

## KYC POLICY – EXPLICIT FINANCE LIMITED

Know Your Customer (KYC) policy duly approved by the Board of Directors of Explicit Finance Limited (hereinafter referred to as 'EFL')

**1) The KYC policy includes following four key elements:**

- (a) Customer Acceptance Policy;
- (b) Risk Management;
- (c) Customer Identification Procedures (CIP); and
- (d) Monitoring of Transactions

2) **Designated Director:** EFL has nominated Mr. Avinash Mainkar as the Designated Director, to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules, the same has been communicated to the FIU-IND.

3) **Principal Officer:** EFL has nominated Mr. Gopal Dave as the Principal Officer, to ensure ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations, the same has been communicated to the FIU-IND.

**4) Compliance of KYC policy**

(a) EFL ensures compliance with KYC Policy through:

- (i) Designated Director for the purpose of KYC compliance.
- (ii) CFO of EFL is responsible for effective implementation of policies and procedures and Independent evaluation of the compliance functions of REs' policies and procedures, including legal and regulatory requirements.
- (iii) Internal Auditor verifies the compliance with KYC/AML policies and procedures and submits Quarterly audit notes and compliance to the Audit Committee.

**A: Customer Acceptance Policy**

9. EFL has framed a Customer Acceptance Policy which ensures that: .

- (a) No account is opened in anonymous or fictitious/benami name.
- (b) No account is opened where EFL 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.
- (c) No transaction or account based relationship is undertaken without following the CDD procedure.
- (d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updating, is specified.

(e) 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.

(f) EFL applies the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a RE desires to open another account with the same RE, there shall be no need for a fresh CDD exercise.

(g) CDD Procedure is followed for all the joint account holders, while opening a joint account.

(h) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.

(i) 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 circulated by Reserve Bank of India.

11. Customer Acceptance Policy does not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

## **B: Risk Management**

EFL has a risk based approach which includes the following.

(a) Customers are categorised as low, medium and high risk category, based on the assessment and risk perception of EFL.

(b) Risk categorisation are undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities are also factored in.

Provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive and the same is specified in the KYC policy.

(Explanation: FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated to all cooperative banks by the RBI etc., are also be used in risk assessment.)

## **C: Customer Identification Procedure (CIP)**

13. EFL undertakes identification of customers in the following cases:

(a) Commencement of an account-based relationship with the customer.

(b) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.

(d) Selling third party products as agents, selling their own products, payment of dues of credit cards / sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.

(e) Carrying out transactions for a non-account based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.

(f) When EFL has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.

14. For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, EFL does its own customer due diligence.

## Customer Identification Procedure

### Features to be verified and documents that may be obtained from customers

Features	Documents
<p style="text-align: center;">Accounts of individuals</p> <p>Legal name and any other names used</p> <p>Correct permanent address</p>	<p>(i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving license (v) Identity card (subject to EFL's satisfaction) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of bank</p> <p>(i) Telephone bill (ii) Bank account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Letter from employer (subject to satisfaction of EFL) (any one document which provides customer information to the satisfaction of EFL will suffice)</p>
<p style="text-align: center;">Accounts of companies</p> <p>Name of the company Principal place of business Mailing address of the company Telephone/Fax Number</p>	<p>(i) Certificate of incorporation and Memorandum &amp; Articles of Association (ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (iv) Copy of PAN allotment letter (v) Copy of the telephone bill</p>
<p style="text-align: center;">Accounts of partnership firms</p> <p>Legal name Address Names of all partners and their addresses Telephone numbers of the firm and partners</p>	<p>(i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners</p>
<p style="text-align: center;">Accounts of trusts &amp; foundations</p> <p>Names of trustees, settlers, beneficiaries and signatories Names and addresses of the founder, the managers/directors and the beneficiaries Telephone/fax numbers</p>	<p>(i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlors, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses (iv) Resolution of the managing body of the foundation/association (v) Telephone bill</p>

