 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.

3.4 Cash Transaction Report (CTR)- CTR will include the following:

- a) all cash transactions of the value of more than Rs.10 lakh or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below Rs.10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds Rs.10 lakh or its equivalent in foreign currency.

3.5 “Certified Copy of OVD”- Obtaining a certified copy by regulated entity shall mean comparing the copy of officially valid document so produced by the customer with the original and recording the same on the copy by the authorized officer of the regulated entity.

3.6 Central KYC Records Registry (CKYCR) means an entity defined under Rule 2(1)(aa) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

3.7 Counterfeit Currency Transaction- All cash transactions, where forged or counterfeit Indian currency notes have been used as genuine. These cash transactions should also include transactions where forgery of valuable security or documents has taken place.

3.8 Customer- means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

3.9 Customer Due Diligence (CDD)- means identifying and verifying the customer and the beneficial owner.

3.10 Designated Director- means 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 Rules.

3.11 KYC Templates means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities, as required by the relevant Rules.

3.12 Non-face-to-face customers- Customers who open accounts without visiting the branch/ offices of the Company or meeting its officials.

3.13 Officially valid document (OVD)- Any document notified/ advised by the Central Government/ Regulatory Authorities as officially valid document for verifying identity and proof of address of customers.

Currently, OVD means the following:

i) Proof of possession of Aadhaar number, in such form as issued by the Unique Identification Authority of India (UIDAI);

ii) Passport

iii) Driving License

iv) Voter's Identity Card issued by the Election Commission of India

v) Job Card issued by NREGA duly signed by an officer of the State Government

vi) Letter issued by the National Population Register containing details of name and address.

“Provided that in case the OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address:

a) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);

b) property or Municipal tax receipt;

c) pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;

d) 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, the customer shall submit OVD with current address within a period of three months of submitting the alternate documents specified above.

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

3.14 Offline Verification as defined in the Aadhaar and Other Law (Amendment) Ordinance, 2019, means the process of verifying the identity of the Aadhaar number holder without authentication, through such offline modes as may be specified by the Aadhaar regulations.

3.15 On-going Due Diligence- Regular monitoring of transactions in accounts to ensure that they are consistent with the customers' profile and source of funds.

3.16 Periodic Updation- means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the RBI, the PMLA and the Rules thereunder.

3.17 Politically Exposed Persons- Individuals who are or have been entrusted with prominent public functions, e.g., Heads of States/Governments, senior politicians, senior government/ judicial/military officers, senior executives of state-owned corporations, important political party officials etc.

3.18 Principal Officer (PO)- An official designated by the Board of Directors of the Company for overseeing and managing the KYC & AML policies and processes. The PO will be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/ regulations.

3.19 “Regulated Entities” (REs) means:

- a) 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 licenced under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as ‘banks’;
- b) All India Financial Institutions (AIFIs);
- c) All Non-Banking Finance Companies (NBFC)s, Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs);
- d) All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers);
- e) All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.

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

- a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime, regardless of the value involved; or
- b) appears to be made in circumstances of unusual or unjustified complexity; or
- c) appears to have no economic rationale or bona fide purpose; or
- d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

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

3.21 Transaction- means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes: a) opening of an account;

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

3.22 Walk-in Customer- means a person who does not have an account-based relationship with the Company but undertakes transactions with the Company.

4) CUSTOMER ACCEPTANCE POLICY (CAP) AND CUSTOMER DUE DILIGENCE (CDD)

In accordance with the requirements prescribed by the RBI, the Company will adhere to the following Customer Acceptance Policy (CAP) criteria for acceptance of customers:

- i) The Company will not open any account(s) in anonymous, fictitious or 'benami' name(s).
- ii) No account is opened where the Company is unable to apply appropriate Customer Due Diligence ("CDD") measures, either due to non-cooperation of the customer or non-reliability of the documents/ information furnished by the customer.
- iii) No transaction or account-based relationship will be undertaken without following the CDD procedure;
- iv) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation will be specified.
- v) Optional or additional information will be obtained with an explicit consent of the customer after the account is opened.
- vi) CDD Procedure will be followed for all the joint account holders, while opening a joint account.
- vii) Circumstances in which, a customer is permitted to act on behalf of another person/entity, will be clearly spelt out.
- viii) Identity of the customer should not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc. For this purpose, the Company will maintain lists of individuals or entities issued by RBI, United Nations Security Council, other regulatory & enforcement agencies, internal lists as the Company may decide from time to time. Details of accounts/ customers bearing resemblance with any of the individuals/ entities in the list shall be treated as suspicious and reported.
- ix) 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 will conduct appropriate due diligence. Beneficiary of the relationship/ account shall also be identified.

The nature and extent of basic due diligence measures to be conducted at the time of establishment of account opening/ relationship, will depend upon the risk category of the customers and involve collection and recording of information by using reliable independent documents, data or any other information. This may include identification and verification of the applicant and wherever relevant, ascertaining of occupational details, legal status, ownership and control structure and any additional information in line with the assessment of the risks posed by the applicant and the applicant's expected use of the Company's products and services from an AML perspective.

- x) The Company may rely on third party verification subject to the conditions prescribed by the RBI, the PMLA and the Rules thereunder in this regard.
- xi) For non-face-to-face customers, appropriate due diligence measures (including certification requirements of documents, if any) will be devised for identification and verification of such customers.
- xii) The 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.
- xiii) Appropriate Enhanced Due Diligence ("EDD") measures shall be adopted for high risk customers from AML perspective, especially those for whom the sources of funds are not clear, transactions

carried through correspondent accounts and customers who are Politically Exposed Persons (“PEPs”) and their family members/close relatives.

- xiv) 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.
- xv) Where the Company is unable to apply appropriate KYC measures due to nonfurnishing of information and /or non-cooperation by the customer, the Company may consider closing the account or terminating the business relationship. However, the decision to close an existing account shall be taken at a reasonably senior level, after giving due notice to the customer explaining the reasons for such a decision.

The aspects mentioned in the CAP would be reckoned while evolving the KYC/AML procedures for various types of customers and products. However, while developing the KYC/CDD procedures, the Company will ensure that its procedures do 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.

5) RISK MANAGEMENT

The Company will ensure that it has an effective and appropriate KYC procedures. The overall KYC/AML program will cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibilities will be explicitly allocated within the Company to ensure that the Company’s policies and procedures are implemented effectively.

To provide reasonable assurance that its KYC and AML procedures are functioning effectively, an audit of its KYC and AML processes will be covered under the Internal Audit of the Company. The audit findings and compliance thereof will be put up before the Audit Committee of the Board on quarterly intervals till closure of audit findings.

The Company will categorise its customers as low, medium and high-risk category, in accordance with the regulatory requirements/ guidance in this regard from time to time and based on the assessment, profiling and perceived risk. The parameters such as customer’s identity, social/ financial status, nature of business activity, and information about the clients’ business and their location etc. may also be considered in this regard.

Further, the Company will put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures in accordance with the regulatory requirements.

6) CUSTOMER IDENTIFICATION

6.1 The Company shall undertake identification of customers in the following cases:

- a) Commencement of an account-based relationship with a customer.
- b) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- c) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
- d) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.

- e) 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 rupees fifty thousand.
- f) The Company shall ensure that introduction is not to be sought while opening accounts.

6.2 Reliance on customer due diligence done by third party

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

- 6.2.1 Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
- 6.2.2 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.
- 6.2.3 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.
- 6.2.4 The third party shall not be based in a country or jurisdiction assessed as high risk.
- 6.2.5 The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.

7) **CUSTOMER DUE DILIGENCE (CDD) PROCEDURES**

The Company will ensure compliance with the regulatory/ statutory requirements with respect to the Customer Identification Procedure to be carried out at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when the Company has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. The Company will obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. Being satisfied means that the Company must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.

Besides risk perception, the nature of information/ documents required would also depend on the type of customers. Depending on type of customers (individual and non-individual entities including proprietary firm), the Company will obtain certified Officially Valid Documents (OVD)/ KYC documents in accordance with the regulatory requirements to verify the customer's identity, beneficial owner and location (also recent photograph for individuals involved) along with such other documents pertaining to the nature of business or financial status as may be specified by the Company.

- 7.1 **CDD Procedure in case of Individuals-** From an individual, along with one recent photograph and certified copy of Permanent Account Number (PAN), certified copy of one of the OVDs as defined above to be taken for verification of the identity and the address.

7.1.1 Exceptions for PAN

- a) If PAN is not availed then Form No. 60 as defined in Income-tax Rules, 1962 may be taken;
- b) In case the individual client is not a resident or is a resident in the States of Jammu and Kashmir, Assam or Maghalaya and does not submit the Permanent Account Number, the client shall submit to the Company one certified copy of officially valid document containing details of his identity and address, one recent photograph and such other document including in respect of the nature of business and financial status of the client as may be required by the Company;

7.1.2 Aadhaar Offline Verification- The Company, being a non-bank, may carry out offline verification of a customer if he is desirous of undergoing Aadhaar offline verification for identification purpose. However, where its 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 (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act.

7.1.3 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 PMLA/ the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act/ the RBI KYC Directions.

7.1.4 The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, the Aadhaar and Other Law (Amendment) Ordinance, 2019 and the regulations made thereunder.

7.1.5 Simplified procedure for opening accounts: In case a person who desires to open an account is not able to produce any of the OVDs, the Company may at its discretion open accounts subject to the following conditions:

- a) The Company shall obtain a self-attested photograph from the customer.
- b) The authorized officer of the Company should certify under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
- c) The account shall remain operational initially for a period of 12 months, within which CDD as prescribed above should be carried out.
- d) Balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time.
- e) The total credit in all the accounts taken together shall not exceed rupees one lakh in a year.
- f) The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case Directions (d) and (e) above are breached by him.
- g) The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in direction (d) and (e) above.

7.2 CDD Measures for Sole Proprietary firms

7.2.1 For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) should be carried out.

7.2.2 In addition to the above, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained: i) Registration certificate;

ii) Certificate/ License issued by the municipal authorities under Shop and Establishment Act; iii) Sales and income tax returns; iv) CST/VAT certificate;

v) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities; vi) 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.

7.2.3 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.

7.3 CDD Measures for other Legal Entities

7.3.1 Where the client is a company, it shall submit certified copies of the following documents:

- a) Certificate of incorporation;
- b) Memorandum and Articles of Association;
- c) Permanent Account Number of the Company;
- d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and
- e) An OVD, PAN and recent photograph of the managers, officers or employees holding an attorney to transact on the applicant company's behalf; as applicable to an individual for a transaction with the Company.

7.3.2 Where the client is a partnership firm, it shall submit certified copies of the following documents:

- a) Registration Certificate;
- b) Partnership Deed;
- c) Permanent Account Number of the partnership firm; and
- d) An OVD, PAN and recent photograph of the person holding an attorney to transact on the firm's behalf; as applicable to an individual for transaction with the Company.

7.3.3 Where the client is a trust, it shall submit certified copies of the following documents:

- a) Registration Certificate;
- b) Trust Deed;
- c) Permanent Account Number or Form No.60 of the trust; and
- d) An OVD, PAN and recent photograph of the person holding an attorney to transact on the trust's behalf as applicable to an individual for a transaction with the Company.

7.3.4 Where the client is an unincorporated association or a body of individuals, it shall submit certified copies of the following documents:

- a) Resolution of the managing body of such association or body of individuals;
- b) Power of attorney granted to him to transact on its behalf;
- c) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals;
- d) An OVD, PAN and recent photograph of the person holding an attorney to transact on the entity's behalf; as applicable to an individual for transaction with the Company; and
- e) Such information as may be required by the reporting entity to collectively establish the legal existence of such an association or body of individuals:

7.3.5 For opening accounts of juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats, certified copies of the following documents shall be obtained:

- a) Document showing name of the person authorised to act on behalf of the entity;
- b) An OVD, PAN and recent photograph of the person holding an attorney to transact on the entity's behalf; as applicable to an individual for transaction with the Company; and
- c) Such documents as may be required by the R to establish the legal existence of such an entity/ juridical person.

7.4 **Identification of Beneficial Owner**

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

7.4.1 Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

7.4.2 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.

8) **ENHANCED DUE DILIGENCE (EDD) PROCEDURES**

8.1 Accounts of non-face-to-face customers: The Company will include additional procedures i.e., certification of all the documents presented, calling for additional documents and the first payment to be affected through the customer's KYC-compliant account with another regulated entity for enhanced due diligence of nonface to face customers.

8.2 Accounts of Politically Exposed Persons (PEPs): The Company will have the option of establishing a relationship with PEPs, provided that:

- a) sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;
- b) the identity of the person shall have been verified before accepting the PEP as a customer;
- c) the decision to open an account for a PEP is taken at a senior level in accordance with the Company's Customer Acceptance Policy;
- d) all such accounts are subjected to enhanced monitoring on an on-going basis;

- e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;
- f) the CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

The above will also be applicable to accounts where a PEP is the beneficial owner.

9) SIMPLIFIED DUE DILIGENCE PROCEDURES

9.1 Simplified norms for Self Help Groups (SHGs)

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

10) MONITORING OF TRANSACTIONS/ ON-GOING DUE DILIGENCE

Ongoing monitoring is an essential element of effective KYC procedures. The Company can effectively control and reduce its risk only if it has an understanding of the normal and reasonable activity of the customer so that it can identify transactions that fall outside the regular pattern. However, the extent of monitoring will depend on the risk sensitivity of the account. Since the Company will not have any deposit accounts, this situation is unlikely to arise, but the Company will in any case 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.

10.1 Periodical review of risk categorization- The Company will put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures in case of higher risk perception on a customer. The Company will carry such review of risk categorization of customers at a periodicity of not less than once in six months.

10.2 Periodic Updation- 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 subject to the following conditions:

- a) Fresh proofs of identity and address shall not be sought at the time of periodic updation from customers who are categorised as 'low risk', when there is no change in status with respect to their identities and addresses and a selfcertification to that effect is obtained.
- b) A certified copy of the proof of address forwarded by 'low risk' customers through mail/ post, etc., in case of change of address shall be acceptable.
- c) Physical presence of low risk customer at the time of periodic updation shall not be insisted upon.
- d) The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.
- e) Fresh photographs shall be obtained from customer for whom account was opened when they were minor, on their becoming a major.
- f) E-KYC process using OTP based authentication for periodic updation is allowed provided while onboarding, the customer was subjected to proper KYC process.

11) APPOINTMENT OF THE DESIGNATED DIRECTOR AND THE PRINCIPAL OFFICER

11.1 Designated Director- The Company will nominate a “Designated Director” to ensure compliance with the obligations prescribed by the PMLA and the Rules thereunder.

11.2 Principal Officer- The Company designate one of its senior officials as the ‘Principal Officer’ who will be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/ regulations.

12) REPORTING THE FINANCIAL INTELLIGENCE UNIT-INDIA (FIU-IND)

In accordance with the requirements under the PMLA, the Company will furnish the following reports, as and when required, to the Director, Financial Intelligence Unit India (FIU-IND):

12.1 Cash Transaction Report (CTR)- If any such transactions detected, Cash Transaction Report (CTR) for each month by 15th of the succeeding month.

12.2 Counterfeit Currency Report (CCR)- All such cash transactions where forged or counterfeit Indian currency notes have been used as genuine as Counterfeit Currency Report (CCR) for each month by 15th of the succeeding month.

12.3 Suspicious Transactions Reporting (STR)- The Company will monitor transactions to identify potentially suspicious activity. Such triggers will be investigated, and any suspicious activity will be reported to FIU-IND. The Company will file the Suspicious Transaction Report (STR) to FIU-IND within 7 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. However, in accordance with the regulatory requirements, the Company will not put any restriction on operations in the accounts where an STR has been filed.

The Company will maintain confidentiality in investigating suspicious activities and while reporting CTR/ CCR/ STR to the FIU-IND/ higher authorities. However, the Company may share the information pertaining to the customers with the statutory/ regulatory bodies and other organizations such as banks, credit bureaus, income tax authorities, local govt. authorities etc.

13) RECORD MANAGEMENT

13.1 Record-keeping requirements- The Company shall ensure maintenance of proper record of transactions required under PMLA as mentioned below:

- a) all cash transactions of the value of more than Rs.10 lakh or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below Rs.10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds Rs.10 lakh or its equivalent in foreign currency;
- c) all cash transactions 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;
- d) all suspicious transactions whether or not made in cash; and
- e) records pertaining to identification of the customer and his/her address; and
- f) should allow data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

13.2 Records to contain the specified information- The records should contain the following information:

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

13.3 Maintenance and Preservation of records: The Company will maintain and preserve the following records for the required time-period as prescribed under the PMLA, either in hard or soft format:

- a) all necessary records of transactions referred above; which will permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity;
- b) records pertaining to the identification of the customer and his address obtained while opening the account and during the course of business relationship;

14) 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:

14.1 The identity and address of the walk-in customer shall be verified for the transactions as required under the CIP prescribed above;

14.2 Transaction details of sale of third-party products and related records shall be maintained.

14.3 Monitoring of transactions for any suspicious activity will be done.

15) QUOTING OF PAN

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

16) CUSTOMER EDUCATION

Seeking of certain KYC information from customers can sometimes lead to queries from the customer as to the motive and purpose of collecting such information. In this regard, the Company will take appropriate steps to educate customers on the objectives of the KYC measures.

17) HIRING OF EMPLOYEES AND EMPLOYEE TRAINING

17.1 Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.

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

18) INTRODUCTION OF NEW TECHNOLOGIES

The Company will pay special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that might favour anonymity, and take measures, if needed, to prevent its use in money laundering schemes.

19) ADHERENCE TO KNOW YOUR CUSTOMER (KYC) GUIDELINES BY THE COMPANY'S AGENTS

19.1 The Company's agents or persons authorized by it, for the its business, shall be fully compliant with the AML/ KYC Policy applicable to the Company.

19.2 All information shall be made available to the RBI to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorised by the Company including agents etc. who are operating on its behalf.

19.3 The 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 for audit and inspection whenever required.

20) SHARING KYC INFORMATION WITH CENTRAL KYC RECORDS REGISTRY (CKYCR)

The Company will capture the KYC information/ details as 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.

21) REPORTING REQUIREMENT UNDER FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARDS (CRS)

The Company, if applicable, will adhere to the provisions of Income Tax Rules 114F, 114G and 114H. If the Company becomes a Reporting Financial Institution as defined in Income Tax Rule 114F, it will take requisite steps for complying with the reporting requirements in this regard.

22) APPROVAL AUTHORITY AND REVIEW OF THE POLICY

The Policy will be approved by the Board initially. Thereafter, it will be reviewed by the Board at least once in a year if not earlier required by the regulatory authorities. Any review/ amendment in the Policy shall be recommended by the Risk Management Committee to the Board for its approval. However, if there are any amendments in the Policy is necessitated due to any regulatory requirement/ amendment then the same may be done after approval from the Designated Director based on the recommendation of the Principal Officer.

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