POLICY ON 'KNOW YOUR CUSTOMER’ - KYC NORMS/ ANTI-MONEY LAUNDERING STANDARDS
SUMATI PROJECTS LIMITED

POLICY AND PROCEDURES ON 'KNOW YOUR CUSTOMER' - KYC NORMS/ ANTI-MONEY LAUNDERING STANDARDS

Revised as per statutory requirements of RBI Master Direction RBI/DNBR/2016-17/45 _ DNBS (PD).008/ 03.10.119 / 2016-17 dated 01st September, 2016

PREAMBLE

Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) has been issuing guidelines on Know Your Customer (KYC) norms, norms/Anti-Money Laundering (AML) standards/Combating Financing of Terrorism (CFT)/Obligations of NBFCs under PMLA, 2002 and measures to be taken in this regard.

NBFCs are required to ensure that a proper policy framework on 'Know Your Customer' and Anti-Money Laundering measures with the approval of the Board is formulated and put in place. This policy document has been prepared in line with the RBI/ SEBI guidelines. As a part of the policy, the Company shall ensure that the information collected from the customer for the purpose of opening of account is kept as confidential and shall not divulge any details thereof for cross selling or any other purposes. The Company shall, therefore, ensure that the information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued by RBI/ SEBI. Any other information from the customer should be sought separately with his /her consent after opening the account.

MEANING OF MONEY LAUNDERING

Money Laundering is any transaction or series of transactions undertaken to conceal or disguise the nature and source of funds that have been obtained from illegal activity. The main objective of the money launderer is to transform 'dirty' money into seemingly clean money or other assets in a way to leave as little trace as possible of the transformation.

GENERAL PROVISIONS

This Policy represents the basic standards of Anti-Money Laundering and Combating Terrorism Financing (hereinafter collectively referred to as AML). Changes in the Policy will become effective upon approval by the Board of Directors of the Company. All relevant employees must be thoroughly familiar or made familiar with it and make use of the material contained in this Policy.

Objectives, Scope And Application Of The Policy

The primary objective of the policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities.

Objectives pursued by this Policy are as follows:

- Promote a "KYC" Policy as a cornerstone principle.
- Introduce a controlled environment where no business with a customer is transacted until all essential information concerning the customer has been obtained.
- Conduct Self – Assessments of Compliance with Anti Money Laundering Policy & Procedures.
- To lay down explicit criteria for acceptance of customers.
- To establish procedures to verify the bona-fide identification of individuals/non individuals for opening of account.
- To establish processes and procedures to monitor transactions of suspicious nature in accounts.
- To develop measures for conducting due diligence in respect of customers and reporting of such transactions.

Definition of Customer

For the purpose of KYC policy a 'Customer' means a person defined under KYC policy of RBI/ SEBI and any amendment from time to time by RBI / SEBI which are at present as under :-

• A person or entity that maintains an account and/or has a business relationship with Sumati Projects Limited

• **One on whose behalf the account is maintained (i.e. the beneficial owner).**

• **Beneficiaries of transactions conducted by customer/ clients.**

• Any other person or entity connected with a financial transaction which can pose significant reputation or other risks to Sumati Projects Limited say an issue of high value demand draft as a single transaction.

CLIENT DUE DILIGENCE

• **Client Due Diligence is the main part of the policy and includes following:**

- Client Acceptance Policy
- Client Identification Procedure
- Categorization of Clients

Customer Acceptance Policy ("CAP")

Considering the potential threat of usage of the financial services by a money launderer, it is essential to make reasonable efforts to determine the true identity of clients. The Company has put in place effective procedures to obtain requisite details for proper identification of new customers.

Customer Acceptance Policy requires all customers to fill in the KYC Form to capture the relevant data for all categories of customers and provide supporting documents as given in the forms as a part of customer identification process / KYC.

• All KYC Documentations and Procedures are followed at the time of account opening and no account is opened where the company is unable to apply appropriate CDD measures/KYC policies. This is applicable in cases where it is not possible to ascertain the identity of the client, or the

information provided to the intermediary is suspected to be non genuine or there is perceived non cooperation of the client in providing full and complete information.

• The submission of all documents required under this policy is prerequisite for account opening for all clients. Incomplete application including incomplete documentation is rejected. The Company follows the RBI/ SEBI guidelines for implementing client identification procedure.

• The authorized official /employees of the company personally verify the photograph of the client affixed on the Account Opening Form and the proof of identity documents with the person concerned. The authorized official of the RFSL who has done in person verification and verified the documents with original also signs on the Account Opening Form.

• Each original document is seen prior to acceptance of a copy.

• In case of any discrepancy or non-provision of information by the client, the Company seeks necessary clarification from the applicant and activates the account only when the discrepancy is resolved or the deficiency is fulfilled.

• Verify the customer's identity using reliable, independent source documents, data or information by following procedure:

 The PAN Card details are verified with the name(s) appearing on the website of the Income Tax Department. In case the name(s) do not match or the PAN Card details are not present in the PAN Card database, the Company seeks necessary clarification from the applicant(s) and activates the account only when the discrepancy is resolved otherwise Accounts are not opened.

 The Company maintains list of the PAN debarred by SEBI and updates the list on a regular basis and ensures that no client's application is accepted if the name of such client falls in the list of debarred PAN maintained by the company.

 Precaution is taken as far as possible before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide provided appropriate information is available to identify a person based on PAN/address/any other appropriate information is available to the Company from websites generally known for such purpose/information provided by SEBI/RBI.

 As per guidance provided by RBI/SEBI, the Company puts in place necessary procedures to determine whether their existing/potential client is a Politically Exposed Person (PEP) or of foreign origin. Such procedures include seeking additional information from clients, accessing publicly available information etc. as per guidance provided by RBI/SEBI.

 As per guidance provided by SEBI, the Company obtains sufficient information from the clients in order **to identify the person who beneficially owns and controls the account.**

 Precaution is taken that no account is opened in a fictitious / benami name or on an anonymous basis.

 The Company categorizes its clients into low, medium and high risk as per the Client categorization procedure adopted by the Company from time to time. Clients are categorized at the time of account opening with the Company based on the information provided by the Client in KYC, information available in public domain, etc.

 The applicant is required to disclose his/her financial status & occupation details as required by PMLA. In case of Non Individual clients like corporate, Trust, Partnership firms, etc. last 2 years balance sheet is obtained and are periodically updated. In case of corporate customers, the details of the borrower company, its Directors as well as shareholders would be obtained. And in case of any company having shareholding of more than 25% in the client company, the shareholding of that company shall also be obtained to identify the beneficiary ownership.

The Company takes reasonable measures to verify the sources of funds as well as wealth of the clients and ensures that they are routed through proper banking channels. It takes reasonable steps to ensure that funds are received from clients through their bank account registered with the Company and payment to the client is made through 'Account Payee' cheque and/ or direct credit to the client bank account registered with it. The Company neither accepts cash from its clients nor gives cash to its clients. As per RBI directive, the Company gets banker's certificate whenever a client gives demand draft.

Customer Identification Procedures ("CIP")

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. The Company shall obtain sufficient information necessary to verify the identity of each new customer along brief details of its promoters and management, whether regular or occasional and the purpose of the intended nature of business relationship.

The following precautions are taken by the Company in order to ascertain that accounts are not misused by the clients or by any third parties for money laundering activities:

- The Company obtains sufficient information about the client and identify actual beneficiary of transactions or on whose behalf transactions are conducted.
- Verify client's identity
- The Company registers clients as per SEB/RBI guidelines and it has developed appropriate reporting system to monitor client's trades/transactions.
- The Company periodically updates all documents, data or information of all clients and beneficial owners collected under CDD process provided the client provides the information.
- The Company ensures that maker-checker facility is in place for all its operation as a risk management measure as well as to increase efficiency.
- In case a new client is Politically Exposed Person (PEP) or a new client is a relative of PEP then such client activation is done only after getting prior approval of Compliance Officer. Compliance Officer's approval is also be taken when a existing client become PEP at later stage.

Identification of Beneficial Ownership

The requirement as mentioned herein may be moderated according to the risk perception like in the case of a public specially listed company it will not be necessary to identify all the shareholders. The Company shall periodically update customer identification data after the transaction is completed and review it yearly.

The identification of beneficial ownership has to be done by the compliance department for all existing clients and all new clients shall be accepted only after verifying that the client is a non individual whether company/partner/unincorporated association/body of individuals on the parameters stated below:

1. The ownership of the individual account is to be identified at the time of opening of the account.
2. Identification of beneficial ownership of accounts other than individuals or trust shall be done based on the controlling ownership interest as an individual or identifiable group which means the following:

a) more than 25% of shares or capital or profits in case of a company.
b) more than 15% of the capital or profits of the partnership in case of a Partnership.

c) more than 15% of the property or capital or profits of the unincorporated association or body of individuals in case of an unincorporated association or body of individuals.

3. Where a trust is a client the beneficial ownership is to be identified and established by identifying the settler of the trust, the trustee, the protector or the beneficiaries with 15% or more interest in the trust and any other person exercising ultimate effective control over the trust through a chain control or ownership.

The intention is to identify the identity of the natural person, who, whether acting alone or together or through one or more juridical person exercises control through ownership or who ultimately has controlling ownership interest. However, where the client or owner of controlling interest is a company listed on a recognized stock exchange or is a majority-owned subsidiary of such a company identification of the beneficial owner of such companies is not required.

Categorization of Clients

The Company accepts the clients based on the risk they are likely to pose. For this purpose, it categorizes the clients under low risk, medium risk and high risk category based on appropriate Customer Due Diligence process. Risk Profiling of Customers is done on the basis of Yearly Income Declaration given by the Client, and /or on the basis of Capital/ Reserves/ Profits earned during the year and is periodically reviewed.

Monitoring and Reporting of Transactions:

Monitoring of transactions will be conducted taking into consideration the risk profile of the account. The Company shall make endeavors to understand the normal and reasonable activity of the customer so that the transactions that fall outside the regular/pattern of activity can be identified.

Sumati Projects Limited shall carry out the periodic review of risk categorization of transactions/customers and the need for applying enhanced due diligence measures at a periodicity of not less than once in six months.

The Company shall explore the possibility of validating the new accounts opening application with various watch lists available in public domain, including RBI/ SEBI watch list. After due diligence, any transactions or suspicious nature will be duly reported by Principal Officer to Director, Financial Intelligence Unit- India (FIU_IND).

The Company does not put any restriction on operation in the accounts of any client where an STR has been made and the same has been reported to FIU-IND. It is also prohibited from disclosing the same to the client for whom the STRs have been reported to FIU-IND. However, in exceptional circumstances consent is not to be given to continue to operate the account, and transaction may be suspended.

To ensure monitoring and reporting of all transactions and sharing of information as required under the law for KYC, Board may nominate any Director any other officer(s) duly authorized by the Board of Directors to be designated as the Company's Principal Officer with respect to KYC/ AML/ CFT. The Company shall at the same time ensure the following:

- All personnel must be diligent in monitoring of any unusual or suspicious transaction.
- The reporting of suspicious transaction must comply with the applicable laws / regulations.

LETTER ISSUED BY UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI) CONTAINING DETAILS OF NAME, ADDRESS AND AADHAAR NUMBER

The Government of India issued a Notification No. 14/2010/F.No. 6/2/2007-ES dated December 16, 2010 which recognises the letter issued by Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number, as an officially valid document as contained in Rule 2(1)(d) of the PML Rules, 2005.

The Company shall accept the letter issued by the (UIDAI) as an officially valid document for opening of accounts. Attention is invited to Annex VI para 3 of Master Circular No 231 dated July 1, 2011 on KYC/AML/PMLA dealing with customer identification. However, while opening accounts based on Aadhaar also, the Company must satisfy itself about the current address of the customer by obtaining required proof of the same.

ACCOUNTS OF POLITICALLY EXPOSED PERSONS (PEPS)

Detailed guidelines on Customer Due Diligence (CDD) measures to be made applicable to Politically Exposed Person (PEP) and their family members or close relatives are contained in Annex VII to the Master Circular No.151/03.10.42/2009-10 dated July 1, 2009. In the event of an existing customer or the beneficial owner of an existing account, subsequently becoming aPEP, the Company shall obtain senior management approval to continue the business relationship and subject the account to the CDD measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis.

The above instructions are also applicable to accounts where PEP is the ultimate beneficial owner. Further, in regard to PEP accounts, it is reiterated that the Company should have appropriate ongoing risk management procedures for identifying and applying enhanced CDD to PEPs, customers who are close relatives of PEPs, and accounts of which PEP is the ultimate beneficial owner. In the event of an existing customer or the beneficial owner of an existing account, subsequently becoming a PEP, the Company shall obtain senior management approval to continue the business relationship and subject the account to the CDD measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis.

ACCOUNTS OF PROPRIETARY CONCERNS

The Company shall follow its internal guidelines for customer identification procedure of legal entities as may be framed by it based on its experience of dealing with such entities, normal lenders prudence and the legal requirements as per established practices. If the Company decides to accept such accounts in terms of the Customer Acceptance Policy, the Company shall take reasonable measures to identify the beneficial owner(s) and verify his / her / their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is /are.

In case of accounts of proprietorship concerns, apart from following the extant guidelines on customer identification procedure as applicable to the proprietor, the Company should call for and verify the following documents before opening of accounts in the name of a proprietary concern:

i) Proof of the name, address and activity of the concern, like registration certificate (in the case of a registered concern), certificate/license issued by the Municipal authorities under Shop & Establishment Act, sales and income tax returns, CST / VAT certificate, certificate / registration document issued by Sales Tax / Service Tax/ Professional Tax authorities, etc.

ii) Any registration / licensing document issued in the name of the proprietary concern by the Central Government or State Government Authority/ Department. The Company may also accept IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT as an identity document for opening of account.

iii) The 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.

iv) Utility bills such as electricity, water, and landline telephone bills in the name of the proprietary concern.

v) Any two of the above documents would suffice. These documents should be in the name of the proprietary concern.

FINANCIAL INTELLIGENCE UNIT (FIU)-INDIA

The Government of India has set up FINANCIAL INTELLIGENCE UNIT (FIU) – INDIA on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by Finance Minister. FIU-IND has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information related to suspect financial transactions. FIU-IND is also responsible for co-coordinating and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

APPOINTMENT OF PRINCIPAL OFFICER

The Company has appointed Mr. Nisith Ray as the Principal Officer under the provisions of PMLA and has intimated his name and contact details to FIU-IND. The role and responsibilities of the Principal Officer has been detailed therein. With a view to enable the Principal Officer to discharge his responsibilities, the Company is required to ensure that the Principal Officer and other appropriate staff should have timely access to customer identification data and other CDD information, transaction records and other relevant information. Further, the company should ensure that the Principal Officer is able to act independently and report directly to the senior management or to the Board of Directors. It was clarified that the role and responsibilities of the Principal Officer should include overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML/CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, rules and regulations made there under, as amended form time to time.

Principal Officer(s) for KYC will act independently and report directly to the concerned Director or to the Board of Directors. If the Directors have been appointed as Principal Officer(s), the role and responsibilities of the Principal Officer(s) would include overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML/CFT issued from time to time and obligations

under the Prevention of Money Laundering Act, 2002, rules and regulations made there under, as amended form time to time.

- **RESPONSIBILITIES OF PRINCIPAL OFFICER:**

The Principal Officer ensures that:

- The PMLA Guidelines and the Board approved PMLA policy is implemented effectively by the company.
- The identification and assessment of potentially suspicious transactions are done on the regular basis.
- The Company reports the suspicious transactions to the concerned authorities within the specific time as per the PMLA policy.
- The Company is regularly updated regarding any changes/ additions/modifications in PMLA provisions.
- The Company responds promptly to any request for information, including KYC related information, made by the regulators, FIU- IND and other statutory authorities. Any other responsibilities assigned by Director or any other official authorized by Director with respect to the implementation of PMLA guidelines issued by RBI from time to time.
- The collection of data on the borrower side would be the primary responsibility of Principal Officer and the required data as per prescribed formats KYC Forms in this policy shall be collected. **To ensure monitoring of KYC Guidelines, the record of borrowers shall be updated annually or in case there is any change in the structure of entity within a reasonable period.**

SUSPICION OF MONEY LAUNDERING/TERRORIST FINANCING

To prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing, it was clarified that whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, the Company shall carry out full scale customer due diligence (CDD) before opening an account.

FILING OF SUSPICIOUS TRANSACTION REPORT (STR)

The Company should not open an account (or should consider closing an existing account) when it is unable to apply appropriate CDD measures. In the circumstances when the Company believes that it would no longer be satisfied that it knows the true identity of the account holder, the Company should also file an STR with FIU-IND.

OBLIGATIONS OF NBFCS IN TERMS OF RULES NOTIFIED UNDER PREVENTION OF MONEY LAUNDERING ACT, 2002

1. The Company shall in place a system of internal reporting of suspicious transactions and cash transactions of Rs.10 lakh and above. The Company shall ensure the preservation and reporting of customer account information. It shall take all steps considered necessary to ensure compliance with the requirements of section 12 of the Act ibid as per the provisions of PMLA, 2002 and the Rules notified there under.

2. Maintenance of records of transactions

The Company shall introduce a system of maintaining proper record of transactions as mentioned below:
(i) all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
(ii) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
(iii) 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 has taken place;
(iv) all suspicious transactions whether or not made in cash and in manner as mentioned in the Rules framed by Government of India under the Prevention of Money Laundering Act , 2002.

3. Information to be preserved

The Company shall maintain the following information in respect of transactions:

(i) the nature of the transactions;
(ii) the amount of the transaction and the currency in which it was denominated;
(iii) the date on which the transaction was conducted; and
(iv) the parties to the transaction.

4. Maintenance and Preservation of records

PMLA stipulates that the Company should take appropriate steps to 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. Further, the Company should maintain for at least ten years from the date of cessation of transaction between itself and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. In cases where the records relate to on-going investigations or transactions that have been a subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed.

- In view of this, the Company maintains the records in terms of the provisions of PMLA. The retention period is modified on receiving appropriate instructions from any regulatory authority like RBI, SEBI, FIU-IND or any other statutory authority**.**
- Records must be kept of all documents obtained for the purpose of identification and all transaction data as well as other information related to money laundering matters in accordance with the applicable Anti Money Laundering Laws.
- The Company should ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data should be made available to the competent authorities upon request.

5. Reporting to Financial Intelligence Unit-India

In terms of the PMLA rules, the Company is required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021

I) The Company take into record all the reporting formats as enclosed with the above RBI Master Circular dated July 1, 2013. **There are altogether five reporting formats prescribed for a banking company** viz. i) Manual reporting of cash transactions ii) Manual reporting of suspicious transactions iii) Consolidated reporting of cash transactions by Principal Officer of the bank iv) Electronic data structure for cash transaction reporting and v) Electronic data structure for suspicious transaction reporting.

The reporting formats contain detailed guidelines on the compilation and manner/procedure of submission of the reports to FIU-IND. The Company shall adopt the format prescribed for banks with suitable modifications. The Company shall initiate urgent steps to ensure electronic filing of cash transaction report (CTR) as early as possible. However, as the Company is not in a position to immediately file electronic reports, it shall file manual reports to FIU-IND. While detailed instructions for filing all types of reports are given in the instructions part of the related formats, the Company should scrupulously adhere to the following:

(a) The cash transaction report (CTR) for each month should be submitted to FIU-IND by 15th of the succeeding month. While filing CTR, individual transactions below rupees fifty thousand may not be included;
(b) The Suspicious Transaction Report (STR) should be furnished 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. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from a branch or any other office. Such report should be made available to the competent authorities on request;
(c) The Principal Officer shall be responsible for timely submission of CTR and STR to FIU-IND;
(d) Utmost confidentiality should be maintained in filing of CTR and STR with FIU-IND. The reports may be transmitted by speed/ registered post, fax, email at the notified address;'
(e) It should be ensured that the reports for all the branches are filed in one mode i.e. electronic or manual;
(f) A summary of cash transaction report for the Company as a whole may be compiled by the Principal Officer of the Company in physical form as per the format specified. The summary should be signed by the Principal Officer and submitted both for manual and electronic reporting.

6. The Company may not put any restrictions on operations in the accounts where an STR has been made. However, it should be ensured that there is no tipping off to the customer at any level.

7. The Company shall pay special attention to all complex, unusual large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose. It is further clarified that the background including all documents/office records/memorandums

pertaining to such transactions and purpose thereof should, as far as possible, be examined and the findings at branch as well as Principal Officer level should be properly recorded. These records are required to be preserved for ten years as is required under PMLA, 2002. Such records and related documents should be made available to help auditors in their work relating to scrutiny of transactions and also to Reserve Bank/other relevant authorities.

8. The Company shall ensure that the customer is not being tipped off on the STRs made by it to FIU-IND. It is likely that in some cases transactions are abandoned/ aborted by customers on being asked to give some details or to provide documents. The Company should report all such attempted transactions in STRs, even if not completed by customers, irrespective of the amount of the transaction.

9. While making STRs, the Company should be guided by the definition of 'suspicious transaction' as contained in Rule 2(g) of Rules ibid. The Company should make STRs if they have reasonable ground to believe that the transaction involve proceeds of crime generally irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences in part B of Schedule of PMLA, 2002 .

10. In the context of creating KYC/AML awareness among the staff and for generating alerts for suspicious transactions, NBFCs may consider the indicative list of suspicious activities contained in Annex-V of the RBI Circular No. DNBS (PD) CC No.339 /03.10.42/ 2013-14 dated 1 July, 2013.

Closure of Accounts/Termination of Financing/Business Relationship

Where the Company is unable to apply appropriate KYC measures due to non furnishing of information and/or non-operation by the customer, it shall terminate Financing/Business Relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decision shall be taken with the approval of Board of Directors or Principal Officer.

Confidentiality of Information

Information collected from the Customers shall be treated as confidential and details thereof are not to be divulged for cross selling or any other like purposes. The Company shall therefore, ensure that information sought from the Customer is relevant to the perceived risk, is not intrusive and is in conformity with the guidelines issued by RBI/ SEBI in this regard.

Grievance Redressal Mechanism

In order to provide the best service to its customers and to satisfy their demands the Company shall form a Grievance Redressal Committee and lay down appropriate Grievance Redressal Mechanism within the organization. The main function of this committee is to hear the grievances of the clients and address the same. **The Board shall maintain the policy of reviewing the compliances of the adopted Fair Practice Code on a periodical basis.**

Other provisions

The Board shall not interfere in the workings of the borrower unless it affects the arrangement entered into with the Company and or some breaches have been found. It shall not harass its borrowers unduly and shall stick to the terms and conditions for the recovery of loans and for any other miscellaneous purposes.

Customer Education & Awareness

To implement AML/CFT measures requires the Company to demand certain information from clients which may be of personal nature or has thereto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for the Company to sensitize their clients about these requirements as the ones emanating from AML and CFT framework. It is the duty of the Compliance Officer and Principal Officer including the other senior members to educate the clients for the objective of AML/ CFT programme and its needs and seek their full cooperation to implement the same.

Updation in KYC Policy of Company

The Board of Directors of the Company shall be authorized to amend/modify the KYC/ AML/ CFT Policy or such other related guidance notes of Company, to be in line with RBI / SEBI or such other statutory authority's requirements/updates/ amendments time to time.

REVIEW OF POLICY

The aforesaid AML policy is reviewed periodically with regard to testing its adequacy to meet the compliance requirements of PMLA 2002. The Principal Officer is the authority to give directions to undertake additions, changes, modifications etc. as directed by RBI/ SEBI/ FIU-IND.