

Findoc Finvest Private Limited

Know Your Customer and Anti-Money Laundering Policy

Introduction:

The Reserve Bank of India (RBI) has issued guidelines vide circular no. DNBR (PD) CC No. 051/03.10.119/2015-16 dated July 1, 2015 on Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) -'Prevention of Money Laundering Act, 2002' for Non- Banking Finance Companies (NBFCs) thereby setting standards for the prevention of money laundering activities and Corporate Practices while dealing with their customers. The Company shall adopt all practices prescribed by the RBI from time to time and shall make appropriate modifications, depending upon the activities of the Company.

Objective

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable Company to know/understand their customers and their financial dealings better, which in turn help them, manage their risks prudently.

- 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 accounts.
- To establish processes and procedures to monitor high value transactions and/or transactions of a suspicious nature in accounts.
- To develop measures for conducting due diligence in respect of customers and reporting of such transactions.

Definition of Customer:

'Customer' may be defined as a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

'Person' includes:

- (i) an individual,
- (ii) a Hindu undivided family,
- (iii) a company,
- (iv) a firm,
- (v) an association of persons or a body of individuals, whether incorporated or not,
- (vi) every artificial juridical person, not falling within any one of the above persons (i to v), and
- (vii) any agency, office or branch owned or controlled by any of the above persons (i to vi).

Definition of Transaction

"Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes-

1. opening of an account;
2. deposits, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;

3. use of a safety deposit box or any other form of safe deposit;
4. entering into any fiduciary relationship;
5. any payment made or received in whole or in part of any contractual or other legal obligation; or
6. establishing or creating a legal person or legal arrangement.

Customer Acceptance Policy (CAP)

The Company would develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place on the following aspects of customer relationship in the company:

- No account is opened in anonymous or fictitious/ benami name(s);
- Classification of customers into various categories on the basis of risk perception
- Identification of the Customers as per Customer Identification Procedures before acceptance of Customers
- Obtaining the relevant information from the customers at the time of truncations carried out for the purpose of risk categorization
- While carrying out due diligence the Company will ensure that the procedures adopted will not result in the denial of services to genuine customers

Customer Identification Procedures (“CIP”)

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information FFPL shall obtain sufficient information necessary to verify the identity of each new customer along with brief details of its promoters and management, whether regular or occasional and the purpose of the intended nature of the business relationship. The requirement as mentioned herein may be moderated according to the risk perception; for example, in the case of a public listed company it will not be necessary to identify all the shareholders.

The policy approved by the Board of Directors should clearly spell out the Customer Identification Procedure to be carried out at different stages i.e. while establishing a business relationship; carrying out a financial transaction or when the Company has doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

KYC Document requirements:

1. Proof of Identity and Proof of Address in case of Individuals

a. Proof of Identity:

One Self Attested copy of any one of the following:

1. Passport
2. Photo Pan Card
3. Voter’s ID
4. Driving License
5. ID card issued by any central/state govt.
6. Letter issued by Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number.

b. Proof of Address:

One Self Attested copy of any one of the following:

1. Passport
2. Latest Telephone bill
3. Latest Electricity bill
4. Latest Bank Account statement (
5. Letter issued by Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number.

2. Proof of Identity and Principal Place of Business in case of non-Individuals

a. Company

A certified true copy of all the below documents, duly signed and stamped by a Company Secretary or a Director of the applicant company:

1. Certificate of Incorporation and Memorandum and Articles of Association
2. Certificate of Commencement of Business (if applicable)
3. PAN card of the Company
4. List of Directors and copies of PAN and Aadhar of Directors

5. Latest shareholding structure
6. Resolution of the Board of Directors to borrow the loan amount u/s 179 of the Companies Act, 2013.

b. Partnership Firms:

1. Registration certificate and Partnership Deed
2. List of partners along with addresses.
3. Copy of PAN card. of firm & partners
4. PAN Card of partners.
5. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf

c. Trust & Foundations:

1. Certificate of registration & copy of Trust deed
2. Copy of PAN Card of Trust
3. List of trustees
4. PAN Card of trustee.
5. Power of Attorney granted to transact business on its behalf
6. Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses.

If any of the above documents are in any language other than English, it must be translated into English along with a certificate from a translator/notary public.

Other mandatory documents are mentioned in Annexure A.

LEI Certificate

As per RBI Circular bearing reference No.RBI/2022-23/34 [DOR.CRE.REC.28/21.04.048/2022- 23 dated April 21st 2022, all Non-Individual Borrowers, enjoying an “Exposure” of Rs.5.00 Crores and above; where “Exposure” means and includes all fund based and non-fund based (credit as well as investment) availed by such Borrowers, from Banks/Financial Institutions “shall” be required to obtain “Legal Entity Identifier [LEI]” codes, from an Authorized Local Operating Unit [LOU] within the time period as specified hereunder:

Total Exposure	LEI to be obtained on or Before
Above Rs.25 Crores	April 30, 2023
Above Rs.10 Crores upto Rs.25 Crores	April 30, 2024
Rs.5 Crores and above, up to Rs.10 Crores	April 30, 2025

On the failure/avoidance on the part of such Borrower to obtain LEI Codes from the authorized local operating unit [LOU], is/would be that such Borrowers shall not be sanctioned any new Exposure nor shall such Borrowers be granted renewal/enhancement of any existing Exposure by our Company.

Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. The Company can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. The Company will pay special attention to all complex, unusually large transactions and all unusual patterns, which have no apparent economic or visible lawful purpose in such type of transactions.

The Company will ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002. It may also be ensured that transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the PML Act, 2002, shall be reported to the appropriate law enforcement authority by the Principal Officer.

Risk Management

The Board of Directors of the Company ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring their effective implementation. It will cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility should be explicitly allocated within the Company for ensuring that the Company's policies and procedures are implemented effectively. The Company may, in consultation with their boards, devise procedures for creating Risk Profiles of their existing and new customers and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

The Company's internal audit and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. As a general rule, the compliance

function provides an independent evaluation of its own policies and procedures, including legal and regulatory requirements. The Company should ensure that its audit machinery is staffed adequately with individuals who are well versed in such policies and procedures when needed. Concurrent/ Internal Auditors should specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance in this regard may be put up before the Audit Committee of the Board on quarterly intervals. The Company must have an ongoing employee-training programme so that the members of the staff are adequately trained in KYC procedures when required. Training requirements should have different focuses for frontline staff, compliance staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

Customer Education

Implementation of KYC procedures requires Company to demand certain information from customers which may be of personal nature or which have hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. Therefore, the Company needs to prepare specific literature/ pamphlets etc. so as to educate the customer of the objectives of the KYC programme. The front desk staff needs to be specially trained to handle such situations while dealing with customers.

Introduction of New Technologies – Credit cards/Debit Cards/ Smart Cards/Gift Cards

The Company will pay special attention to any money laundering threats that may arise from new or developing technologies including internet banking that might favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes. The Company ensures that appropriate KYC procedures are duly applied before issuing the cards to the customers. Presently, the Company is not doing Credit Cards/Debit Cards/ Smart Cards/Gift Cards Business but will follow the guidelines as and when required.

Applicability to branches and subsidiaries outside India

The KYC guidelines prescribed by RBI shall also apply to the branches and majority owned subsidiaries located abroad, especially, in countries, which do not or insufficiently apply the FATF Recommendations, to the extent local laws permit. When local applicable laws and regulations prohibit implementation of these guidelines, the same should be brought to the notice of Reserve Bank.

Appointment of Principal Officer

The Company has to appoint a senior management officer to be designated as Principal Officer. Principal Officer shall be located at the head/corporate office of the Company and shall be

responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He will maintain close liaison with enforcement agencies, banks and any other institution, which are involved in the fight against money laundering and combating financing of terrorism.

**MAINTENANCE OF RECORDS FOR ANTI MONEY LAUNDERING TRANSACTIONS
(As per Rule 3 of PML Rules, 2005)**

The records of below mentioned transactions should be maintained:

- (i) all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- (ii) Series of all cash transactions individually valued below Rupees Ten Lakh, or its equivalent in foreign currency which have taken place within a month and the monthly aggregate which exceeds rupees ten lakhs or its equivalent in foreign currency. It is clarified that for determining 'integrally connected transactions' 'all accounts of the same customer' should be taken into account.
- (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 facilitating the transactions;
- (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.

Preservation of Records

In terms of PML Amendment Act 2012, the records of the Company should be preserved as below:

- (i) The Company should maintain for at least five years from the date of transaction between the Company 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.
- (ii) The Company should ensure that records pertaining to the identification of the customers and their address (e.g. copies of documents like passports, identity cards, driving licenses, PAN card, utility bills, etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least five years after the business relationship is ended as required under Rule 10 of the Rules *ibid*. The identification of records and transaction data should be made available to the competent authorities upon request.
- (iii) The Company may maintain records of the identity of the clients, and records in respect of transactions referred above in hard or soft format.
- (iv) Every information maintained, furnished or verified, save as otherwise provided under any law for the time being in force, shall be kept confidential.

Reliance on third party due diligence

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, The Company may rely on a third party subject to the conditions that-

- 1) the Company immediately obtains necessary information of such client due diligence carried out by the third party;
- 2) the Company takes adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements will be made available from the third party upon request without delay;
- 3) the Company is satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act;
- 4) the third party is not based in a country or jurisdiction assessed as high risk and
- 5) the Company is ultimately responsible for client due diligence and undertaking enhanced due diligence measures, as applicable

Reporting to Financial Intelligence Unit-India

The Principal Officer of the Company will report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:
Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021

MANDATORY DOCUMENTS REQUIRED FOR STARTING A RELATIONSHIP

A. Individuals

1. Photo pan card.
2. Photograph.
3. Address proof as mentioned in KYC documents requirements.
4. Copy of last ITR filed with Income Tax.
5. Copy of sign LOI.
6. Promissory note, if applicable.
7. CIBIL report or any other report issued by Credit Information Company.
8. Statement of bankers/Statement from CA, giving particulars of facilities taken, contact details etc.
9. Three months bank statement of borrower.
10. CA's networth certificate of the borrower & guarantors;
11. Deed of Guarantee (Corporate Guarantee, Personal Guarantee) (if applicable).
12. In case, Loan is taken for general corporate purpose, then confirmation in form of declaration from the borrower that loan amount is used only for general corporate purpose and not for other purposes.
13. Signature verification by banker of borrower/mortgagors/Guarantors/Pledger, if applicable.

B. Private and Public Limited Companies

1. Certificate of Incorporation.
2. Certificate of commencement of business in case company incorporated under the Provisions of the Companies Act, 2013.
3. Certified True copy (certified by Company Secretary or Director or authorised signatory) of the Memorandum and Articles of Association.
4. List of directors (certified by Company Secretary or Director or authorised signatory).
5. List of shareholders (certified by Company Secretary or Director or authorised signatory).
6. List of directors and shareholders certified by CA/CS/authorised signatory for mortgagors/Guarantors/Pledger, if applicable.
7. Latest audited financials of the company.
8. Certified copy of PAN card.
9. Evidence of listing in a stock exchange, if any.
10. Copy of sign LOI.
11. Promissory note, if applicable.

12. CIBIL report or any other report issued by Credit Information Company.
13. Statement of bankers/Statement from CA giving particulars of facilities taken, contact details etc.
14. Three months bank statement of borrower.
15. CA's networth certificate of the borrower & guarantors;
16. Declaration from borrowing company
17. Deed of Guarantee (corporate guarantee, personal guarantee) (if applicable).
18. Board resolution of guarantor company; (if applicable), if third company provides the Corporate Guarantee.
19. Board Resolution in accordance with Sec 179(3) (for borrowing).
20. Shareholder's resolution u/s 180(1)(c), if the loan amount (including with existing loan borrowed by borrower) exceed aggregate of its paid up capital and free reserve, (Special Resolution).
21. In case, loan is taken for general corporate purpose, then confirmation in form of declaration from the Director on behalf of the Board that loan amount is used only for general corporate purpose and not for other purposes.
22. Memorandum and Articles of Association, Copy of Pan, Latest IT Returns, Latest annual report of mortgagors/Guarantors/Pledger, if applicable.
23. Signature verification by banker of borrower/mortgagors/Guarantors/Pledger, if applicable.
24. LEI number, if applicable

C. Partnership Firms:

1. Registration certificate, if registered.
2. Copy of PAN card of firm & partners.
3. Photographs of partners.
4. Certified copy of partnership deed.
5. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf.
6. Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses.
7. List of partners along with Address.
8. Last 3 month bank statement.
9. CA's networth certificate of the borrower.
10. Photograph of partners.
11. Copy of sign LOI.
12. Promissory Note, if applicable.
13. CIBIL report or any other report issued by Credit Information Company.
14. Statement of bankers / Statement from CA giving particulars of facilities taken, contact details etc.
15. In case, Loan is taken for general corporate purpose, then confirmation in form of declaration from the Partner on behalf of the Firm that loan amount is used only for general corporate purpose and not for other purposes.
16. Signature verification by banker of borrower/mortgagors/Guarantors/Pledger, if applicable.
17. LEI number, if applicable

D. Trust & Foundations

1. Certificate of registration, if registered.
2. Copy of PAN Card of Trust.
3. Trust Deed.
4. Power of Attorney granted to transact business on its behalf.
5. Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses.
6. Resolution of the managing body of the foundation/association for borrowing loan.
7. List of Trustee, settlers, beneficiaries & signatories alongwith address
8. Last 3 month Bank Statement.
9. CA's networth certificate of the borrower.
10. PAN Card of trustee
11. Brief profile of the Trust.
12. Copy of sign LOI.
13. Promissory Note, if applicable.
14. CIBIL report or any other report issued by Credit Information Company.
15. Statement of bankers / Statement from CA giving particulars of facilities taken, contact details etc.
16. In case, Loan is taken for general purpose, then confirmation in form of declaration from the Trustee on behalf of the Trust & Foundations that loan amount is used only for general purpose and not for other purposes.
17. Signature verification by banker of borrower/mortgagors/Guarantors/Pledger, if applicable.
18. LEI number, if applicable

Additional documents required for the borrowing secured loans: if property is mortgaged:

1. Title Documents – Original.
2. Memorandum of Entry (if applicable).
3. Mortgage & Undertaking (if applicable).
4. In case of private or public company, copy of Form -CHG 1 (for other than Debentures) or Form No.CHG-9 (for debentures) alongwith challan to be filed with ROC.
5. In case of private or public company, copy of charge certificate issued by the Registrar of Companies.
6. Latest No Encumbrance Certificate.

If Shares are Pledged:

1. Agreement of Pledge of shares.
2. Pledger Letter.
3. Irrevocable Power of Attorney.
4. In case of private or public company, copy of Form -CHG 1 alongwith challan to be filed with

ROC. (CHG-1 form in accordance with provisions of Companies Act, 2013 as moveable properties is included in the definition).