



# **ARYAMAN**

## **FINANCE (INDIA) LIMITED**

### **KYC/AML Policy**

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Approved by	Board of Directors
Reviewed by the Board on	<b>29/12/2025</b>
Name of the entity	Aryaman Finance (India) Limited

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## INTRODUCTION:

Aryaman Finance (India) Limited (**'AFIL/Company'**) is a non-deposit-taking Non-Banking Financial Company (**'NBFC'**) duly registered with the Reserve Bank of India (**'RBI'**). Under the Scale-Based Regulatory (**SBR**) Framework for NBFCs, the Company is categorised as a Base Layer NBFC based on its asset size.

In terms of the provisions Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 (**"RBI KYC Directions 2025"**) read with Prevention of Money Laundering (**PML**) Act, 2002 (**"PML Act / PMLA Act"**) and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (**"PML Rules / Rules"**), as amended from time to time by the Government of India and as notified by the Government of India, Non-Banking Financial Companies (NBFC's) being Regulated Entities (REs) are required to follow certain customer identification procedures and conduct customer due diligence while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions and take steps to ensure implementing the provisions of the aforementioned Act, Rules and Ordinance, including operational instructions issued in pursuance of such amendment(s).

AFIL is committed to the highest standards of Anti Money Laundering (**"AML"**), Counter Terrorism Financing (**CFT**), Anti-Fraud and other punishable criminal acts. The Board of Directors, Management and all employees shall adhere to these standards to protect the Company and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

Accordingly, the Company has adopted this KYC/AML Policy (**'the Policy'**) in line with the requirements of the RBI (NBFC – Know Your Customer) Directions, 2025, as updated from time to time. This policy has been duly approved by the Board of Directors of the Company.

## DEFINITIONS:

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:

- (i) **"Aadhaar number"** shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016);
- (ii) **"Act"** and **"Rules"** mean the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.
- (iii) **"Authentication"** in the context of Aadhaar authentication means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
- (iv) **"Beneficial Owner (BO)"**
  - (a) Where the **customer is a company**, the BO 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 per cent 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, management rights, shareholders agreements or voting agreements.
- (b) Where the **customer is a partnership firm**, the BO 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 per cent 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 BO is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, 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: The term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the BO is the relevant natural person who holds the position of senior managing official.*

- (d) Where the **customer is a trust**, the identification of BOs shall include identification of the author of the trust, the trustee, the beneficiaries with 10 per cent 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.
- (v) **"Certified Copy"** - Obtaining a certified copy by the Regulated Entity (**RE**) shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the RE as per the provisions contained in the Act.

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

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

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

- (vii) **"Designated Director"** means a person 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 this clause, the terms 'Managing Director' and 'Whole-time Director' shall have the meaning assigned to them in the Companies Act, 2013.*

- (viii) **"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).

- (ix) **"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

- (x) **"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).

- (xi) **"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 their 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 their KYC Identifier on the CKYCR Portal ([www.ckycindia.in](http://www.ckycindia.in)).*

**(xii) “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).

**(xiii) “Officially Valid Document” (OVD)** means the

- passport,
- the driving licence,
- proof of possession of Aadhaar number,
- the Voter's Identity Card issued by the Election Commission of India,
- the job card issued by NREGA, duly signed by an officer of the State Government and a letter issued by the National Population Register containing details of name and address.

Provided that,

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

*Explanation: For 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.*

**(xiv) “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).

**(xv) “Person”** has the same meaning assigned in the Act and includes:

- (a) an individual,
- (b) a Hindu undivided family,
- (c) a company,
- (d) an association of persons or a body of individuals, whether incorporated or not,
- (e) every artificial juridical person, not falling within any one of the above persons (a to e), and
- (f) any agency, office or branch owned or controlled by any of the above persons (a to f).

**(xvi) “Principal Officer”** means an officer at the management level nominated by the RE, responsible for furnishing information as per Rule 8 of the Rules.

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

- a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
- b. appears to be made in circumstances of unusual or unjustified complexity; or
- c. appears to not have an 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: Transactions involving financing of the activities relating to terrorism includes transaction involving funds that the NBFC suspects are linked to, 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.*

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

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

2. Unless the context otherwise requires, terms in these Directions shall bear the meanings assigned to them below:

**(i) “Common Reporting Standards (CRS)”** means reporting standards set for the implementation of a multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.

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

**(iii) “Walk-in Customer”** means a person who does not have an account-based relationship with the NBFC, but undertakes transactions with the NBFC.

**(iv) “Customer Due Diligence (CDD)”** means identifying and verifying the customer and the BO using reliable and independent sources of identification.

*Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out an occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:*

- a) *Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable*
- b) *Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;*
- c) *Determining whether a customer is acting on behalf of a BO, and identifying the BO and taking all steps to verify the identity of the BO, using reliable and independent sources of identification.*

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

**(vi) “FATCA”** means the 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.

**(vii) “IGA”** means the Inter-Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.

**(viii) “KYC Templates”** means templates prepared to facilitate collating and reporting KYC data to the CKYCR, for individuals and legal entities.

**(ix) “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.

**(x) “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

(xi) **“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.

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.

#### **OBJECTIVES AND SCOPE:**

In view of the foregoing, the key objectives of the KYC and AML Policy are as follows:

- a) To establish a regulatorily compliant KYC mechanism to onboard customers;
- b) To ensure compliance throughout the life-cycle of customers as per the laid down norms
- c) To establish a framework for adopting appropriate AML procedures and controls in the operations/business processes of the Company;
- d) To ensure compliance with the laws and regulations in force from time to time;
- e) To protect the Company’s reputation;
- f) To lay down KYC-AML compliance norms for the employees of the Company

#### **CUSTOMER ACCEPTANCE POLICY (CAP):**

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

1. Do not open any account in an anonymous or fictitious / benami name
2. No account is opened where the RE is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. The RE shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
3. No transaction or account-based relationship is undertaken without following the CDD procedure.
4. The mandatory information to be sought for KYC purposes while opening an account and during the periodic updation is specified.
5. Additional information, where such information requirement has not been specified in the internal KYC Policy of the RE, is obtained with the explicit consent of the customer.
6. REs shall apply the CDD procedure at the Unique Customer Identification Customer (UCIC) level. Thus, if an existing KYC-compliant customer of a RE desires to open another account or avail any other product or service from the same RE, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
7. CDD Procedure is followed for all the joint account holders while opening a joint account.
8. Circumstances in which a customer is permitted to act on behalf of another person/entity are clearly spelt out.
9. A suitable system is put in place to ensure that the identity of the customer does not match with any person or entity whose name appears in the sanctions lists indicated in Chapter IX of RBI KYC Directions 2025.
10. Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
11. Where an equivalent e-document is obtained from the customer, RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
12. Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

Subject to the above norms and cautions, it will be ensured that the above norms and safeguards do not result in any kind of harassment or inconvenience to bona fide and genuine customers, especially those who are financially or socially disadvantaged, and they should not feel discouraged while dealing with the Company. In such exceptional circumstances, before rejection of service to customers on the issue of his identity, necessary approval from a level senior to the officer normally taking such a decision should be obtained.

## **RISK CATEGORIZATION OF CUSTOMERS**

The Company shall have a risk-based approach, which includes the following.

- a. Customers shall be categorised as low, medium and high-risk categories or any other category decided by the risk management committee, based on the assessment and risk perception of the Company: -

(i) Low-risk customers

For the purpose of this policy, individuals and entities whose identities and sources of wealth can be easily identified have structured income and transactions in whose accounts, by and large, conform to the known profile. Illustrative examples of low-risk customers could be:

- Salaried applicants with a fixed salary paid by cheque/bank.
- People belonging to government departments,
- People working with government-owned companies, regulators and statutory bodies etc.
- People belonging to lower economic strata of the society whose accounts show small balances and low turnover
- People working with Public Sector Units
- People working with reputed Public Limited companies & Multinational Companies.
- Self-employed professionals other than HNIs (High Net Worth Individuals).

(ii) Medium Risk customers would include:

- Salaried applicants with variable income/unstructured income
- Salaried applicants with a salary paid in cash.
- Salaried applicants working with Private limited companies.
- Self-Employed Non-Professional.
- Self-employed customers with a sound business and a profitable track record for a reasonable period.
- High Net worth Individuals with an occupational track record of up to 3 years.
- Retired Person with Pension

(iii) High-risk customers:

Those who are likely to pose a higher-than-average risk to us may be categorized high risk customers depending on the customer's background, nature and location of activity, country of origin, sources of funds and their client profile, etc. The Company will examine the case in detail based on the risk assessment.

Examples of high-risk customers requiring higher due diligence may include:

- Non-resident customers,
- Retired Person without Pension
- High net worth individuals, without an occupational track record of more than 3 years.
- Trusts, charities, NGOs and organisations receiving donations.
- Companies having close family shareholding or beneficial ownership,
- Firms with 'sleeping partners'
- Politically exposed persons (PEPs) of foreign origin,
- Non-face-to-face customers
- Those with a dubious reputation as per available public information, etc

- b. The indicative parameters that the Company may factor in for risk-categorisation of customers are:

- i. customer's identity, social/ financial status
- ii. nature of business activity,
- iii. information about the customer's business and location,
- iv. geographical risk covering customers as well as transactions,
- v. type of products/services offered,
- vi. delivery channel used for delivery of products/services,
- vii. types of transaction undertaken –cash, cheque / monetary instruments, wire transfers, etc.
- viii. The ability to confirm identity documents through online or other services offered by issuing authorities.

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 company will periodically review the risk categorisation of accounts at least once every six months.

## **CUSTOMER IDENTIFICATION PROCEDURE (CIP)**

### **The Company will initiate customer identification under the following circumstances-**

- (1) At the start of an account-based relationship with the customer.
- (2) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- (3) Carrying out transactions for a non-account-based customer, i.e., 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.
- (4) When the NBFC 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
- (5) The NBFC shall ensure it does not seek introductions while opening accounts.

The true identity and bona fides of the existing customers and new potential customers opening accounts with the Company and obtaining basic background information would be of paramount importance. The Company will obtain sufficient identification data to verify

- i. The identity of customer
- ii. his/her address/location and
- iii. his/her recent photograph.

The company needs to obtain the information necessary to establish the identity of new customers

### **Reliance on customer due diligence, if any, is done by the third party**

The Company for the purpose of verifying the identity of customers, while entering into an account-based relationship, may rely on customer due diligence done by a third party, subject to the following conditions:

- (1) Records or information of the customer due diligence carried out by the third party is obtained immediately within **two days** from the third party or from the Central KYC Records Registry.
- (2) Copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available without delay to the Company as and when desired.
- (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.
- (4) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.

## **CLIENT DUE DILIGENCE (CDD)**

CDD means identifying and verifying the customer and the BO using reliable and independent sources of identification.

The details to be collected for conducting CDD of the following types of customers are as follows:

### **A. Individual (a BO, authorised signatory or the power of attorney holder)**

For undertaking CDD, the Company shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a BO, authorised signatory or the power of attorney holder related to any legal entity:

- a) Any one of the following:
  - ✓ the Aadhaar number where he decides to submit his Aadhaar number voluntarily; or they are desirous of receiving any benefit or subsidy
  - ✓ the proof of possession of an Aadhaar number where offline verification can be carried out; or
  - ✓ the proof of possession of an 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
- b) the KYC Identifier with an explicit consent to download records from CKYCR;
- c) the PAN or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and

- d) the NBFC may require such other documents, including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof.

**B. Sole Proprietary Firm**

For opening an account in the name of a sole proprietorship firm, the following shall be obtained:

- (1) Registration certificate, including Udyam Registration Certificate (URC) issued by the Government;
- (2) Certificate/licence issued by the municipal authorities under the Shop and Establishment Act;
- (3) Sales and income tax returns;
- (4) CST/VAT/ GST certificate;
- (5) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities;
- (6) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute;
- (7) 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;
- (8) Utility bills such as electricity, water, landline telephone bills, etc.;

*Note - In cases where the Company is satisfied that it is not possible to furnish two such documents, the Company, at its discretion, accept only one of those documents as proof of business/activity, provided the Company undertakes contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.*

*Further, this will be in addition to documents fetched while carrying out CDD of the individual (proprietor)*

**C. Company**

For opening an account in the name of a company, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:

- (1) Certificate of incorporation;
- (2) Memorandum and Articles of Association;
- (3) PAN of the company;
- (4) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf;
- (5) CDD at the individual level, relating to BO;
- (6) the names of the relevant persons holding senior management positions; and
- (7) the registered office and the principal place of its business, if it is different.

**D. Partnership firm**

For opening an account in the name of a partnership firm, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:

- (1) Registration certificate;
- (2) Partnership deed;
- (3) PAN of the partnership firm;
- (4) CDD at the individual level, relating to BO;
- (5) the names of all the partners; and
- (6) address of the registered office, and the principal place of its business, if it is different.

**E. Trust**

For opening an account in the name of a trust, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:

- (1) Registration certificate;
- (2) Trust deed;
- (3) PAN or Form No.60 of the trust;
- (4) CDD at the individual level, relating to BO;

- (5) the names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust;
- (6) the address of the registered office of the trust; and
- (7) list of trustees and documents, at the individual level, for those discharging the role as trustee and authorised to transact on behalf of the trust.

F. Unincorporated association or a body of individuals

For opening an account of an unincorporated association or a body of individuals, the NBFC shall obtain the certified copies of each of the following documents or the equivalent e-documents thereof:

- (1) Resolution of the managing body of such association or body of individuals
- (2) PAN or Form No. 60 of the unincorporated association or a body of individuals
- (3) Power of attorney granted to transact on its behalf
- (4) CDD at the individual level, relating to , relating to BO, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
- (5) Such information as may be required by the NBFC to collectively establish the legal existence of such an association or body of individuals

*Explanation: Unregistered trusts/partnership firms shall be included under the term 'unincorporated association'. Explanation: The term 'body of individuals' includes societies.*

G. Juridical person

For opening an 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 trust, the NBFC shall obtain and verify the certified copies of the following documents or the equivalent e-documents thereof:

- (1) Document showing the name of the person authorised to act on behalf of the entity
- (2) CDD at the individual level, relating to, of the person holding an attorney to transact on its behalf, and
- (3) Such documents as may be required by the NBFC to establish the legal existence of such an entity / juridical person.

Provided that in case of a trust, the NBFC shall 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 provisions of the Customer Identification Procedure of this policy.

**IDENTIFICATION OF BENEFICIAL OWNER**

For opening an account of an entity that is not a natural, the beneficial owner(s) shall be identified and all reasonable steps in terms of sub-rule (3) of Rule 9 of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 to be undertaken to verify his/ her identity, keeping in view the following:

- (a) 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.
- (b) In cases of trust/ nominee or fiduciary accounts where 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.

**ACCOUNTS OF POLITICALLY EXPOSED PERSONS**

1. The NBFC may establish business relationships with PEPs subject to normal CDD and the following additional measures:
  - a) identification of the customer or beneficial owner as a PEP through risk management systems
  - b) verification of source of funds/wealth;
  - c) senior management approval for opening or continuing the account; and
  - d) enhanced ongoing monitoring of such accounts.

2. Where an existing customer or beneficial owner subsequently becomes a PEP, senior management approval shall be obtained to continue the relationship.
3. These requirements shall also apply to family members and close associates of PEPs.

**Explanation:** PEPs are individuals entrusted with **prominent public functions by a foreign country**, including heads of state/government, senior politicians, senior government officials, judicial or military officers, senior executives of state-owned enterprises, and key political party officials.

#### **CLIENT ACCOUNTS OPENED BY PROFESSIONAL INTERMEDIARIES**

The NBFC shall ensure while opening client accounts through professional intermediaries, that:

- The NBFC must identify clients even when accounts are opened through professional intermediaries.
- Pooled accounts managed by intermediaries for funds are permitted.
- Accounts cannot be opened if client details cannot be disclosed due to confidentiality.
- Beneficial owners must always be identified, whether funds are pooled or held in sub-accounts.
- The NBFC may rely on KYC done by regulated intermediaries, if adequate systems exist.
- Final responsibility for customer identification rests with the NBFC.

#### **VIDEO-BASED CUSTOMER IDENTIFICATION PROCESS (“V-CIP”)**

The Company is currently not in the practice of Video Based Customer Identification Process.

But the company may undertake live V-CIP, to be carried out by an official of the Company, for the establishment of an account-based relationship with an individual customer, after obtaining their informed consent.

#### **The Company, if it implements V-CIP, will adhere to the following requirements:**

- (a) The official of the Company performing the V-CIP should record video as well as capture photographs of the customer present for identification, and carry out the Offline Verification of Aadhaar for identification.
- (b) It should 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 should be verified from the database of the issuing authority.
- (c) The live location of the customer (Geotagging) should be captured to ensure that the customer is physically present in India.
- (d) The official should check that the photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP, and the identification details in Aadhaar/PAN match the details provided by the customer.
- (e) The sequence and/or type of questions during video interactions should be varied to establish that the interactions are real-time and not pre-recorded.
- (f) In case of offline verification of Aadhaar using an XML file or Aadhaar Secure QR Code, it should be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.
- (g) All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of the process.
- (h) It will be ensured that the process is seamless, real-time, secured, and end-to-end encrypted audio-visual interaction with the customer, and the quality of the communication is adequate to allow identification of the customer beyond doubt. The Company will carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.
- (i) To ensure security, robustness, and end-to-end encryption, the Company will carry out software and security audits and validation of the V-CIP application before rolling it out.
- (j) The audio-visual interaction should be triggered from the domain of the Company itself. The VCIP process should be operated by officials specifically trained for this purpose. The activity log, along with the credentials of the official performing the V-CIP, should be preserved.
- (k) The Company should ensure that the video recording is stored safely and securely and bears the date and time stamp.
- (l) The Company will endeavour to take the assistance of the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer. (m) The Company should ensure to redact or blackout the Aadhaar number.

### **DIGITAL KYC PROCESS**

In case the Digital KYC Process is adopted by the Company, it will ensure compliance with the following requirements:

- The NBFC shall conduct Digital KYC only through its **secure, authenticated application**, made available at customer touchpoints.
- **Access to the application** shall be restricted to authorised officials using **login/OTP-based controls**.
- Digital KYC shall involve **physical interaction** between the customer and authorised official, with **original OVD/Aadhaar** in the customer's possession.
- The authorised official shall capture a **live photograph of the customer**, embedded in the CAF with **watermarking** containing CAF number, GPS coordinates, official details, date and time.
- The application shall ensure capture of **live photographs only**, with **white background** and **no third party** in the frame.
- **Live photographs of original OVD/Aadhaar** shall also be captured with required watermarking and without skew.
- Photographs of the customer and documents shall be captured in **adequate lighting** for clear visibility.
- The CAF shall be filled as per documents submitted, with **QR-code-based auto-population** used wherever available.
- **Customer consent** shall be obtained through **OTP authentication**, treated as the customer's signature on the CAF.
- The authorised official shall submit a **declaration authenticated through OTP**, supported by a capture of the official's live photograph.
- On completion, the system shall generate a **transaction/reference ID**, which shall be communicated to the customer.
- The Authorised Official should check and verify that: (i) information available in the picture of the document matches the information entered by the Authorised Official in CAF. (ii) live photograph of the customer matches the photo available in the document, and (iii) all of the necessary details in CAF, including mandatory fields, are filled properly
- On Successful verification, the CAF shall be digitally signed by the Authorised Official, who will take a print of the CAF, get signatures/thumb-impressions of customers at an appropriate place, then scan and upload the same in the system. The original hard copy may be returned to the customer

### **ON-GOING DUE DILIGENCE**

REs shall undertake ongoing due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile, the source of funds/wealth.

Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored:

- a) Large and complex transactions, including RTGS transactions, and those with unusual patterns, inconsistent with the normal activity of the customer, which have no apparent economic rationale or legitimate purpose.
- b) Transactions which exceed the thresholds prescribed for specific categories of accounts.
- c) High account turnover is inconsistent with the size of the balance maintained.
- d) Deposit of third-party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.

### **PERIODIC UPDATION OF KYC**

The Company shall adopt a risk-based approach for periodic updation of KYC. The periodic updation shall be carried out from the date of opening of the account/ last KYC updation.

- 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

#### **KYC Updation – Individuals**

##### **a. No Change in KYC Information**

Where there is no change in the customer's KYC details, the NBFC shall obtain a self-declaration from the customer confirming the same. Such a declaration may be obtained through the customer's registered

email ID, registered mobile number, digital channels (including the NBFC's mobile application), or written communication, as applicable.

**b. Change in Address Only**

In cases where there is a change only in the address of the customer, the NBFC shall obtain a self-declaration of the new address through permitted channels such as registered email ID, registered mobile number, ATMs, digital channels (including mobile application), or letter. The NBFC shall verify the declared address through positive confirmation within two months, using methods such as address verification letters, contact point verification, delivery confirmation, or other suitable means.

**c. Obtaining OVD / Deemed OVD (Optional)**

At its discretion, the NBFC may obtain a copy of an Officially Valid Document (OVD) or deemed OVD, or the equivalent e-documents, for proof of address at the time of updation or periodic updation of KYC. Any such requirement shall be clearly specified in the NBFC's internal KYC Policy, duly approved by the Board of Directors or a delegated committee thereof.

**d. Accounts Opened When Customer Was a Minor**

For accounts opened when the customer was a minor, upon the customer attaining majority, the NBFC shall obtain fresh photographs and ensure that Customer Due Diligence (CDD) documents as per prevailing standards are on record. Wherever required, the NBFC may carry out fresh KYC of such customers.

**e. Aadhaar OTP based e-KYC for Updation**

The NBFC may use Aadhaar OTP based e-KYC in non-face-to-face mode for KYC updation or periodic updation. The conditions stipulated for non-face-to-face onboarding shall not apply in such cases.

**f. Declaration of Current Address (Different from Aadhaar)**

Where the customer declares a current address different from the address in Aadhaar, positive confirmation shall not be required. The NBFC shall, however, ensure that the mobile number used for Aadhaar authentication matches the mobile number available in the customer's profile, to mitigate fraud risk.

**KYC Updation – Customers Other than Individuals**

**In case of no change in KYC details**, the NBFC shall obtain a self-declaration from the Legal Entity (LE) through registered email, digital channels, or authorised communication, and shall ensure that Beneficial Ownership (BO) details are verified and updated, where required

**Where there is a change in KYC information**, the NBFC shall undertake KYC and CDD procedures equivalent to onboarding a new LE customer.

**In addition to the above, the Company shall ensure that,**

- The Company shall ensure that **KYC/CDD documents as per current standards** are available, even where there is no change in customer information. Where such documents are **expired or not compliant**, KYC shall be carried out **equivalent to new customer onboarding**.
- **PAN details**, wherever available, shall be **verified with the issuing authority** at the time of periodic updation.
- An **acknowledgement** shall be issued to the customer for documents/self-declaration received, and KYC records shall be **promptly updated**, with **intimation of the updation date** provided to the customer.
- For customer convenience, the NBFC may allow **KYC updation at any branch**, as per its **Board-approved KYC Policy**.
- The NBFC shall follow a **risk-based approach** for periodic KYC updation and may prescribe **additional measures** (such as recent photograph, physical presence, branch-specific updation, or more frequent periodicity) in its **Board-approved policy**.
- Customers shall be advised to **submit updated documents within 30 days** of any change to ensure compliance with **PML Rules**.

## **RECORD MANAGEMENT**

The Company shall ensure to:

- (1) Maintain all necessary records of transactions between the Company and the customer, for at least five years from the date of the transaction.
- (2) preserve the records about the identification of the customers and their addresses obtained while opening the account and during the course of the business relationship, for at least five years after the business relationship is ended;
- (3) make available swiftly, the identification records and transaction data to the competent authorities upon request;
- (4) introduce a system of maintaining a proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- (5) maintain all necessary information in respect of transactions prescribed under PML Rule 3 to permit reconstruction of individual transactions, 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.
- (6) 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;
- (7) maintain records of the identity and address of their customer, and records in respect of transactions referred to in PML Rule 3 in hard or soft format.

*For 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.*

## **REPORTING REQUIREMENTS**

### **To Financial Intelligence Unit – India (FIU-IND)**

- The NBFC shall report information prescribed under Rule 3 of the PML (Maintenance of Records) Rules, 2005, to FIU-IND within the timelines specified under Rule 7.
- The NBFC shall follow FIU-IND-prescribed reporting formats and may use FIU-IND utilities to file CTRs/STRs, including manual data capture where systems are not fully automated.
- Any delay in reporting or correcting misreported transactions shall be treated as a separate violation for each day of delay.
- Filing of an STR shall not, by itself, result in restriction of operations in the concerned account.
- Records and reporting to FIU-IND shall be kept strictly confidential, without restricting internal analysis or permitted information sharing.
- The NBFC shall deploy robust systems to generate alerts for transactions inconsistent with the customer's risk profile.

## **COMPLIANCE WITH SECTION 51A OF UNLAWFUL ACTIVITIES (PREVENTION) ACT, 1967**

The Company will ensure compliance with Section 51A of the UAPA Act, 1987 by screening the prospective and existing account holders for the UN Sanction List or any other list as per UAPA Act, 1987. In the event that any account holder resembles the name on the list, it will be reported to FIU-IND and the Ministry of Home Affairs. Further, other requirements, including the freezing of assets, shall be followed by the Company

## **SECRECY OBLIGATIONS AND SHARING OF INFORMATION**

1. Officials of the Company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the Company and customer and requests for data/information from Government and other agencies, the Company shall first 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 mutual dealing except in following circumstances:
  - i. Where disclosure is under compulsion of law,
  - ii. Where there is a duty to the public to disclose,

- iii. the interest of the Company requires disclosure, and
  - iv. Where the disclosure is made with the express or implied consent of the customer.
2. The Company shall maintain the confidentiality of information as provided in Section 45NB of the RBI Act, 1934.
  3. The Company shall not use the information collected from the customer for the purpose of cross-selling or for any other purpose without the express permission of the customer.

**COMPLIANCE WITH THE PROVISIONS OF FOREIGN CONTRIBUTION (REGULATION) ACT, 2010:**

The NBFC shall ensure adherence to the provisions of the Foreign Contribution (Regulation) Act, 2010, and Rules made thereunder. Further, the NBFC shall also ensure meticulous compliance with any instructions/communications on the matter issued from time to time by the RBI based on advice received from the Ministry of Home Affairs, Government of India.

**CDD PROCEDURE AND SHARING KYC INFORMATION WITH CENTRAL KYC RECORDS REGISTRY (CKYCR)**

1. The NBFC shall upload customers' KYC records to CKYCR within 10 days of starting an account-based relationship, as per Rule 9(1A) of the PML Rules.
2. KYC data shall be uploaded in accordance with CERSAI operational guidelines and prescribed templates for Individuals and Legal Entities (as updated from time to time).
3. KYC records of all new individual accounts opened on or after April 1, 2017, shall be uploaded to CKYCR.
4. KYC records of Legal Entity accounts opened on or after April 1, 2021, shall be uploaded to CKYCR using the LE template issued by CERSAI.
5. The KYC Identifier generated by CKYCR shall be communicated to the concerned individual or Legal Entity.
6. KYC records of customers opened before the above dates shall be uploaded or updated at the time of periodic updation or when revised information is obtained.
7. Any additional or updated KYC information shall be furnished to CKYCR within the prescribed timeline, and updates received from CKYCR shall be reflected in the NBFC's records.
8. During periodic updation, customers shall be migrated to the prevailing CDD standards.
9. For account opening, verification, or periodic updation, the NBFC shall obtain or retrieve the customer's KYC Identifier from CKYCR and access KYC records online, without seeking fresh documents, unless there is a change in customer details, the KYC record is incomplete or non-compliant, the documents have expired, or additional information is required for identity/address verification, enhanced due diligence, or risk assessment.

**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 to comply with the reporting requirements in this regard

**INTRODUCTION OF NEW TECHNOLOGIES**

The Company shall pay special attention to any money laundering threats that may arise from new or developing technologies, including online transactions that may favour anonymity, and take measures, if needed, to prevent their use in money laundering activities as and when online transactions are started/ accepted by the Company.

**WIRE TRANSFERS**

Currently, the company is not involved in any cross-border wire transfers.

**SELLING THIRD PARTY PRODUCTS**

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

- (a) The identity and address of the walk-in customer shall be verified for transactions above rupees fifty thousand as required under paragraph 4 of this Policy.
- (b) transaction details of the sale of third-party products and related records shall be maintained as prescribed.

- (c) Anti-money Laundering (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.
- (d) Transactions involving rupees fifty thousand and above shall be undertaken only by:
  - i. debit to customers' accounts or against cheques; and
  - ii. obtaining and verifying the PAN given by the account-based as well as walk-in customers.

### **HIRING OF EMPLOYEES AND EMPLOYEE TRAINING**

1. The NBFC shall have an adequate employee screening mechanism, including a Know Your Employee policy, as part of recruitment.
2. Staff handling KYC/AML/CFT matters shall maintain high integrity, ethical standards, and sound knowledge of regulatory requirements.
3. The NBFC shall promote an environment of open communication and integrity among staff.
4. Ongoing, role-based training programmes shall be conducted for frontline, compliance, audit, and customer-facing staff to ensure effective implementation of KYC/AML/CFT policies.

### **MANDATORY APPOINTMENTS**

The Company shall ensure to designate and appoint, with the approval of the Board, two separate individuals as a principal Officer and Designated Director of the Company.

#### *Principal Officer*

- The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.
- The name, designation and address of the Principal Officer shall be communicated to both the FIUIND and to the RBI.

#### *Designated Director*

- A 'Designated Director' is a Board-nominated person whom the NBFC designates to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules.
- The NBFC shall communicate the name, designation, address and contact details of the Designated Director to the FIU-IND and RBI.
- The NBFC shall not nominate the Principal Officer as the 'Designated Director'

#### *Senior Management*

To be in compliance with obligations provided under the PML Act, the Senior Management shall be fully committed to establishing appropriate policies and procedures for the prevention of money laundering and terrorist financing and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. For KYC compliance, the Chief Regulatory Officer, the Chief Executive Officer, Chief Financial Officer are constituted as "Senior Management".

### **INTERNAL AUDIT**

The Company's Internal Audit and Compliance functions shall evaluate and ensure adherence to the KYC policies and procedures. As a general rule, the Compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. The Management under the supervision of Board/ Audit Committee shall ensure that the audit function is staffed adequately with skilled/trained individuals.

Internal Auditors will specifically check and verify the application of KYC procedures at the branches/ offices 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 in quarterly meetings or with their normal reporting frequency.

### **POLICY REVIEW**

The Company reserves its right to amend or modify this Policy in whole or in part as circumstances so warrant, at any time without assigning any reason whatsoever.

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