



KNOW YOUR CUSTOMER [K.Y.C] POLICY

1. OVERVIEW

This Document briefly addresses the salient features of 'Know Your Customer' (KYC) / Anti-Money Laundering ("KYC-AML") norms for Mansa Mata Finance Private Limited ("Company"). Through this policy, Company intends to set out necessary procedures in order to comply with applicable regulations and law.

2. APPLICABILITY

The key regulations that form the framework of this KYC Policy are as follows:-

- a. The Prevention of Money Laundering Act, 2002 ("PMLA Act") , regulations issued there under and amendments issued from time to time.
- b. The Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 (the "PMLA Rules") and amendments issued from time to time;
- c. Master Circular – 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) -'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder' dated July 1, 2015 Master Direction - Know Your Customer (KYC) Direction, 2016 updated on June 12, 2018 issued by the Reserve Bank of India (RBI).

Company will update the policy and follow the extant guidelines as applicable from time to time.

3. ACCOUNTABILITY

The Board of Directors of Company will designate an officer for the purpose of ensuring compliance to the guidelines. The Designated Director / Principal Officer will be any person as defined under the regulatory guidelines or any other applicable law.

The Business Team along with the Onboarded Partner (wherever applicable) shall be responsible and accountable for ensuring compliance to the policy.

The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this code to conform to the standards so prescribed. This policy is applicable across any branches / business segments of the Company, and its financial subsidiaries and is to be read in conjunction with related operational guidelines

issued from time to time. The contents of the policy shall always be read in tandem/auto-corrected with the changes/modifications which shall be advised by RBI from time to time.

4. 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 the Company to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently. To establish processes and procedures to monitor high value cash transactions and /or transactions of suspicious nature.

To develop measures for conducting due diligence in respect of customers and reporting of such transactions.

5. FUNDAMENTALS

The Company hereunder framing its KYC policies incorporating the following:-

- a. Customer Acceptance Policy
- b. Customer Identification Procedures
- c. Monitoring of Transactions
- d. Risk management

a. Customer Acceptance Policy

1. Company shall not undertake any transaction with entity that has fictitious/ benami name(s).
2. CKYC or Aadhar Card/Enrollment letter from UIDAI is mandatory.
3. In case the customer/borrower is not having an Aadhaar, he/she shall give an undertaking as per the format of the Company on the exemption granted to him for not having an Aadhar.
4. All the customers would be classified under two heads viz. Low Risk and Medium/High Risk as mentioned in each Service Partners policy norms for risk identification.
5. In the case of proprietorship firms, in addition to the proprietor's ID, the firm's ID (business proof) also would be obtained at least through two documents such as ITR, Import/Export Code/Utility bill/Permit by local authority etc.
6. In the case of firms reconstituted and the companies that changed the name within the past two years, the diligence would be enhanced.
7. For all the customers irrespective of the risk categorization, Company would undertake following customer acceptance procedure without fail:
8. Checking the internal records of Company to confirm about any past dealings of the customer with Company either as borrower, co-borrower or guarantor.

9. Verifying with the data base maintained by at least one RBI approved credit information bureau or Field investigation of customer's residence, office and neighborhood check.
10. Trade reference check in the case of commercial lending.
11. Tele verification with the customer by the Service Partner and underwriting by Retail Team.
12. No account is to be opened unless the complete verification and CKYC or KYC set of the client is obtained.
13. Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued by Reserve Bank from time to time.
14. Company shall not start or close a business transaction where Company is unable to apply appropriate customer due diligence measures i.e. Company is unable to verify the identity and /or obtain documents required as per the risk categorization due to non-cooperation of the customer or nonreliability of the data/information furnished to Company. It may, however, be necessary to have suitable built in safeguards to avoid harassment of the customer.
15. Taking appropriate steps to verify the identity and /or obtain documents required as per the risk categorization. The Company must refuse to open an account where the prospective customer does not co-operate with the Company in obtaining these details or where the Company is not sure about the reliability of the data furnished by the prospective customer.
16. The identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs).
17. If an existing KYC compliant customer desires to open another lending relationship, there would be a need for submission of fresh proof of identity and/or proof of address for the purpose.
18. The customer profile must contain information relating to the customer's identity, social/financial status, nature of business activity, etc. The nature and extent of due diligence will depend on the risk perceived by the Company. However, the seeking of such information must not be intrusive, and the Company must not use such confidential information for cross selling or any other purposes.
19. If the Company is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, the Company may consider terminating the business relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions need to be taken at a reasonably senior level after consulting the Board.

20. The Company must undertake adequate steps to ensure that the implementation of this policy must not become too restrictive and must not result in denial of the Company's services to general public, especially to those, who are financially or socially disadvantaged.

b. Customer Identification Procedure

1. Company has in place a Board approved KYC Policy that clearly spells out the Customer Identification Procedure to be carried out at the time of establishing a lending relationship.
2. The customer identification may be through an introductory reference from an existing customer with a satisfactorily conducted account or a person known to the Company and on the basis of documents provided by the customer or through staff members knowing the potential customer or any other document from the indicative lists as per Circulars issued by RBI time to time for identification and proof of residence.
3. Company also would obtain the CKYC wherever applicable or KYC documents whenever there is doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data. Company will collect and maintain Officially valid document (OVD) (as defined under the RBI Guidelines) wherever found necessary
4. When the Aadhaar card is taken as KYC, Company would satisfy itself about current address by obtaining required proof. Company also would have the process of allotting Unique Customer Identification Code (UCIC) for easy identification of all the relationships of any customer with Company.
5. Information collected for the purpose of opening of a lending relationship would be kept confidential and would not be divulged to outsiders for cross selling or any other purpose other than for the statutory requirement of sharing the customer account details with at least one credit information agency approved by RBI or disclosure/notice in print and electronic media in case of defaulters.
6. Information sought from the customer would be relevant to the perceived risk and would not be intrusive.
7. Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms

c. Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC policy. Company can effectively control and reduce its risk only if it understands the normal and reasonable activity of the customer so that it has the means of identifying transactions that fall outside the regular pattern of activity.

Suspicious Transactions would be identified as follows:-

1. All the units reporting the unusual transactions to Principal Officer (PO) – PMLA would be subjected to audit

2. A senior management officer would be designated as the Principal Officer – PMLA and would report to senior management and the Principal Officer – PMLA would have staff to verify
3. KYC/AML compliance. The Principal Officer – PMLA would perform their duties and develop effective AML programs, including
 - training programs
 - Assist business in assessing how the System can be abused
 - Identify suspicious activity
 - Monitor implementation of this policy
 - Submit reports to statutory bodies, management and maintain liaison

d. **Risk Management**

The following elements of Company would manage the Risk arising out of the non-compliance to PMLA

1. Board would ensure that an effective KYC program is put in place by establishing appropriate procedures and ensure their effective implementation.
2. Risk categorization of customers shall be undertaken on the basis of various factors, such as nature of employment, business activity of the customer, location of customer and his/its clients, mode of payments, volume of turnover, social / financial status and credit history.
3. Internal audit, compliance function would evaluate and ensure adherence to the KYC policies and procedures and provide independent evaluation of Company's own policies and procedures, including legal and regulatory requirements. 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 would be put up before the Board on quarterly basis.
4. Company would have an on-going employee training program with different focuses for frontline staff, compliance staff and staff dealing with new customers and educating them with respect to the objectives of the KYC Program.
5. The risk categorization would be reviewed on real time basis based on the Collection feedback and enhanced due diligence measures would be applied in case of higher risk perception on a customer.
6. All customers will be evaluated on a set of pre-defined parameters and accordingly classified as per the policy norms mentioned in the Customer Acceptance policy.
7. Periodical updating of customer identification data would be taken up once in 18 months for Low/medium risk customers and once in 12 months for high risk customers. For low risk customers the updating would be only through a self-certification by the customer in cases where there is no change in the status with respect to their identities and addresses. In case of change of address of such 'low

risk' customers, they would be merely asked to submit a certified copy of the document (proof of address) in any manner by mail/post, etc.

8. In all other cases as per the decision of the risk team excluding account-based relationship, the Company shall verify identity while carrying out transaction of an amount.

6. IMPORTANT PROVISIONS UNDER PMLA

Every banking company or financial institution and intermediary or a person carrying on designated business or profession (hereinafter "reporting enterprise") is required to:

- a. Maintain a record of all transactions the nature and value of which may be prescribed, whether such transaction comprise of a single transaction or series of transactions integrally connected to each other and where such series of transactions take place within a month.
- b. Verify and maintain records of the identity of all its clients, in such a manner as may be prescribed.
- c. Maintain record of documents evidencing identity of its clients and beneficial owners as well as lending relationship files and business correspondence relating to its clients.
- d. The records referred to above shall be maintained for a period of ten years from the cessation of the transactions between the clients and the banking company or financial institution or intermediary, as the case may be. However, details furnished to Director FIU IND ("Financial Intelligence Unit – India"), documents related to identity and beneficial owner of the client shall be maintained permanently.
- e. The reporting entities also would have "Designated Director" designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules thereof. The designated director can be any one of the Managing Director or a whole-time Director or a person who holds the position of senior management (One level below the Board) or equivalent, duly authorized by the Board of Directors of Company.
- f. The Director-FIU IND may whether on his own or on an application made by an authority, officer or person call for records referred to above and may make such inquiry or cause such inquiry to be made, as he thinks fit, with respect to obligations of the reporting entity.
- g. If the Director-FIU IND, in the course of any inquiry, finds that any of its officers, intermediary has failed to comply with the provisions for maintenance of records, furnishing of information, verification of identity of customers etc., then without prejudice to any other action that may be taken under any other provisions of PMLA, Director – FIU-IND may, by an order, levy a fine on such banking company or financial institution or intermediary which shall not be less than ten thousand rupees but may extent to one lakh rupees for each failure.

7. RECORD AND RETENTION

Company has a laid down Document retention policy which would be reviewed periodically to comply to the requirements of PMLA. The following documents/ records would be held for a period of 10 years:

- a. Records with respect to transactions where counterfeit currency notes have been used
- b. Records with respect to all suspicious transactions
- c. CKYC no. and/or KYC documents after the business relationship ending.

The documents/ records maintained would hold the following information

- d. Nature of transaction.
- e. Amount of the transaction.
- f. Date on which the transaction was conducted; and
- g. The parties to the transaction.

8. OTHER REQUIREMENT

- a. All the relevant terms under the policy shall derive its meaning / definition from the RBI guidelines as applicable from time to time
- b. All other requirements(if applicable) under FATCA (Foreign Account Tax Compliance Act)/CRS(common reporting standard)/PML/FIU-Ind relating to appointment of designated officer/director, principal officer and reporting requirements relating to filling of Suspicious Transaction Report (STR), Cash Transaction Report (CTR), counterfeit currency report (CCR) and other applicable reports filling under FATCA will be complied with in terms of the direction of the RBI or the other authorities to the extent applicable to Company
- c. Any non-compliance to the policy will be reported to the Senior Management or Designated Officer as authorized by the Board for the compliance to the applicable regulations
- d. All the formats / annexures / appendixes as required for the compliance to the policy will be as per the guidelines issued by RBI from time to time
- e. Company must ensure that proper records of all cash transactions of Rs.10 Lakhs and above are maintained. The branches/partners must report such transactions and other transactions of suspicious nature to the Corporate Office of the Company on a fortnightly basis.

The cash transactions will be monitored in the following manner :

The transactions involving cash withdrawals and/ or cash deposits for Rs.10 Lakhs and above or Rupees equivalent in Foreign Currency in deposit or loan accounts as well as all series of cash transactions integrally connected to each other which have been valued below Rs.10 Lakhs 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 Rs.10 Lakhs; will be monitored closely by the branches and the record of details of such transactions will be kept in separate register and must be reported to the Principal Officer.

- f. Suspicious Transactions means a transaction whether or not made in cash which, to a person acting in good faith gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or appears to be made in circumstances of unusual or unjustified complexity; or appears to have no economic rationale or bonafide purpose.

All the transactions of suspicious nature, irrespective of any monetary ceiling (whether more than 10 Lakhs or not), whether made in cash should be reported to the Principal Officer of the Company. The Company shall maintain proper record of the following transactions:

Any transaction which is suspicious in the nature -

- i. All cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign currency
- ii. All series of cash transactions integrally connected with each which has value less than Rs.10 Lakhs where series of transactions have taken place within a month and aggregate value of such transactions exceeds Rs. 10 Lakhs.
- iii. All cash transactions where forged or counterfeit currency notes or bank notes are used.
- iv. All transactions involving receipts by non-profit organizations of Rs.10 Lakhs or its equivalent in foreign currency.
- v. All the Branch Managers/partners are required to report the cash transactions and transactions of suspicious nature as defined earlier on a regular basis to the Principal Officer. The Branch Managers/partners must furnish the details of the transactions in the prescribed forms on monthly basis within 7 days of the close of month.

9. DEFINITION

- **“Aadhaar number”** means an identification number issued to an individual under sub-section (3) of section 3 of Aadhar Act 2006.
- **“Aadhaar number holder”** means an individual who has been issued an Aadhaar number under the Aadhar Act 2006.
- **“beneficial owner”** (“BO”) in relation to a customer is a person or an entity who is to be considered a beneficiary of the financial transaction entered in to with Company by the

Customer. A list of persons who are to be considered as such BOs in relation to a Customer is given below:

❖ For company

- A natural person having, whether alone or together, or through one or more juridical person, ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the company; or
- A natural person having, whether alone or together, or through one or more juridical person, right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements; or
- Where none of the above is been identified – a natural person who holds the position of senior managing official.

❖ For Firm

- A natural person having, whether alone or together, or through one or more juridical person, ownership of/ entitlement to more than fifteen percent of capital or profits of the partnership; or
- Where the above is not been identified – a natural person who holds the position of senior managing official

❖ For Unincorporated association of persons [AOP] or body of individuals [BOI]

- A natural person having, whether alone or together, or through one or more juridical person, ownership of/ entitlement to more than fifteen percent of property or capital or profits of such association or body of individuals; or
- Where the above is not been identified – a natural person who holds the position of senior managing official

❖ Trust/ Foundation

- The Author of the trust; or
- The Trustees of the trust; or
- The Beneficiaries of the trust with fifteen percent or more interest in the trust; or
- A natural person exercising ultimate effective control over the trust through a chain of control or ownership

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.

- **“Board”** means Board of Directors of the Company.
- **“Company”** means Mansa Mata Finance Private Limited
- **“Customer”** means any person, as defined in the RBI’s Guidelines on ‘Know Your Customer’ norms and Anti-Money Laundering Measures, as amended from time to time and shall include:
 - ❖ A person or entity that maintains an account and/or has a business relationship with the Company.
 - ❖ One on whose behalf the account is maintained (i.e. the beneficial owner).
- **“Directors”** mean individual Director or Directors on the Board of the Company.
- **“Central KYC Records Registry”** (CKYCR) means an entity defined under Rule 2(1)(aa) of the Prevention of Money Laundering Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
- **“Designated Director”** means Managing Director or a whole-time Director, duly authorized by the Board of Directors of the Company to ensure overall compliance with the obligations imposed under chapter IV of the Prevention of Money Laundering Act and the Rules.

Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.

- ❖ **“Person”** has the same meaning assigned in the Act and includes:
 - an individual,
 - a Hindu undivided family,
 - a Company,
 - a firm,
 - an association of persons or a body of individuals, whether incorporated or not,
 - every artificial juridical person, not falling within any one of the above persons

- any agency, office or branch owned or controlled by any of the above persons
- **“Principal Officer”** means an officer nominated by the Board of Company Credit, responsible for furnishing information as per resolution passed by the Board.
- **“Suspicious transaction”** means a “transaction” as defined below, including an attempted transaction, whether made in cash, which, to a person acting in good faith:
 - ❖ 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
 - ❖ appears to be made in circumstances of unusual or unjustified complexity; or
 - ❖ appears to not have economic rationale or bona-fide purpose; or
 - ❖ gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation:

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

- **“Customer Due Diligence (CDD)”** means identifying and verifying the customer and the beneficial owner using ‘Officially Valid Documents’ as a ‘proof of identity’ and a ‘proof of address’.
- **“Customer identification”** means undertaking the process of CDD.
- **“FATCA”** means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- **“IGA”** means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- **“KYC Templates”** means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
- **“On-going Due Diligence”** means regular monitoring of transactions in accounts to ensure that they are consistent with the customers’ profile and source of funds.

- **“Periodic Updation”** means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.
- **“Politically Exposed Persons”** (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.
- **“Wire transfer”** means a transaction carried out, directly or through a chain of transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank.
- **“Domestic and cross-border wire transfer”:** When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the ‘originator bank’ or ‘beneficiary bank’ is located in different countries such a transaction is cross-border wire transfer.
- **“resident”** means an individual who has resided in India for a period or periods amounting in all to one hundred and eighty-two days or more in the twelve months immediately preceding the date of application for enrolment.
- **“Service Partner/Partner”** means an individual/firm/company with whom the Company has signed a Service level agreement for referring prospective borrower.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act or the Reserve Bank of India Act, or the Prevention of Money Laundering Act and Prevention of Money Laundering (Maintenance of Records) Rules, any statutory modification or re- enactment thereto or as used in commercial parlance, as the case may be.