

**POLICY ON KNOW YOUR CUSTOMER NORMS & ANTI-MONEY
LAUNDERING MEASURES**

(KYC & AML Policy)

V 18

<i>Policy Name</i>	
Policy Approval authority	Risk Management Committee/Board of Directors
Policy Owner	Chief Compliance Officer
Policy Implementation Authority	Chief Compliance Officer Chief Credit Officer Chief Operation Officer
Version	Version V 18
Issue Date	February 9, 2026

<i>Sr. No.</i>	<i>Relevant Acts, Rules & Regulations</i>
1	Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 dated November 28, 2025, as amended from time to time.
2	Prevention of Money Laundering Act – 2002, as amended from time to time.
3	Prevention of Money Laundering (Maintenance of Records) Rules 2005, as amended from time to time.
4	Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and relevant rules and regulations, as amended from time to time.

VERSION CONTROL

Version Control No.	Author	Date Created / updated	Date Effective	Version Description
V.1	Pankaj Thapar	20 September 2010	20 September 2010	-
V.2	Jitendra Bhati – (Company Secretary)	23 January 2012	23 January 2012	To insert reference to position of Principal Officer in addition to name of Principal Officer
V.3	Jitendra Bhati – AVP – (Compliance & Secretarial)	15 May 2015	15 May 2015	To include reference to position of Designated Director
V.4	Jitendra Bhati – AVP – (Compliance & Secretarial)	11 April 2016	11 April 2016	Change of Principal Officer
V.5	Jitendra Bhati – AVP – (Compliance & Secretarial)	13 May 2016	13 May 2016	To align the Policy with the Know Your (KYC) Directions, 2016 issued by the Reserve Bank of India
V.6	Jitendra Bhati – VP – (Compliance & Secretarial)	5 February 2018	5 February 2018	To give effect to amendments in Prevention of Money-laundering (Maintenance of Records) Rules, 2005
V.7	Jitendra Bhati – SVP – (Compliance & Secretarial)	2 February 2019	2 February 2019	To give effect to amendments to Know Your Customer (KYC) Direction, 2016 issued by the Reserve Bank of India
V.8	Jitendra Bhati – SVP – (Compliance & Secretarial)	8 August 2019	8 August 2019	To give effect to amendments to Know Your Customer (KYC) Direction, 2016 issued by the Reserve Bank of India
V.9	Jitendra Bhati – SVP – (Compliance & Secretarial)	7 November 2019	7 November 2019	To give effect to amendments in Prevention of Money-laundering (Maintenance of Records) Rules, 2005 w.r.t. e-documents and digital KYC
V.10	Jitendra Bhati – SVP – (Compliance & Secretarial)	17 June 2020	17 June 2020	To incorporate requirement of conducting periodic Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment
V.11	Nitin Gyanchandani (Chief Risk Officer)	18 August 2023	18 August 2023	To incorporate changes in customer risk categorization (Annexure II)

V. 12	Nitin Gyanchandani (Chief Risk Officer)	26 September 2023	18 August 2023	To incorporate definition of Beneficial Owner
V. 13	Rashmita Prajapati – (Chief Compliance Officer)	29 April 2024	29 April 2024	Amendments in line with Know Your Customer (KYC) Direction, 2016 to include few definitions, inclusion of documents for due diligence, clause regarding periodic risk assessment of customers, inclusion of cases under risk categories
V. 14	Rashmita Prajapati – (Chief Compliance Officer)	18 th October 2024	18 th October 2024	Implementation of Group-wide KYC & AML Policy to comply with RBI-Master Direction on Know Your Customer (KYC) Direction 2016 for sharing information required for the purposes of client due diligence and ML & TF risk management, included certain definitions and process of collecting OVD and deemed OVD documents.
V.15	Rashmita Prajapati – (Chief Compliance Officer)	20 th January 2025	20 th January 2025	Addition of details as per RBI KYC amendment dated 06 th November, 2024.
V.16	Rashmita Prajapati – (Chief Compliance Officer)	29 th April 2025	29 th April 2025	Addition of NPO definition and NPO registration requirement as per RBI – Master Direction on Know Your Customer (KYC) Direction 2016 (amended from time to time).
V.17	Rashmita Prajapati – (Chief Compliance Officer)	13 th August 2025	13 th August 2025	Deletion of subsidiary, Process for re-KYC, Process of customer onboarding.
V.18	Binoy Parikh	9 February 2026	9 February 2026	Updatations carried out in line with policy requirements set out under Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 dated November 28, 2025, as amended from time to time



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Title

Approving Body:	Board of Directors
Original Issue Date:	October 2024
Policy Making Body:	Chief Compliance Officer
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1. INTRODUCTION

- I. IndoStar Capital Finance Limited (“**ICFL**” or “**Company**” or “**IndoStar**”) is a non-banking finance company (“**NBFC**”) registered with the Reserve Bank of India (“**RBI**”) as a NBFC-ICC, primarily engaged in providing financing solutions to borrowers across categories.
- II. The Company operates mainly in four principal lines of business, namely retail financing, SME lending, corporate lending, and M-LAP lending.
- III. The RBI has *vide* Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025, dated November 28, 2025, as amended from time to time (“**Directions**”), issued comprehensive guidelines with regard to Know Your Customer (“**KYC**”) norms to be followed by NBFCs and measures to be taken in regard to Anti Money Laundering (“**AML**”) and Countering Financing of Terrorism (“**CFT**”). Accordingly, NBFCs are required to put in place a comprehensive policy framework on ‘KYC norms and AML measures’, duly approved by their board of directors.
- IV. In light of the aforesaid, this policy on KYC and AML (“**Policy**”), duly approved by the board of directors of the Company (“**Board**”), has been prepared in line with the Directions, the applicable provisions of the Prevention of Money-Laundering Act, 2002 (“**PML Act**”), PML (Maintenance of Records) Rules 2005 (“**Rules**”), the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (“**Aadhaar Act**”), and rules/ regulations made thereunder, as amended from time to time, and incorporates the Company’s approach towards matters related to KYC, AML and CFT issues.
- V. The programs/ process on AML and CFT, as set out under this Policy, and processes/ policies for sharing information required for the purposes of client due diligence and money laundering and terror finance risk management as set out in this Policy, will be implemented by companies who are part of the IndoStar Group.

2. OBJECTIVES OF POLICY

The objectives of this Policy are to:

- I. Enable the IndoStar to formulate and adopt procedures and processes to prevent their businesses from being misused for money laundering and terrorist financing.
- II. Identify basic standards relating to Customer identification, Customer acceptance, risk management, monitoring and reporting of transactions, sharing information with each other, etc.
- III. Establish standards to monitor and review Customer accounts and transactions to prevent/ detect transactions that may be suspicious from a money laundering and terrorist financing perspective;
- IV. Implement processes to facilitate de-duping data of persons who have been reported for alleged offences, including in relation to money laundering so as to effectively manage any risks that may be posed by Customers attempting to misuse the financial services provided by ICFL.
- V. Formulate strategies for training and developing material for training and dissemination of information for effective administration, enforcement and compliance with KYC norms.

3. APPLICABILITY, SCOPE AND RESPONSIBILITY



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- I. This Policy applies to all new and existing Customer relationships and to all products and services offered by IndoStar.
- II. The Management Committee of the Company (“**Management Committee**”), along with the Designated Director of the Company and the Principal Officer of the Company will ensure compliance with this Policy, the Directions, PML Act and Rules made thereunder, and other applicable laws and regulations.
- III. The Management Committee will play an important role in evaluating and ensuring adherence to the Policy and procedures. The Management Committee will submit quarterly notes and compliance with respect to this Policy, to the Audit Committee of the Company (“**Audit Committee**”).
- IV. The Company’s Internal Audit Team will conduct audits to specifically check and verify the application, procedures and compliance of the Policy, the Directions, PML Act and Rules made thereunder, including at the branch level and any lapse or short coming observed will be brought to the notice of the Management Committee / Audit Committee. The Company’s Internal Audit Team will also provide an independent evaluation of the compliance with the Policy, including compliance with legal and regulatory requirements and report to the Audit Committee/ Board.

4. DEFINITION

Capitalised terms used but not defined in this Policy shall, unless contrary to the meaning thereof, have the meaning as assigned to them in the Directions, PML Act and Rules made thereunder, the Aadhaar Act and rules/regulations made thereunder, as the case may be.

Customer: Customer means 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.

Deemed Officially Valid Document (“Deemed OVD”): In case an OVD furnished by the Customer does not have updated address, the following documents or the equivalent e-documents thereof will be deemed to be OVDs for the limited purpose of proof of address:

- 1) Utility Bills like (electricity, telephone, post-paid mobile bill, piped gas, water bill) not more than 2 months old;
- 2) Property or municipal tax receipt;
- 3) Pension or family pension payment orders issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- 4) Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;

Provided that in case the Customer furnishes any 1 (one) of the above Deemed OVDs as address proof, the Customer will need to submit OVD with current address within a period of 3 months from submitting the Deemed OVDs.

If a Customer/borrower temporarily shifts or relocates to any other location or city, the Customer will provide a valid ‘**Rent Agreement**’ as correspondence/communication address and the declared address will be verified by positive confirmation, i.e., by means such as field verification, address verification letter, contact point verification, deliverables, etc. The same has to be supported with the OVD of permanent address proof.

Internal Audit Team: means the audit team of the Company, headed by Head – Internal Audit and the other employees of the Company reporting to Head – Internal Audit.



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Senior Management: means members of the management of the Company 1 (one) level below the managing director and executive vice chairman of the Company.

5. Customer Due Diligence (CDD)

The Company will conduct CDD at the time of onboarding a Customer and at the time of periodic KYC review, in accordance with the prescribed time periods, as set out in the Directions, by obtaining the below mentioned documents and performing below mentioned checks:

- 1) The documents required for identification and verification of the Customers, an indicative list of which is set out in **Annexure I** below;
- 2) Obtaining the KYC Identifier (with explicit consent to download records from CKYCR), if available;
- 3) Obtaining the CIBIL verification;
- 4) Conducting internal de-dupe;
- 5) Understanding and verifying the profile of the Customer/business activity of the Customer;
- 6) Obtaining Customer's beneficial ownership structure in all non-individual cases and identifying the ultimate beneficial owner (UBO), wherever applicable;
- 7) Any other document/ check as may be deemed necessary by the Company, while undertaking the CDD process in respect of the Customers.

6. Enhanced Due Diligence (EDD)

- I. The Company will conduct **EDD** on all its high-risk Customers, as identified basis the details set out in **Annexure II** below or when the Customer is considered to present a higher risk than the original **categorization** or when a Customer is onboarded in non-face-to-face mode (e.g. V-CIP or through use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc) or if the Company deems it necessary to conduct EDD.
- II. For conducting EDD, the Company will collect additional information, as may be deemed necessary (including information to be collected from public domain or from regulatory filings, media reports, government databases, and specialized risk intelligence platforms, etc.). Further, the Company will collect additional documents from Customers, as may be deemed necessary, and conduct diligent screening of Customers who qualify as per any one or more of the aforesaid criteria.
- III. The EDD process will be continued till such time that the Company is satisfied with the outcome of the diligence.

7. Beneficial Owner (BO) Identification Process

- I. The Company will identify the 'Beneficial Owner (BO)' for all non-individual Customers to identify and verify the identity of BO & ultimate beneficial owner, where applicable, and ensure that the required KYC documents of such individuals and non-individual Customers are collected for CDD purposes. Further, as part of the CDD process, the Company will obtain Beneficial Ownership Declaration from its all-non-individual Customers, as per format given in **Annexure – IV**.
- II. The necessary threshold limit, as applicable to companies, partnerships, trusts, un-incorporated association/ body of individuals, as more particularly set out in the Directions, should be followed while



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identifying ownership structure/details of the non-natural Customers.

- III. The Company need not necessarily identify and verify the identity of any shareholder or BO, where the Customer or the owner of the controlling interest is:
 - 1) an entity listed on a stock exchange in India, or
 - 2) an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or
 - 3) subsidiary of such listed entities.
- IV. With respect to Non-Profit Organizations (“NPO”), ICFL will ensure to register details of the NPO on DARPAN Portal of Niti Aayog and if they are not registered, the Company will register the details on the DARPAN Portal. The Company will ensure that it will not on-board any NPO Customer, without registration under DARPAN Portal.
- V. In case the non-individual Customer/ non-natural Customer is not an NPO, a declaration in this regard will be taken.

8. Customer Acceptance Policy (CAP)

- I. The Company, as part of its **CAP**, will take into account the following factors:
 - 1) No transaction is initiated/ no account is opened with an anonymous or fictitious/ benami name(s).
 - 2) The Company will obtain the documents and information, including mandatory documents and information for KYC purposes, an indicative list of which is set out in **Annexure I** below, prior to initiating or undertaking any transaction and at the time of periodic updation and such documents and information will be verified from the verification facilities of the issuing authority, wherever applicable.
 - 3) The Company will ensure that no transaction is undertaken or an account-based relationship is opened without following the CDD procedure.
 - 4) If any additional information is required to be obtained from the Customer(s), which is not specified in this Policy, the Company will obtain such additional information with explicit consent of such Customer(s).
 - 5) The Company will ensure that necessary checks are undertaken before initiating a new transaction so as to ensure that the identity of the Customer does not match with any person or entity, whose name appears in the sanctions list indicated in the Directions or any person with a known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.
 - 6) The Company will apply the CDD procedure at the Unique Customer Identification Customer level. Thus, if an existing KYC-compliant customer of a Company desires to open another account or avail of any other product or service from the Company, the Company will not be required to undertake a fresh CDD exercise as far as identification of the Customer is concerned.
 - 7) The Company will not initiate a transaction/ or open an account where the Company is unable to apply appropriate CDD measures i.e., the Company is unable to verify the identity and/or obtain documents required as per the risk categorisation either due to non-cooperation of the Customer or non-reliability of the documents/data/information furnished to the Company.
 - 8) The Company will consider filing a suspicious transaction report (“STR”), if necessary, when it is unable to comply with the relevant CDD measures in relation to the Customer or if it forms a suspicion of money laundering or terrorist financing (and it reasonably believes that performing the CDD process will tip off the Customer) it will file an STR with FIU-IND, instead of conducting CDD.
 - 9) The Company will ensure that it implements suitable built-in safeguards to avoid harassment of the Customer, as part of its CAP, including by complying with the provisions of this CAP.
 - 10) For the purpose of risk categorisation of Customer, Company will obtain the relevant information from the Customer prior to the time of transaction.



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- 11) The Company will ensure that the adoption of this CAP and its implementation does not become too restrictive or result in denial of financial services to general public, especially to those, who are financially or socially disadvantaged, including the persons with disabilities. The Company will ensure that it does not reject an application for onboarding or periodic updation of KYC without application of mind. The relevant/ authorized officer of the Company will duly record the reason(s) for rejection and communicate the same to the Customer.
 - 12) Where Goods and Services Tax (GST) details are available, the Company will verify the GST number from the search/verification facility of the issuing authority.
 - 13) Where the digital signature of the Customer is obtained, the Company will verify the Customer's digital signature on the equivalent e-document as per the provisions of the Information Technology Act, 2000.
 - 14) Where a Customer is permitted to act on behalf of another person / entity, the Company will ensure that the CDD procedure set out in this Policy is followed, including in respect of obtaining information and documentation from such Customer
 - 15) The Company will verify the permanent account number of the Customer from the verification facility of the issuing authority.
 - 16) The Company will follow the CDD procedure for all the joint account holders, if the Customer account is to be treated as joint account.
 - 17) If the Company requires the Customer to submit proof of relationship, the Company will obtain a declaration of proof of relationship, in the format more particularly set out in **Annexure VII** below, along with copies of documents and information, including mandatory documents (as identified in **Annexure VII** below) to establish proof of relationship between the Customer(s), prior to initiating or undertaking any transaction.
- II. With respect to Politically Exposed Persons ("**PEP**"), as part of this CAP, the Company will ensure that:
- 1) The decision to open an account for / enter into transactions with Politically Exposed Person ("**PEP**") (whether as Customer or BO) will be taken at a senior level i.e., by Principal Officer of the Company, including the determination of whether the Customer or the BO is a PEP;
 - 2) The Company will take reasonable measures for establishing the source of funds / wealth of such Customers;
 - 3) The Company will subject all such accounts to enhanced monitoring on an on-going basis;
 - 4) In the event of an existing Customer or the BO of an existing account subsequently becoming a PEP, the Company will obtain the senior management's approval, i.e., Principal Officer of the Company's approval to continue the business relationship;
 - 5) The Company will apply these instructions to family members or close associates of PEPs as well.

9. Customer Identification Procedure (CIP)

- I. Customer identification is carried out to verify identity of the Customer by using reliable and independent source of documents, data or information to ensure that the Customer is not a fictitious person. Company will conduct **CIP** in the following cases:
 - 1) At the time of commencement of a relationship with the Customer;
 - 2) When there is a doubt about the authenticity or adequacy of the Customer identification data it has obtained;
 - 3) When 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 ₹50,000;
 - 4) When carrying out any international money transfer operations for a person who is not an account holder of the Company;
 - 5) When carrying out transactions for a non-account-based Customer, i.e., a Walk-in Customer, where the



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amount involved is equal to or exceeds ₹50,000 whether conducted as a single transaction or several transactions that appear to be connected;

- 6) When the Company has reason to believe that a Customer (account-based or Walk-in Customer) is intentionally structuring a transaction into a series of transactions below the threshold of ₹50,000.
- II. The Company will take into account the following factors whilst implementing CIP:
 - 1) The Company will carry out CIP and CDD procedure before initiating or undertaking any transaction or opening any account.
 - 2) The Company will prepare a profile for each Customer based on risk categorization and allot a Unique Customer Identification Code to such Customer. The Customer profile may contain information relating to Customer's identity, social/financial status, nature of business activity, information about his clients' business and their location etc. The nature and extent of due diligence on the Customer will depend on the risks perceived by the Company. However, while preparing Customer profile, the Company will take care to seek only such information from the Customer which is relevant to the risk category and is not intrusive.
 - 3) The Customer profile will be a confidential document and details contained therein will not be divulged for cross selling or any other purposes without the express permission of the Customer.
- III. The Company will follow the procedure with respect to identification and due diligence to establish, to its satisfaction, the identity of each Customer including the identity of the BO and authorized signatory acting on behalf of any non-natural person, in accordance with the Policy and the Directions.
- IV. The Company may, for the purpose of verifying the identity of Customers at the time of commencement of an account-based relationship or while carrying out an occasional transaction of an amount equal to or exceeding ₹50,000 whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, at its option, rely on CDD done by a third party, subject to the following conditions:
 - 1) The Company obtains the records or information of the CDD carried out by the third party immediately from the third party or from the Central KYC Records Registry;
 - 2) The Company will take adequate steps to satisfy itself that the third party will make copies of identification data and other relevant documentation relating to the CDD requirements available, upon request, without delay;
 - 3) A regulator regulates, supervises, or monitors the third party, and the third party has measures in place for compliance with CDD and record-keeping requirements in line with the requirements and obligations under the PML Act;
 - 4) The Company will ensure that the third party is not based in a country or jurisdiction assessed as high-risk.
 - 5) The Company will have the ultimate responsibility for CDD and undertaking EDD measures, as applicable.
- V. The verification of the KYC documents will be done by an authorized officer of IndoStar and in accordance with the terms of this Policy and the Directions.
- VI. All KYC documents accepted physically as part of CIP, will need to be self-attested (Original Seen and Verified (OSV)) by the Customer and counter signed by the concerned officer of ICFL, with the employee's identification on such KYC documents, and in accordance with the terms of this Policy and the Directions.
- VII. While the Company may rely on CDD conducted by third parties, subject to the compliance with the provisions of this Policy and the Directions, the Company will ensure that decision making functions of determining compliance with KYC norms is not outsourced.
- VIII. The Company will perform appropriate, specific and where necessary, EDD on its Customers, so as to know and verify the true identity of its Customers and to detect and report instances of criminal activity, including money laundering or terrorist financing. Customers / BOs who are Politically Exposed Persons will be subjected to EDD in accordance with conditions mentioned in this Policy, the Directions, PML Act and Rules made thereunder.



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- IX. The procedures, documentation, type of information obtained and levels of KYC due diligence to be performed will be based on the level of risk associated with the relationship (products, services, business processes, geographic locations, etc.) between the Company and the Customer and the risk profile of the Customer.
- X. The submission of Aadhaar is mandatory only when the Customer is desirous of receiving any benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act or as per the notification, circular, guidelines, as issued by RBI and UIDAI from time to time, otherwise Aadhaar is not mandatory and the Company will not insist for the same. However, the individual, if so desires, may voluntarily provide the same out of volition. The Customer, at their option, may submit one proof of possession of Aadhaar number as one of the OVDs.
- XI. In case, Customer provides other OVDs as address proof instead of Aadhaar Card or possession of Aadhaar (like address updated Passport Copy, Driving Licence, Voter ID and etc.), the Company should accept the same as valid address proof and update in the records of the Company.
- XII. Only in case Customer is unable to provide updated OVDs for address proof, the Company, may obtain Deemed OVDs as specified in the Policy/ Directions and follow the required procedure as mentioned therein.
- XIII. If the Company has obtained the Aadhaar number, or proof of possession of Aadhaar number, as part of the CDD or CIP, the Company will ensure that the Aadhaar number of all the Customers is masked appropriately as per guidelines given in Aadhaar Act and the Directions.

10. Periodic Updation

- I. The Company will conduct CDD periodically, in order to ensure that the information or data collected under CDD is kept up to date and relevant by undertaking reviews of existing records, particularly where there is high risk. Such periodic updation will be carried out at least once at following time intervals and manner:
- 1) **Low Risk Customers:** 10 years
 - 2) **Medium Risk Customers:** 8 years
 - 3) **High Risk Customers:** 2 years
- The time limits prescribed above would apply from the date of initiation of transaction / last KYC verification.
 - The Company will advise the Customers that in order to comply with the PML Act and the Rules framed thereunder, in case of any update in the documents submitted by the Customer at the time of establishment of business relationship and thereafter, as necessary, the Customers will need to submit to the Company, the update of such documents. This will need to be done within 30 (thirty) days of the update to the documents, for the purpose of updating the records at Company's end.
 - In respect of an individual Customer who is categorised as low-risk, the Company will allow all transactions and ensure the updation of KYC within 1 (one) year of its falling due for KYC or up to June 30, 2026, whichever is later. The Company will subject accounts of such customers to regular monitoring. This process will also be applied to low-risk individual customers for whom periodic updation of KYC has already fallen due.
 - Save as otherwise provided in this Policy, the instructions or procedure for Customer identification and CDD will *mutatis mutandis* apply in case of Periodic Updation.



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- The Company will provide alternate options to the Customers to submit updated KYC details like online updation, nearest branch visit and etc., for convenience of the Customers.

II. **For Individual Customers:**

In case of no change in KYC information:

A self-declaration from the Customer will be obtained through Customer's registered e-mail ID/ registered mobile number, digital channels (including mobile application of NBFC) letter, etc. Physical declaration may also be taken from Customers.

In case of change in address only:

A self-declaration of the new address will be obtained from the Customer through registered e-mail ID/ registered mobile number available with the Company, digital channels (including mobile application of NBFC) letter, etc, and the declared address will be verified through positive confirmation within two months, by field verification, address verification letter, deliverables, contact point verification etc.

In case the current address is different from the address in Aadhaar, the Company will not require positive confirmation but will ensure that **mobile number for Aadhaar authentication is same as the registered mobile number available with the Company, in order to prevent frauds.**

In case of change in registered mobile number, the Company will conduct due diligence prior to approving requests for change of mobile number of the Customer and will seek such documents as may be necessary in this regard.

III. **For Non-Individual Customers:**

In case of no change in KYC information:

A self-declaration from the Customer will be obtained from Legal Entity (LE) through its registered e-mail ID and registered mobile number available with the Company, letter from an official authorized by the LE, board resolution copy, digital channels (including mobile application of NBFC) etc. Further, the Company will ensure during this process that beneficial ownership information available with them is accurate and will update the same, if required, to keep it as up-to-date as possible.

In case of change in KYC information:

The Company will undertake the entire KYC process equivalent to that applicable for on-boarding a new LE or non-individual customer.

In case of change in registered mobile number, the Company will conduct due diligence prior to approving requests for change of mobile number of the Customer and will seek such documents as may be necessary in this regard.

IV. **Additional Measures:** In addition to the above, the Company will ensure that:

- 1) The Company has the Customer's KYC document as per the current CDD standards available with it, even if there is no change in Customer information.
- 2) In case the validity of the CDD documents available with the Company has expired at the time of periodic updation of KYC, the Company will undertake the KYC process equivalent to that applicable for onboarding a new Customer.
- 3) The Company verifies the Customer's PAN details, if available, from the database of the issuing authority at the time of periodic updation of KYC.



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- 4) The Company will adopt a risk-based approach with respect to periodic updation of KYC. The Company may require the Customer to provide recent photograph, requirement of physical presence of the Customer, requirement of periodic updation of KYC only in the branch of the NBFC where account is maintained etc. if it deems so necessary.
- 5) Acknowledgment is provided to the Customer mentioning the date of receipt of the relevant document(s), including self-declaration from the Customer, for carrying out updation/ periodic updation and an intimation, mentioning the date of updation of KYC details, is provided to the Customer.
- 6) The Company will ensure that it promptly updates the information / documents obtained from the Customers at the time of updation / periodic updation of KYC in its records / database and provide an intimation, mentioning the date of updation of KYC details, to the Customer.
- 7) To ensure continued operation of accounts for Customers who are unable to provide PAN or equivalent e-document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes, the Company will not freeze such accounts/ provide other relaxations, as may be deemed appropriate. However, in such cases, the Company will subject these Customer accounts to enhanced monitoring.

V. Process for Re-KYC:

The Company will issue three advance intimations to its Customers, including at least one intimation by letter before the due date and three reminders including at least one reminder by a letter after the due date for periodic KYC updation, to those Customers who have still not complied with the requirements, despite advance intimations. Such communications will be sent at appropriate intervals using available communication options/channels. The Company will ensure to outline instructions, escalation mechanisms and consequences of non-compliance. The Company will maintain a detailed tracking of all notices and reminders for audit trails.

11. Risk Management

- I. IndoStar will classify its Customers into various risk categories (i.e., low, medium and high risk), based on the assessment and risk perception and decision upon undertaking CIP and CDD procedure. The illustrative list of such risk categorization is provided at **Annexure – II**. Documentation requirements and other information to be collected in respect of different categories of Customers will depend on perceived risk and keeping in mind the requirements of PML Act and Rules framed thereunder and guidelines issued by RBI from time to time. An illustrative list of documents and information required to be collected and checks to be performed by the Company in respect to Customers belonging to high-risk categories is set out in **Annexure III** below.
- II. In case of identification of any high risk Customer by IndoStar, it will promptly intimate the details to the Board, and take appropriate action, including by reporting the same to regulatory authorities, if deemed necessary.
- III. Parameters of risk perception will be clearly defined in terms such as the Customer's identity, nature of business activity, information about the Customer's business and location of Customer and his clients, geographical risk covering Customers as well as transactions, type of product/services offered, delivery channels used for product/ services, mode of payments (cash, cheque/ monetary instruments, wire transfers, forex transactions etc.), volume of turnover, social and financial status, ability to confirm identity documents through online or other services offered by issuing authorities etc. to enable categorization of Customers into low, medium and high risk.
- IV. The Company will devise procedures, from time to time, for creating risk profiles of their existing and new Customers and apply various AML measures, in line with the PML Act and Rules and the Directions.



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- V. Provisions with regard to wire transfer will be complied with as and when applicable to the Company.

12. Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment

- I. To ensure effective implementation of the Directions, the Company will carry out money laundering and terrorist financing risk assessment exercise periodically (**at least once in a year**) to identify, assess and take effective measures to mitigate its money laundering (“ML”) and terrorist financing (“TF”) risk for Customers, countries or geographic areas, products, services, transactions or delivery channels, etc.
- II. The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While assessing the ML/TF risk, the Company will take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share from time to time.
- III. The Company will properly document its risk assessment and it will be proportionate to the nature, size, geographical presence, complexity of activities / structure, etc. of the Company.
- IV. The outcome of the ML and TF risk assessment will be placed before Board or Audit Committee and will be reviewed at least ‘once in a year’. The outcome will also be made available to competent authorities and self-regulating bodies.
- V. The Company will apply a risk based approach for mitigation and management of the identified risks, in line with policies, controls and procedures of the Company, in this regard. The Company will implement the CDD, having regard to the ML/TF risks identified and the size of business. Further, the Company will monitor the implementation of the controls and enhance them if necessary.

13. Periodic Review of Risk-Categorization

- I. The Company will conduct periodic ‘review on risk-categorization’, at least ‘**once in six months**’ by considering the parameters such as Customer profile, geographic location, products, services, distribution channels administration and local jurisdiction, with specific attention to complex and unusually large transactions which have no apparent economic or visible lawful purpose.
- II. The Company will prescribe procedures to periodically review profile of existing Customers against lists of prohibited individuals and entities issued by the United Nations or any other regulatory/statutory authorities. Such due diligence must be conducted based on the risk categorization of Customers, inter alia detailed as under:
 - 1) The Company will conduct review of risk-categorization by performing EDD in case of receipt of any updated document/information from Customer or receipt of information about Customer from any other source or from public or by regulators, FIU-India, Law Enforcement Agency, Enforcement Department or any other legal agencies.
 - 2) The Company will ensure to upgrade and downgrade the new residual risk of their Customers based on the review of risk-categorization. Also, the Company will update the number of cases where risk-rating is unchanged.
 - 3) The Company may include other parameters while conducting periodic risk-categorization like Customer STR filed during the review period, AML and Sanction screening, PEP Screening, fraud cases reported to RBI under FMRs and etc.
- III. The risk-categorization of a Customer and the specific reasons for such categorization will be kept confidential and will not be revealed to the Customer to avoid tipping off the Customer.



14. Monitoring of Transactions

- I. Ongoing monitoring is an essential element of effective KYC procedures. The Company will undertake ongoing due diligence of Customers to ensure that their transactions are consistent with their knowledge about the Customers, Customers' business and risk profile, the source of funds/ wealth. If required and viable for the Company for ongoing due diligence, the Company may consider adopting appropriate innovations including artificial intelligence and machine learning (AI & ML) technologies to support effective monitoring.
- II. The Company will understand the Customer profile diligently based the risk involved therein. The extent of monitoring will depend on the risk categorisation of the Customer. High-risk Customers will be subjected to intensified monitoring in accordance with Directions.
- III. The Company should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. Further, in the case of high-risk Customers and/ or Customers undertaking unusually large transactions/ Customers exhibiting unusual patterns which have no apparent economic or visible lawful purpose, will require the prior approval of the Management Committee for such transaction to be processed.
- IV. The Company will put in place an appropriate system / mechanism to throw alerts when the transactions are inconsistent with risk categorization and updated profile of Customers.
- V. The Company should ensure that a record of transactions with Customers is preserved, maintained and reported as required in terms of Section 12 of the PML Act and Para 47 of the Directions. It may also be ensured that transactions of suspicious nature and/or any other type of transactions notified under the PML Act, will be reported to the appropriate law enforcement authority, in the prescribed form and within the stipulated time frame.

15. Appointment of Designated Director and Principal Officer

- I. To ensure effective implementation of this Policy, the Board will appoint / designate Managing Director / Whole-Time Director, as its Designated Director who will be responsible for ensuring overall compliance as required under this Policy, the Directions, PML Act and the Rules made thereunder.
- II. The Principal Officer, who will be an officer at the management level nominated by the Board, will be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information and furnishing / reporting all transactions as required under the law/regulations, including PML Act and Rules framed thereunder. The Principal Officer will endeavor to attend all meetings of AML Committee, so as to ensure matters as set out in its terms of reference are reviewed.
- III. In no case will the Principal Officer be appointed as the Designated Director.
- IV. The name of the Designated Director and the Principal Officer so designated and other information (including the designation, address and contact details) will be intimated to the Director, FIU-IND and to RBI.

16. Anti-Money Laundering (AML)

- I. Anti-Money Laundering ("AML") refers to the collection of laws, law enforcement, processes, policies, and regulations that prevent illegally obtained money from entering the financial system by criminals, money



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launders, terrorist financing and through other illegal activities, etc.

- II. The Company, will ensure compliance with the PML Act, Rules and the Directions, to ensure prevention of ML or TF, including by complying with obligations applicable to it under Section 12 of PML Act which include:
 - 1) Maintaining a record of prescribed transactions
 - 2) Furnishing information of prescribed transactions to the specified authority
 - 3) Verifying and maintaining records of the identity of its Customers
 - 4) Preserving records in respect of (1), (2), (3) above for a period of 10 years from the date of cessation of transactions with the Customers.

17. C-KYC and sharing KYC information with Central KYC Records Registry (CKYCR)

- I. In the process of opening an account, once the Customer's KYC Identifier is generated by CKYCR and provided to the Company, the Company will share the same with the concerned Customer. Alternatively, the Company may seek the KYC Identifier, if available with the Customer, with its explicit consent.
- II. The Company will comply with the operational guidelines for uploading the KYC data, as released by CERSAI, from time to time.
- III. The Company will capture Customer's KYC records and upload onto CKYCR within 10 (ten) days of commencement of an account-based relationship with the Customer, as per the prescribed template. Further, the Company will upload the Customer's KYC records at the time of periodic updation, or earlier, when the updated KYC information is obtained / received from the Customer. If the Company obtains additional or updated information from any Customer it will, within 7 (seven) days, furnish the updated information to CKYCR.
- IV. Once CKYCR informs the Company regarding an update in the KYC record of an existing Customer, the Company will retrieve the updated KYC records from CKYCR and update the KYC record maintained by it.
- V. For the purpose of establishing an account-based relationship, updation / periodic updation or for verification of identity of a Customer, the Company will seek the KYC Identifier from the Customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC Identifier and will not require a customer to submit the same KYC records or information or any other additional identification documents or details, unless–
 - 1) there is a change in the information of the customer as existing in the records of CKYCR; or
 - 2) the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
 - 3) the validity period of downloaded documents has lapsed; or
 - 4) the Company considers it necessary in order to verify the identity or address (including current address) of the Customer; or
 - 5) to perform enhanced due diligence or to build an appropriate risk profile of the Customer.
- VI. If the Company downloads and relies on records from the CKYCR, it will not be required to re-verify the authenticity of the Customer's identity and / or address, provided the KYC records downloaded from CKYCR are current and compliant with the PML Act and Rules. Nonetheless, the Company remain responsible for all aspects of CDD procedure, except verification of identity and / or address of the Customer.

18. Records Retention and Retrieval

- I. The Company has in place a policy on record retention, formulated in line with the requirements under the



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Directions, the Act and the associated Rules, duly approved by the Board and as may be amended from time to time.

- II. The Company will abide by the requirements of the policy on record retention and the requirements under the Directions, the Act and the associated Rules, to maintain documentation and information, including in relation to Customer's KYC information.

19. Customer Education

The Company will prepare specific literature/pamphlets etc. so as to educate the Customers of the objectives of the KYC & AML. The Company on an on-going basis will educate the front desk staff, the branch staff and the new joiners on the elements of KYC & AML through various training programmes and e-mails to, *inter alia*, handle issues arising from lack of Customer education.

20. Introduction of New Technologies

The Company will pay special attention to any ML and TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms and from new or developing technologies for both new and existing products, in the implementation of the Policy and will ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products / services / technologies.

21. Ownership & Authority

The Company, being the parent company will hold the ownership, and the right of modification, making changes to this Policy in line with the Act, Rules and Directions, issued from time to time. The Group companies, if any will be responsible for implementation and adherence to the guidelines or compliances provided herein.

22. Review of Policy

This Policy will be reviewed as and when required, considered necessary modifications by the Board and as per amendments received by Reserve Bank of India as and when or otherwise at least '**once in a year**'.

Prepared By

(_____)

Approved By

(_____)



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Annexure – I

Customer Identification

Customer Type and features to be verified	Documents / Information
<p>Individuals</p> <ul style="list-style-type: none"> - Legal name / any other name used - Correct Permanent and Current Address - Nature of business & financial status 	<p>1. A certified copy of the following documents to be obtained for verifying identity and address of an individual, including an individual who is a Beneficial Owner, authorized signatory or the power of attorney holder related to any legal entity:</p> <ul style="list-style-type: none"> • PAN or Form 60 (Mandatory) Any one of the below OVDs: • proof of possession of Aadhaar Number • passport • driving licence. • Voter's Identity Card issued by the Election Commission of India. • job card issued by NREGA duly signed by an officer of the State Government. • Letter issued by the National Population Register containing details of name, address. <p>In case the abovementioned OVDs do not contain the updated/ current address, pending updation of current address on such documents, a certified copy of any of the following documents to be obtained, which will be valid only for 3 months from the time of submitting the same, prior to expiry of which, the Customer will submit the abovementioned documents with updated/ current address:</p> <ul style="list-style-type: none"> • utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill); • property or municipal tax receipt; • pension or family pension payment orders issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address; • letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation. <p>For the purpose of correspondence address only, the following documents could be accepted:</p> <ul style="list-style-type: none"> • Bank Statement • Rent Agreement <p>2. Documents with respect to nature of business and financial status as may prescribed by Management Committee from time to time.</p>



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Customer Type and features to be verified	Documents / Information
	<p>3. Salary Slip (latest 3 months)</p> <p>4. Recent Photograph.</p> <p>KYC Identifier, if available, with the explicit consent of the Customer.</p> <p>In case where the co-applicant's Aadhaar is not updated with the current address, in such cases the Company will in addition to the co-applicant's Aadhaar, will collect the spouse's Aadhar Card (with current address), a declaration of relationship proof, in the format as more particularly set out at Annexure VII.</p> <p>Such other documents as may be prescribed from time to time.</p> <p>In this Annexure I, obtaining a certified copy by the Customer will mean comparing the copy of the document so produced by the Customer with the original and recording the same on the copy by person authorized by the Company.</p> <p>The use of Aadhaar, proof of possession of Aadhaar etc., will be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016, and the regulations made thereunder and the Directions.</p>
<p>Sole Proprietorship</p> <ul style="list-style-type: none"> - Legal Name of the Sole Proprietor - Correct address / place of business of the proprietor and firm - Business / activity of the firm - Contact Point Verification 	<p>Documents to be obtained from Proprietor:</p> <ul style="list-style-type: none"> - <i>(Please refer to documents as same to be obtained from "Individual Customers")</i> <p>Documents to be obtained from the proprietary firm:</p> <p>Any two of the following documents as a proof of business/ activity in the name of the proprietary firm:</p> <ul style="list-style-type: none"> • Udyam Registration certificate. • Certificate/licence issued by the municipal authorities under Shop and Establishment Act. • Sales and income tax returns. • CST/VAT/GST certificate (provisional / final). • Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities. • IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/ Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute. • 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. • Utility bills such as electricity, water, and landline telephone bills, etc. • Activity proofs with respect to the proprietorship firm



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Customer Type and features to be verified	Documents / Information
	<p>Where the Company is satisfied that it is not possible to furnish any 2 (two) of the abovementioned documents, the Company may, at its discretion, accept only 1 (one) of those documents as proof of business/ activity; provided that the Company undertakes contact point verification and such other information and clarification has been collected which would be required to establish the existence of such firm, and the Company will confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.</p> <ul style="list-style-type: none"> - KYC Identifier, if available, with the explicit consent of the Customer - Such other documents as may be prescribed from time to time
<p>Partnership</p> <ul style="list-style-type: none"> - Legal name - Address - Names of all partners and their addresses - Ultimate Beneficial Owners - Telephone numbers of the firm and partners 	<p>Documents to be obtained from Beneficial Owner, managers, officers or employees holding an attorney to transact on behalf of the partnership firm:</p> <ul style="list-style-type: none"> - <i>(Please refer to documents to be obtained from "Individual Customers")</i> <p>Certified copies of each of the following documents to be obtained from the partnership firm:</p> <ul style="list-style-type: none"> - Registration certificate. - Partnership deed. - Permanent Account Number of the partnership firm. - The names of all the partners. <ul style="list-style-type: none"> - Address of the registered office, and the principal place of its business, if it is different. - KYC Identifier, if available, with the explicit consent of the Customer. - Such other documents as may be prescribed from time to time. - Utility Bill on the name of firm.
<p>Trust</p> <ul style="list-style-type: none"> - Legal Name & address of the Trust - Names of trustees, settlers, beneficiaries - Telephone/fax numbers 	<p>Documents to be obtained from Beneficial Owner, managers, officers or employees holding an attorney to transact on behalf of the Trust:</p> <ul style="list-style-type: none"> - <i>(Please refer to documents to be obtained from "Individual Customers")</i> <p>Certified copies of each of the following documents to be obtained from the trust:</p> <ul style="list-style-type: none"> - Registration certificate. - Trust deed. <ul style="list-style-type: none"> - Permanent Account Number or Form No.60 of the trust. - The names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust. - The address of the registered office of the trust. - List of trustees, settlor, protector or any authors of the trust and documents <i>(Please refer to documents to be obtained from "Individual Customers)</i>, for those discharging the role as trustee



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Customer Type and features to be verified	Documents / Information
	<p>and authorized to transact on behalf of the trust.</p> <ul style="list-style-type: none"> - KYC Identifier, if available, with the explicit consent of the Customer. - Such other documents as may be prescribed from time to time.
<p>Unincorporated association or body of individuals (includes unregistered trust / partnership firms and societies)</p> <ul style="list-style-type: none"> - Business / activity - Legal existence - Principal place of business - Ultimate Beneficial Owner - Contact Point Verification 	<p>Documents to be obtained from Beneficial Owner, managers, officers or employees holding an attorney to transact on behalf of the unincorporated association / body of individuals:</p> <ul style="list-style-type: none"> - <i>(Please refer to documents to be obtained from "Individual Customers")</i> <p>Certified copies of each of the following documents to be obtained from unincorporated association or body of individuals:</p> <ul style="list-style-type: none"> - Resolution of the managing body of such association or body of individuals. <ul style="list-style-type: none"> - Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals. - Power of attorney granted to transact on its behalf. - Documents/ such information as may be required to collectively establish the legal existence of the association / body of individuals. - KYC Identifier, if available, with the explicit consent of the Customer - Such other documents as may be prescribed from time to time
<p>Companies</p> <ul style="list-style-type: none"> - Name of the company, directors & promoters - Principal place of business - Beneficial Owners/ ultimate Beneficial Owners - Mailing address of the company - Telephone/Fax Number 	<p>Documents to be obtained from Beneficial Owner, managers, officers or employees holding an attorney to transact on behalf of the company:</p> <ul style="list-style-type: none"> - <i>(Please refer to documents to be obtained from "Individual Customers")</i> <p>Certified copies of each of the following documents to be obtained from companies:</p> <ul style="list-style-type: none"> - Certificate of incorporation. - Memorandum and Articles of Association. - Permanent Account Number of the company. - A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on behalf of the company. - The names of the relevant persons holding senior management position. - The details of the registered office and the principal place of its business, if it is different. - KYC Identifier, if available, with the explicit consent of the Customer. - Such other documents as may be prescribed from time to time.
<p>Juridical persons (not specifically covered in the earlier sections), such as societies, universities and local bodies like village panchayats or who purports</p>	<p>A certified copy of each of the following documents will be obtained and verified:</p> <ul style="list-style-type: none"> - Document showing name of the person authorized to act on behalf of the entity; - Documents to be obtained of the person holding an attorney to transact on its behalf– <i>(Please refer to documents to be obtained from</i>



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Customer Type and features to be verified	Documents / Information
to act on behalf of such juridical person or individual or trust <ul style="list-style-type: none">- Legal existence- Contact Point Verification- Identity of Person purporting to act on behalf on its behalf	<i>“Individual Customers”</i> . <ul style="list-style-type: none">- Such documents as may be required by the Company to establish the legal existence of such an entity/ juridical person.- KYC Identifier, if available, with the explicit consent of the Customer.- Such other documents as may be prescribed from time to time.

In terms of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, and the Directions, equivalent e-document of the abovementioned documents may be obtained for the purpose of KYC.



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Annexure – II

Risk Categorisation of Customers

Customers whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large confirm to the known profile, may be categorized as low risk. Customers that are likely to pose a higher-than-average risk of money-laundering should be categorized as Medium or High-Risk Customers, depending on Customer's background, nature and location of activity, country of origin, sources of funds, client profile, etc.

Low Risk (Grade A)
<i>Illustrative examples of Low-Risk Customers:</i>
Listed companies or their majority owned subsidiaries in India
Entities that are regulated by any Indian financial sector regulator like SEBI, RBI or IRDA.
Government departments & Government owned companies, regulators, statutory bodies and juridical bodies created under a law in force in India
Individuals / entities like salaried or self-employed individuals, professionals, proprietary firms, partnership firms, people belong to low-income group, Hindu Undivided Family (HUF), Trusts, private / public limited companies, with clear sources of funds verifiable through documents like IT Returns, statutory filings, documents registered / filed with statutory authorities, etc. (other than as mentioned in Grade B below)
Individual entities, proprietary firms, partnership firms, Hindu undivided family having Income below taxable limits /not filed ITRs whereas income source is being identified basis business experience, repayment tracks/ CIBIL history.
Medium Risk (Grade B)
<i>Illustrative examples of Medium Risk Customers:</i>
Entities belonging to business groups where at least two major entities are companies listed in India
Entities belonging to business group where at least one major entity is regulated by an Indian financial sector regulator like SEBI, RBI or IRDA. However, if the regulated entity is a stock broker or an insurance broker, this sub-rule cannot be applied
Entities whose loan has been purchased from, or is assigned to the Company by a listed NBFC
Entities that have a credit rating of AA or higher from 2 or more SEBI approved Indian rating agencies
Entities like proprietary firms, partnership firms, Hindu undivided family, trusts, private / public limited companies, with clear sources of funds verifiable through documents like IT Returns, statutory filings, documents registered / filed with statutory authorities, etc., with transaction size of more than INR 50 crore.
Trusts, charities, NGOs and other organizations receiving donations
Entities / Individuals engaged in / deriving income from activities related to Real Estate sector.
Non-profit organizations, non-government organizations not promoted by the United Nations or its agencies
Non-banking finance companies
Micro finance institutions
Foreign currency exchange dealers
Chit funds
Association of persons/ body of individuals/ artificial judicial person
Entities / individuals engaged in / deriving income from activities related to Stock Market activities (individual and franchisees of brokers)
Customers engaged into the business (with annual turnover of less than or equal to INR 100 crores) of bullion, gold, silver, diamond, gems/ precious stones, jewelry
High Risk (Grade C)
<i>Illustrative examples of High-Risk Customers:</i>



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Entities that cannot be covered under KYC Grade A or B, as per specified criteria.
Non-residents / Foreign Nationals
High Net Worth Individuals i.e., individuals with net worth of more than INR 10 crore
Firms with 'sleeping partners'
Politically Exposed Persons of foreign origin or connected Customer / Beneficial Owner/ Directors/ Related Parties/Key Managerial Persons
Multi-level Marketing Companies
Customers in jurisdictions that do not or insufficiently apply the FATF Recommendations
Customers with dubious reputation as per public information
Cooperative banks
Credit societies, Trusts, charities, Societies, NGOs / NPOs those operating on a "cross border" basis, unregulated clubs and organizations receiving donations (excluding NPOs / NGOs promoted by governments)
Companies incorporated overseas
Customers engaged into the business (with annual turnover of more than INR 100 crores) of bullion, gold, silver, diamond, gems, precious stones, jewelry)
Customers on-boarded in non-face to face mode

- The grade assigned to a Customer must be clearly indicated in the relevant credit memo and the intensity of due diligence for each Customer will depend on its risk category.
- KYC grading guidelines mentioned above are indicative. In case of ambiguity on classification, the next higher KYC grade must be applied. For instance, a real estate company that is listed on stock exchange would be covered under KYC Grade A, by virtue of being listed. However, since its primary business is real estate, KYC Grade B would be applicable.



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Annexure – III

Enhanced Due Diligence process for High-Risk Customers

In the case of high-risk Customers and/ or Customers undertaking unusually large transactions/ customers exhibiting unusual patterns which have no apparent economic or visible lawful purpose:

- it will be mandatory that manager/ officer of the branch visits the Customer's premises and place of business to conduct physical verification and to ascertain the real existence of the business/ unit and to ascertain if its scale of operations commensurate with its turnover and transactions undertaken.
- further, in case of high-risk Customers, it will be mandatory that the Customers and/ or the authorized officer(s) of the Customers (as applicable) personally visits the concerned branch of the Company (including at the time of periodic updation) and personally deposit the requisite Customer identification documents with the manager of such branch.
- it will be mandatory that manager/ officer of the branch to collect additional information and documentation regarding the purpose of the transaction and end-use of the amounts, source of income/ funds and review of income/ financial statements and banking statements.
- more than 1 (one) document (as set out in Annexure I above) will be required to be obtained from the Customer for verification/ cross checking depending on the risk perception of the Company and such documents and information will be verified from the verification facilities of the issuing authority, where ever applicable.
- information such as Customer's background, nature and location of activity and/ or business, country of origin, and his/ her/ its client profile etc. should be obtained.
- in case of high-risk Customers having multiple addresses and/ or multiple places of business, suitable documents will be obtained from such Customers to verify all such addresses and/ or places of business.
- in order to prevent frauds, alternate mobile numbers will not be linked post Customer Due Diligence with such accounts for transaction OTP, transaction updates, etc. Transactions will be permitted only from the mobile number used for account opening.
- all such accounts and Customers will be subject to enhanced monitoring on an on-going basis. In addition to above and depending upon facts and circumstances, the Company will obtain from the respective Customers, such information and documents, as deemed necessary by the management of the Company, for the purpose of monitoring of such account and the Customer.
- it will be imperative, in cases of companies, firms, body of individuals and other juridical persons, to examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management and due diligence should be undertaken on any guarantors, security providers, if applicable.
- There exists the possibility that trust accounts can be used to circumvent the Customer Identification Procedures. The Company will obtain satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf such trust is acting, as also obtain details of the nature of the trust or other arrangements in place. While entering into relationship with a trust, the Company will take



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reasonable precautions to verify the identity of the trustees and the settlers of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In the case of a 'foundation', steps should be taken to verify the founder managers / directors and the beneficiaries, if defined.

- In the event that the Company relies on the Customer Due Diligence done by an intermediary, the Company should satisfy itself that the intermediary is regulated and supervised and has adequate systems in place to comply with the KYC requirements in line with the conditions mentioned in the RBI Directions, PMLA and rules made thereunder.
- The Company should gather sufficient information on Politically Exposed Persons of foreign origin or connected Customer/ Beneficial Owner intending to establish a relationship with the Company and check all the information available on the person in the public domain. The Company should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The above norms may also be applied to the accounts of the family members or close relatives of PEPs.



**POLICY ON KNOW YOUR CUSTOMER NORMS &
ANTI-MONEY LAUNDERING MEASURES**

Annexure - IV

DECLARATION OF BENEFICIAL OWNERSHIP

[Applicable to Company, Partnership Firm, Unincorporated Association or Body of Individuals and Trusts. Not applicable for listed companies and their subsidiaries]

Name of the Customer:

Registered Address:

¹The Customer as stated above hereby confirms and declares that as on date, the following natural person(s), [in case of a company, who, whether acting alone or together, or through one or more juridical persons, has / have a controlling ownership interest or who exercises control through other means² OR in case of a partnership firm, who, whether acting alone or together, or through one or more juridical person(s), has / have ownership of / entitlement to more than 10% of capital or profits of the partnership or who exercises control through other means³ OR in case of an unincorporated association or body of individuals, who, whether acting alone or together, or through one or more juridical person, has / have ownership of / entitlement to more than 15% of the property or capital or profits of the unincorporated association or body of individuals⁴ or in case of a trust, author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership].

Sl. No.	Full Name of Beneficial owner/controlling natural person(s)	DIN/ Nature of relation with applicant entity	Nationality	KYC Documents		Controlling Ownership Interest/ Profit Share (%)
				Document Type	Document Type	

¹ Note to draft: Strike off, where not applicable.

² Controlling ownership interest' means ownership of / entitlement to more than 10 percent of the shares or capital or profits of the company. 'Control' shall include the right to appoint the majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements

³ 'Control' shall include the right to control the management or policy decision

⁴ Term 'body of individuals' includes societies



**POLICY ON KNOW YOUR CUSTOMER NORMS &
ANTI-MONEY LAUNDERING MEASURES**

I/We certify that the facts stated above are true and correct. I/We acknowledge and confirm that IndoStar shall be entitled to rely on my/our declaration above on the identity(ies) of and information relating to the Beneficial Owners of the account. I/we undertake to inform the Company in writing; should there be any changes to the ownership/shareholding structure in the future.

For and on behalf of (name of the entity):

Signature of the Authorized Official(s):

Full Name of the Authorized official (s):

Designation / Position:

Date: ___ / ___ / _____

Place:



Annexure - V

DECLARATION OF ADDRESS CHANGE

[Applicable to all types of customers]

To
IndoStar Capital Finance Limited

Change of Address

No change of Address

I am Mr./Mrs.

hereby declare that my Address as per Aadhaar is

I hereby declare that; I am residing at (Correspondence Address)

Nearest landmark

Since last _____ Months _____ Years.

I hereby submitting registered rent agreement or any other deemed OVD for current address proof.

Please consider the above Correspondence address for communication purposes. I will update the given correspondence address in my OVD and ensure to submit to the Company (IndoStar Capital Finance Limited), documentary evidence of the same, within 90 days from loan disbursement for their record purpose and completing KYC requirements.

Aadhaar copy is attached.

Yours faithfully,

Signature:



**POLICY ON KNOW YOUR CUSTOMER NORMS &
ANTI-MONEY LAUNDERING MEASURES**

Name: _____

LAN or Customer ID _____



**POLICY ON KNOW YOUR CUSTOMER NORMS &
ANTI-MONEY LAUNDERING MEASURES**

Annexure - VI

DECLARATION OF MOBILE NUMBER CHANGE
[Applicable to all types of customers and related parties]

To
IndoStar Capital Finance Limited

Date:

I am Mr./Mrs.

hereby declare that my new mobile number as per attached proof is

Name of account holder	
<input type="checkbox"/> New Mobile Number	
<input type="checkbox"/> Email ID (If available)	

I have herewith attached the new mobile number proof for the evidence of above-mentioned mobile number confirmation.

Yours faithfully,

Signature:

Name: _____

LAN or Customer ID _____



ANNEXURE VII

DECLARATION OF PROOF OF RELATIONSHIP

To
IndoStar Capital Finance Limited

Date:

I, [_____], holder of [Identification Type and Number, e.g., Passport/Aadhaar No. _____], residing at [_____], do hereby solemnly declare that [Name of Related Person], holder of [Identification Type and Number, e.g., Passport/Aadhaar No _____], is my [spouse].⁵

This declaration is made for the purpose of submission to **IndoStar Capital Finance Limited** as proof of our relationship, along with [Name of document and Number] as documentary evidence in relation to the same.

I affirm that the information provided above is true and correct.

Declared on this [day] of [month, year] at [city, country]

Yours faithfully,

Signature:

Name: _____

LAN or Customer ID _____

Enclosed:

Mandatory Documents [any one or more of the following mandatory documents, as applicable, to establish proof of relationship]

1. Copy of passport;
2. Copy of driving license;
3. Copy of voter ID card;
4. Copy of Aadhaar card;
5. Copy of marriage certificate

AND

Additional Documents [any one or more of the following documents, as applicable, in the event the Mandatory Documents do not establish proof of relationship]

1. Copy of birth certificate;
2. Copy of legal heir certificate;

⁵ Note to draft: Retain as applicable



**POLICY ON KNOW YOUR CUSTOMER NORMS &
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3. Copy of succession certificate;
4. Copy of court order/ decree;
5. Copy of joint bank account statement/ passbook/ nomination records;
6. Copy of insurance/ provident fund/ pension statements;
7. Copy of school certificate (issued by state or central government);
8. Copy of ration card;
9. Notarised affidavit;
10. Registered rent agreement/ sale deed;
11. Joint declaration