



Inclusion-Growth-Prosperity

***KNOW YOUR CUSTOMER (KYC) GUIDELINES  
AND  
ANTI-MONEY LAUNDERING (AML) MEASURES***

***Save Financial Services Private Limited***

With effect from: 06-09-2022



Inclusion-Growth-Prosperity

## 1. PREAMBLE:

The Reserve Bank of India (RBI) has issued comprehensive 'Know Your Customer' (KYC) Guidelines to all Non-Banking Financial Companies (NBFCs) in the context of the recommendations made by the Financial Action Task Force (FATF) and Anti Money Laundering (AML) standards and Combating Financing of Terrorism (CFT) policies, as these being used as the International Benchmark for framing the stated policies, by the regulatory authorities.

In view of the same, Save Financial Services Private Limited ("SFSPL" or "the Company") has adopted the said KYC guidelines with suitable modifications depending on the activity undertaken by it. The Company has ensured that a proper policy framework on KYC and AML measures be formulated in line with the prescribed RBI guidelines and put in places duly approved by its Board of Directors.

The current version of the combined Policy on Know Your Customer (KYC) and Prevention of Money Laundering Activities (PMLA) is the updated version where a formal policy on PMLA has been integrated to the prevalent KYC Policy, duly edited in line with the latest guidelines of Reserve Bank of India.

The policy will be in compliance with the Reserve Bank of India Master Direction on Know Your Customer Direction, 2016 vide notification number **RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16** (updated on May 10, 2021) or any subsequent change in the notification/master direction

The Policy will fall due for review yearly.

## 2. OBJECTIVES, SCOPE AND APPLICATION OF THE POLICY:

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures shall also enable the Company to know and understand its Customers and its financial dealings better which in turn will help it to manage its risks prudently. Thus, the KYC policy has been framed by the Company for the following purposes:

1. To prevent criminal elements from using Save Financial Services Private Limited for money laundering activities.
2. To enable Save Financial Services Private Limited to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently.
3. To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
4. To comply with applicable laws and regulatory guidelines.
5. To ensure that the concerned staff are adequately trained in KYC/AML/CFT procedures.

The said Policy & Measures will enable the Company to know and understand its customers and their financial dealings better which in turn will help it manage risks prudently. The policy and measures will further help in preventing the company being used, intentionally or unintentionally by unscrupulous and criminal elements for money laundering activities.

### 3. APPLICABILITY

This KYC Policy is applicable to all offices (if any) of Save Financial Services Private Limited and is to be read in conjunction with related operational guidelines issued from time to time. This Policy includes some key elements:

1. Customer Acceptance Policy (CAP)
2. Customer Identification Procedures (CIP)
3. Monitoring of Transactions
4. Risk management
5. Training Programme
6. Internal Control Systems

### 4. DEFINITIONS

- **Customer-** A Customer is defined as a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
  - Any person or entity connected with a financial transaction or activity with a the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
  - A person or entity that maintains an account and/or has a business relationship with Company.
  - The one on whose behalf the account is maintained (i.e. the beneficial owner).
  - Beneficiaries of transactions conducted by professional intermediaries such as Stockbrokers, Company Secretaries, Chartered Accountants, Solicitors etc. as permitted under the law.
- **Person** - In terms of PML Act a 'person' includes:
  - i. an individual,
  - ii. a Hindu undivided family,
  - iii. a company,
  - iv. a firm,
  - v. an association of persons or a body of individuals, whether incorporated or not,
  - vi. every artificial juridical person, not falling within any one of the above persons (i to v), and
  - vii. any agency, office or branch owned or controlled by any of the above persons (i to vi).
- **Act-** the Prevention of Money-Laundering Act, 2002.
- **Rules-** Prevention of Money-Laundering (Maintenance of Records) Rules, 2005
- **Designated Director-** A person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules.
- **Principal Officer-** An officer nominated by the Company, responsible for furnishing information as per rule 8 of the Rules.
- **Suspicious Transaction-** a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
  - i. 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
  - ii. appears to be made in circumstances of unusual or unjustified complexity
  - iii. appears to not have economic rationale or bona-fide purpose
  - iv. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.



Inclusion-Growth-Prosperity

- **Customer Due Diligence (CDD)**- It means identifying and verifying the customer and the beneficial owner.
- **Politically Exposed Person (PEP)**- 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.
- **Certified Copy**: Obtaining a certified copy by the Company shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of SFSPL as per the provisions contained in the Act.
- **Officially Valid Document (OVD)** means the passport, the driving licence, proof of possession of Aadhaar number, the 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 and letter issued by the National Population Register containing details of name and address.

## 5. IMPLEMENTATION OF THIS POLICY

Mr. Pankaj Kumar, Director of the Company act as the Designated Director of the Company, who will be responsible for:

- Compliance of the provisions of the PMLA and AML Guidelines.
- Act as a central reference point and play an active role in Identification & assessment of potentially suspicious transactions.
- Ensure that SFSPL discharges its legal obligation to report suspicious transactions to the concerned authorities.

Mr. Ajeet Kumar Singh, Director of the Company act as the Principal Officer of the Company and who will be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations. The Principal Officer will report the same to the Board/Audit Committee, if any.

The main aspect of this policy is the Customer Due Diligence Process which means:

- Obtaining sufficient information about the client in order to identify who is the actual borrower of the loan or on whose behalf transaction is conducted.
- Verify the customer's identity using reliable, independent source document, data or information.
- Conduct on-going due diligence and scrutiny of the documents/client to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

### 5.4 Customer Due Diligence

The Customer Due Diligence Process includes four specific parameters:

#### 5.4.A Customer Acceptance Policy (CAP)

- 5.4.B Client Identification Procedure (CIP)
- 5.4.C Suspicious Transactions identification & reporting
- 5.4.D Monitoring of Transactions

#### 5.4.A Customer Acceptance Policy (CAP)

SFSPL has developed a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy shall ensure that explicit guidelines are in place on the following aspects of customer relationship in SFSPL.

- ***Each client should be met in person:*** Accept client whom we are able to meet personally. We should meet the client at his residence address to get the necessary documents filed in and signed. Preferably accept clients who live within the jurisdiction of the branch. As far as possible, ensure that the new client reference check is done and credit bureau check and details is obtained pre-funding.
- ***Accepts clients on whom we are able to apply appropriate KYC procedures:*** Obtain complete information from the client. It should be ensured that the initial forms taken by the clients are filled in completely. All photocopies submitted by the client are checked against original documents without any exception. Ensure that the 'Know Your Client' guidelines are followed without any exception. All supporting documents as specified by RBI are obtained and verified.
- ***Do not accept clients with identity matching persons known to have criminal background:*** Check whether the client's identify matches with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement/regulatory agency worldwide.
- ***Be careful while accepting Clients of Special category:*** We should be careful while accepting clients of special category like Politically Exposed Persons (PEP) and their family members, non-face to face clients, clients with dubious background. Scrutinize minutely the records/documents pertaining to clients belonging to aforesaid category.
- ***Do not compromise on submission of mandatory information/documents:*** Customer should be lent only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Do not lend where the customer refuses to provide information/documents and we should have sufficient reason to reject the customer towards this reluctance. 'Optional'/additional information is obtained with the explicit consent of the customer after the account is opened.

##### 5.4.A.ii Policy for acceptance of clients:

The Company would develop customer acceptance policies and procedures that aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. By establishing such policies and procedures, they will be in a better position to apply customer due diligence on a risk sensitive basis depending on the type of customer business relationship or transaction. In a nutshell, the following safeguards would be followed while accepting the clients:

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters should enable

classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of KYC profile.

- c) Documentation requirement and other information to be collected in respect of different classes of clients depending on perceived risk and having regard to the requirement to the Prevention of Money Laundering Act 2002, guidelines issued by RBI and SEBI from time to time.
- d) Ensure that an account is not opened where the Company is unable to apply appropriate clients due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, information provided to the intermediary is suspected to be non-genuine, perceived non-cooperation of the client in providing full and complete information. The market intermediary should not continue to do business with such a person and file a suspicious activity report. It should also evaluate whether there is suspicious trading in determining in whether to freeze or close the account. The market intermediary should be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market intermediary should consult the relevant authorities in determining what action it should take when it suspects suspicious trading.
- e) The circumstances under which the client is permitted to act on behalf of another person / entity should be clearly laid down. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e. the agent- client registered with the intermediary, as well as the person on whose behalf the agent is acting should be clearly laid down). Adequate verification of a person's authority to act on behalf the customer should also be carried out.
- f) Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.
- g) The Company will apply the CDD procedure at the Unique Customer Identification Code (UCIC) level. Thus, if an existing KYC compliant customer of the Company desires to open another account with the Company, there shall be no need for a fresh CDD exercise.
- h) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- i) Where an equivalent e-document is obtained from the customer, the Company will verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000)

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

#### **5.4.A.iii Risk-based Approach**

It is generally recognized that certain customers may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction etc. As such, the Company would apply each of the customer due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the Company would adopt an



Inclusion-Growth-Prosperity

enhanced customer due diligence process for higher risk categories of customers. Conversely, a simplified customer due diligence process may be adopted for lower risk categories of customers. In line with the risk-based approach, the type and amount of identification information and documents that the Company would obtain necessarily depend on the risk category of a particular customer.

#### **5.4.B Customer Identification Procedure & KYC (For New/Old/Existing Customer) Individuals Only**

**Objective:** To have a mechanism in place to establish identity of the customer along with firm proof of address & Identity to prevent giving /lending loan which is fictitious / benami / anonymous in nature.

##### **5.4.B.i. Individual**

1. Valid Passport
2. Valid Driving license
3. Proof of possession of Aadhaar number
4. Voter's Identity Card issued by the Election Commission of India
5. Job card issued by NREGA duly signed by an officer of the State Government
6. Letter issued by the National Population Register containing details of name and address.  
Aadhaar Number issued by UIDAI (in case, where offline verification cannot be carried out)
7. Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of the Company.

The information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.

##### **5.4.B.ii. Proprietary Firms**

For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) would be carried out.

1. Aadhaar Number issued by UIDAI (in case, where offline verification cannot be carried out).
2. Permanent Account Number (PAN)
3. Registration Certificate Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
4. Sales and income tax returns.
5. CST/VAT/ GST certificate (provisional/final).
6. Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
7. 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.
8. Utility bills such as electricity, water, and landline telephone bills
9. Telephone/Fax number/E-mail ID;
10. Recent color photograph

In cases where the Company is satisfied that it is not possible to furnish two such documents, the Company may, at their discretion, accept only one of those documents as proof of business/activity. Provided the Company undertake contact point verification and collect such

other information and clarification as would be required to establish the existence of such firm, and would confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

#### **5.4.B.iii. Company**

1. Certificate of incorporation.
2. Memorandum and Articles of Association.
3. Permanent Account Number of the company
4. A resolution from the Board of Directors and/or power of attorney granted to its managers, officers or employees to transact on its behalf.
5. Identification information i.e. Voter id and PAN Card in respect of managers, officers or employees holding an attorney to transact on its behalf.

#### **5.4.B.iv. Partnership Firms**

1. Registration certificate
2. Partnership deed
3. Identification information i.e. Voter id and PAN Card in respect of managers, officers or employees holding an attorney to transact on its behalf.

#### **5.4.B.v. Trust**

1. Registration certificate
2. Trust deed.
3. Identification information i.e. Voter id and PAN Card in respect of managers, officers or employees holding an attorney to transact on its behalf.

#### **5.4.B.vi. Unincorporated association or body of individuals:**

1. Resolution of the managing body of such association or body of individuals.
2. Power of attorney granted to him to transact on its behalf.
3. An officially valid document in respect of the person holding an attorney to transact on its behalf.
4. Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.

The Company also ensures that all the customers namely applicant, co applicants and guarantor has valid ID proof as prescribed above

1. The Credit Head of Company has the power to approve the following document in lieu of ID and address proof
  - A certificate from the public authority (i.e) Gazette Officer of State or Central Govt.,/Magistrate/MRO/VRO/Gram Panchayat Sarpanch/notary public.

#### **In lieu of Identity proof**

- Notarized copy of Marriage certificate with the applicant photograph.

#### **In lieu of address proof**

- Rental agreement along with rent receipt and utility bill of the Landlord.
- In case the customer has a temporary address being a transit arrangement provided



- by real estate builder – Allotment letter issued by the builder plus permanent address proof
- In deserving cases where there is no address proof for one of the applicants or guarantors, an affidavit signed by Close Relative (only in case of spouse, parents or children) confirming that the co applicant / guarantor is staying together in the same address.
2. The Credit Head of Company jointly with the concerned Sales Head has further delegated the approval powers to accept the above documents to credit managers, as they may deem fit and necessary, in this regard.
  3. In the event of any genuine reason for non-availability of any of the prescribed documents or to approve any deviations for change in the documents prescribed under this policy, the Credit Head jointly with the Sales Head considers approving any other document not stated above based on the product, market requirements and also on the merits of the case.

#### **5.4.B.vii. Risk Profiling of the Clients**

SFSPL will apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and have policies, controls, and procedures in this regard. Further, SFSPL will monitor the implementation of the controls and enhance them if necessary.

The Company has a system in place for periodical updation of customer identification data after the account is opened. The periodicity of such updation is not less than once in ten years in case of low risk category customers, not less than once in eight years in case of medium risk and not less than once in two years in case of high risk categories.

All the customers under different product categories are categorized into low, medium and high risk based on the basis of their profile. The Credit manager while appraising the transaction and rendering his approval prepares the profile of the customer based on risk categorization. Based on the credit appraisal, customer's background, nature and location of activity, country of origin, sources of funds, client profile, etc. Where the credit head believes that a particular customer falling under a category mentioned below is in his judgment falling in a different category, he may categorize the customer, so long as an appropriate justification is provided in the customer file.

#### **5.4.B.viii. Indicative List of Risk Categorization:**

##### **Low Risk Category**

Individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile is categorized as low risk. In all probabilities, the Company is doing and will continue to do their business with such category of customers.

##### **Medium & High Risk Category**

Customers who are likely to pose a higher-than-average risk may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc.

Illustrative examples are:

1. Non Resident customers
2. High Net worth Individuals
3. Trust, charities, NGO's and Organization receiving donations
4. Companies having close family shareholding or beneficial ownership
5. Firms with 'sleeping partners'
6. Politically Exposed Persons (PEPs) of Indian/Foreign Origin
7. Non face-to-face customers
8. Those with dubious reputation as per public information available
9. Accounts of bullion dealers and jewellers

Cases where RISK level is higher intensive due diligence exercise is required & for whom source of funds is not clear such as:

- NRI Applicants
- Charitable Institutions
- NGO's receiving donation for overseas
- Partnership firms with sleeping partners
- Persons with dubious or notorious reputation arising from sources like MEDIA etc.

The above list is not exhaustive and SFSPL may undertake risk categorization based on other parameters such as customer's identity, social/financial status, nature of business activity, Loan amount and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities will also be factored in.

SFSPL will devise procedures for creating risk profiles of its existing and new customers and apply various Anti-Money Laundering measures keeping in view the risks involved in a financial transaction. The due-diligence and monitoring will be aligned with the risk category of customers.

Risk Category	Frequency of review
High	Every 2 year
Medium	Every 8 Year
Low	Every 10 years

A system of periodic review of risk categorisation of such accounts, with such periodicity being at least once every year and the need for applying enhanced due diligence measures will be put in place. Periodic updation of the KYC will be carried out as per the Risk Category of the client from the date of opening of the account / last KYC updation.

**No change in KYC information:** In case of no change in the KYC information, a self-declaration from the customer in this regard will be obtained through customer's email-id registered with the Company, customer's mobile number registered with the RE, digital channels, letter etc.

**Change in address:** In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the Company, customer's mobile number registered with the Company, digital channels, letter etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.



Inclusion-Growth-Prosperity

Further, the Company, at its option, may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, for the purpose of proof of address, declared by the customer at the time of periodic updation.

For periodic updation, a recent photograph, physical presence of the customer is required. Periodic updation of KYC can only be carried out in the branch of the Company where account is maintained by the customer.

Any change in the risk profile of the customer has to be ascertained by the concerned branch officials and reported to the Business Head immediately.

Special care and diligence is required in respect to those applicants who happen to be POLITICALLY EXPOSED PERSON herein after referred as "PEP". About the account of "PEP" existing borrower subsequently becoming PEP a special CREDIT COMMITTEE approval is required to continue the relationship with such person.

The compliance in this regard is put up before the Board to Annually.

#### **5.4.B.ix. Roles**

##### **Risk & Audit Management Team**

SFSPL's internal audit and compliance functions will play an important role in evaluating and ensuring adherence to KYC policies and procedure, including legal and regulatory requirement. The staff will, at all points of time, be trained adequately and are well versed in such policies and procedures at all the Branches. Risk and Audit Management Team (RAMT) visit the customer individually as and when required to in place of and verify the details obtained verbally/documentary, gives report to Risk & Audit Head on customer/staff based on the information available from the market source/documentary source and interaction with the different customer.

Activity of the customer, which is not commensurate with the financial /social details, declared by the customer/group, it should be analyzed and referred to the Principal Officer with reasons of suspicion.

##### **HR Function**

The Human Resource Department and other Department Heads involved in hiring new employees should have adequate screening procedure in place to ensure high standards in hiring new employees.

Bona fides of employees are checked to ensure that the employees do not have any link with terrorist or other anti-social organizations.

Not only Know Your Customer (KYC) policy but also "Know Your Employee" procedures should be in place.

Briefings to new employees at induction programs and rounds of small meetings and presentations at branch locations.

Adequate training should be given to all the concerned employees to (a) ensure that the contents of the guidelines are understood and (b) develop awareness and vigilance to guard against money laundering and terrorist financing.



Inclusion-Growth-Prosperity

As of now, SFSPL AML policy will be covered during the induction training given to all new recruits and also during the on-going compliance sessions at the regions.

#### **Role of Operation Team**

Being in the field, they have market intelligence about potential mischief makers which should be brought to the notice of RAMT.

KYC forms and other documents drafted should invariably have undertaking from the customer that he is not indulging in or has not been associated with any money-laundering activity or terrorist activity and that he has not been convicted of any fraud/offence/ crime by any regulatory authority existing in the country.

All disclosure documents should have notice to the customer informing about company's right to obtain and disclose any information about the customer to the competent authority as may be required.

#### **5.4.C. Suspicious Transactions**

All are requested to analyze and furnish details of suspicious transactions, whether or not made in cash. It should be ensured that there is no undue delay in analysis and arriving at a conclusion.

**5.4.C.i. What is a Suspicious Transaction:** Suspicious transaction 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 circumstance of unusual or unjustified complexity; or
- Appears to have no economic rationale or bona fide purpose.

#### **List of suspicious transaction in Annexure B**

#### **5.4.C.ii. When to Report**

Reporting to Financial Intelligence Unit-India: The Principal officer will report information relating to cash and suspicious transactions if detected to the Director, Financial Intelligence Unit-India (FIU-IND) as advised in terms of the PMLA rules, in the prescribed formats as designed and circulated by RBI at

The following address:

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

A copy of information furnished shall be retained by the Principal Officer for the purposes of official record.

#### **5.4.C.iii. Combating Financing of Terrorism (CFT)**

To ensure that criminals are not allowed misusing the banking/financial channels, SFSPL will put up adequate screening mechanism not only in respect of customers and vendors but also in matters of recruitment and hiring of personnel.

Towards the purpose, SFSPL will refer the list of individuals and entities circulated by RBI, approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs), as and when received from Government of India.

SFSPL would ensure to update the consolidated list of individuals and entities as circulated by RBI and before opening any new account would ensure that the name/s of the proposed customer does not appear in the list.

Further, SFSPL would scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list would immediately be intimated to RBI and FIU-IND by the Principal Officer of SFSPL.

Similar caution will be exercised while dealing with clients originating from countries having deficient AML / CFT Standards as per FATF.

#### **5.4.C.iv. Money Laundering and Terrorist Financing Risk Assessment**

- SFSPL will carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc. The assessment process will 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 preparing the internal risk assessment, SFSPL will take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share from time to time.
- The risk assessment will be proportionate to SFSPL's nature, size, geographical presence, complexity of activities/structure, etc. It will be properly documented. Further, the periodicity of risk assessment exercise shall be determined in alignment with the outcome of the risk assessment exercise. It will be reviewed annually.

The outcome of the exercise will be put up to the Board or any committee of the Board to which power in this regard has been delegated, and will be available to competent authorities and self-regulating bodies

In view of the same, Operation supervisors /Risk & Audit head are required to collect information from the Branches/Departments/Customers under their control/ jurisdiction and submit report on suspicious transactions to the Principal Officer within 15 working days of establishment of such transaction to enable the Principal Officer to report the same to the Director, Financial Intelligence Unit-India (FIU-IND) within the stipulated time.

#### **5.4.C.v. Other Important Points**

- Reasons for treating any transaction or a series of transactions as suspicious should be recorded. It should be ensured that there is no undue delay in arriving at such a conclusion.
- Utmost confidentiality should be maintained in submitting the information.



Inclusion-Growth-Prosperity

- The reports may be transmitted by email/speed/registered post/fax at the Head Office addressed to the Principal Officer.
- No restriction may be put in the client account, where a Suspicious Transaction found / noticed.
- It should be ensured that there is no tipping off to the client at any level.

#### **5.4.D. Monitoring of Transactions**

SFSPL would continue to maintain proper record of all cash transactions of INR 10 Lakhs and above and have in place centralized internal monitoring system at head office.

SFSPL would strive to have an understanding of the normal and reasonable activity of the clients through personal visits and by observing the transactions and conduct of the account in order to identify transactions that fall outside the regular pattern of the activity - unusual transactions.

The following transactions would be considered as unusual transactions deserving special attention. unusual transactions by the Principal Officer - PMLA.

- Repeated pre-termination of the loan accounts of size exceeding INR 10 lakhs;
- Same client appearing in the Cash Transaction Report (CTR) more than 3 times during a span of 6 months;
- Total cash received from a client in a financial year exceeding INR 50 lakhs.
- SFSPL is not empowered to seize any counterfeit currency. However, the following incidents of counterfeit currency at the cash counter would be recorded and repeated occurrence would be reported.
- Bulk counterfeit currency of more than 10 pieces at a time;
- Repeated event within a week from a collection executive or client.

All CTR/STR would be filed electronically or as per the norms stipulated by FIU-IND from time to time. The STR would be filed for even for attempted transactions.

## **2. Formulate/Review/Training on the Internal Policy & Procedure to All Employees**

- This internal policy and procedure on “The Prevention of Money Laundering Act, 2002” should be brought to the notice of all employees by Human Resource Department through the Company’s intranet.
- Staff training and implementing specific procedures for customer identification and retaining internal records of transactions.
- The Internal Policy should be placed before the Business Head and if any changes in the policy are warranted, the revised policy should be placed before the Board for review and approval.

## **3. Enhanced Due Diligence**

The company is primarily engaged in MSME finance. It does not deal with such category of customers who could pose a potential high risk of money laundering, terrorist financing or political corruption and are determined to warrant enhanced scrutiny. The existing credit policies of the company in respect of its various businesses ensure that the company is not transacting with such high-risk customers.

The company shall conduct Enhanced Due Diligence in connection with all customers or accounts that are determined to pose a potential high risk and are determined to warrant enhanced scrutiny. The company has established appropriate standards, methodology and procedures for conducting Enhanced Due Diligence, which shall involve conducting appropriate additional due diligence or investigative actions beyond what is required by standard KYC due diligence. Enhanced Due Diligence shall be coordinated and performed by the company.

The following are the indicative list where the risk perception of a customer which is considered higher:

- i. Customers requesting for frequent change of address/contact details
- ii. Sudden change in the loan account activity of the customers
- iii. Frequent closure and opening of loan accounts by the customers

**CIP Notice:**

Enhanced due diligence is done to keep the account monitored closely for a re-categorisation of risk, updation of fresh KYC documents, field investigation or visit of the customer, etc., which forms part of the credit policies of the businesses.

The Company would implement procedures for providing customers with adequate notice that the Company is requesting information and taking actions to verify their identity. Each business process shall determine the appropriate manner to deliver the notice, which shall be reasonably designed to ensure that the customer is able to view or is otherwise given such notice prior to account opening.

**Existing Customer:**

The requirements of the earlier sections are not applicable to accounts opened by existing customers, provided that the business process has previously verified the identity of the customer and the business process continues to have a reasonable belief that it knows the true identity of the customer. Further, transactions in existing accounts would be continuously monitored and any unusual pattern in the operation of the account would trigger a review of the due diligence measures.

**Reliance on third party due diligence:**

The company would not on rely on third party due diligence.

## 4. Record Keeping Requirements

SFSPL will take following steps regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules. SFSPL will:

- a) Maintain all necessary records of transactions between SFSPL and the customer for Ten years from the date of transaction;
- b) Preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during business relationship, for Ten years after the business relationship is ended;
- c) make available the identification records and transaction data to the competent authorities upon request;
- d) SFSPL will make available identification records and transaction data to the competent authority upon request. For this a proper system will be evolved for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.
- e) maintain records of the identity and address of the customer, and records in respect of transactions

referred to in PML Rule 3 in hard or soft format.

## 5. Requirements/obligations under International Agreements

### Communications from International Agencies

SFSPL will ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, it does not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). The details of the lists are as under:

- a) The "ISIL (Da'esh) & Al-Qaida Sanctions List", which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/al-qaida-r.xsl>
- b) The "1988 Sanctions List", consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban-r.xsl>.

Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification dated February 2, 2021.

SFSPL will regularly check its partners, sub partners or contractors against these lists.

In addition to the above, other UNSCRs circulated by the Reserve Bank of India in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

In addition to the above, a process/procedure will be put in place process (as and when required) to regularly checks SFSPL partners, sub-partners or contractors against the lists shared/required by SFSPL lending partners/any other jurisdictions/entities from time to time.

### Secrecy Obligations and Sharing of Information

- a) SFSPL will maintain secrecy regarding the customer information which arises out of the contractual relationship between SFSPL and customer.
- b) Information collected from customers for the purpose of opening of account will be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.
- c) While considering the requests for data/information from Government and other agencies, SFSPL will satisfy itself that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the banking transactions.
- d) The exceptions to the said rule shall be as under:
  - a. Where disclosure is under compulsion of law
  - b. Where there is a duty to the public to disclose,
  - c. the interest of SFSPL requires disclosure and
  - d. Where the disclosure is made with the express or implied consent of the customer.
- e) SFSPL shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.

## 6. CDD Procedure and sharing KYC information with Central KYC Records





Inclusion-Growth-Prosperity

## Registry (CKYCR)

(a) Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.

(b) In terms of provision of Rule 9(1A) of PML Rules, the Company will capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.

(c) Operational Guidelines released by CERSAI will be taken into account while uploading the KYC data.

(d) SFSPL will capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be. The templates if revised, from time to time, as may be required and released by CERSAI, will be updated by SFSPL.

(g) Once KYC Identifier is generated by CKYCR, SFSPL would ensure that the same is communicated to the customer.

(h) In order to ensure that all KYC records are incrementally uploaded on to CKYCR, SFSPL would upload/update the KYC data pertaining to accounts of individual customers opened prior to the April 1, 2017, at the time of periodic updation, or earlier, when the updated KYC information is obtained/received from the customer.

(i) SFSPL would ensure that during periodic updation, the customers are migrated to the current CDD standard.

(j) Where a customer, for the purposes of establishing an account-based relationship, submits a KYC Identifier to the Company, with an explicit consent to download records from CKYCR, then SFSPL will retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer will not be required to submit the same KYC records or information or any other additional identification documents or details, unless –

- i. there is a change in the information of the customer as existing in the records of CKYCR;
- ii. the current address of the customer is required to be verified;
- iii. the Company considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.

## 7. DESIGNATED DIRECTOR

The Board of Directors of the Company has nominated Mr. Pankaj Kumar , Director of the Company as "Designated Director" as required under provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, to ensure compliance with the obligations under the Act and Rules. In case any further information /clarification is required in this regard, the 'Designated Director' may be contacted as per details mentioned below:-

Mr. Pankaj Kumar , Director



Inclusion-Growth-Prosperity

**SAVE FINANCIAL SERVICES PRIVATE LIMITED**

**“Head office”**

**SAVE Tower, , Asha Singh More,**

**A.P. Colony, Gaya – 823001, Bihar**Tel: 011-61325102

Email: [director1@saveind.in](mailto:director1@saveind.in)

## **8. PRINCIPAL OFFICER**

Mr. Ajeet Kumar Singh, Director of the Company is designated as "Principal Officer" as required under provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, from time to time, to ensure compliance with the obligations under the Act and Rules.

In case any further information/clarification is required in this regard, the 'Principal Officer' as designated may be contacted.

## Annexure A

### LIST OF OFFICIALLY VALID DOCUMENTS (OVDs) THAT WILL BE OBTAINED FROM CUSTOMERS

Particulars & Features	Documents (Certified copy)
<p>Individuals</p> <p>Officially Valid Documents (OVDs)</p>	<ul style="list-style-type: none"> <li>a. Passport</li> <li>b. PAN card</li> <li>c. Voter's Identity Card</li> <li>d. Driving license</li> <li>e. Aadhar card</li> <li>f. Job Card issued by NREGA duly signed by an officer of the State Govt.</li> <li>g. Letter issued by the National Population Register containing details of name &amp; address.</li> <li>h. Identity card with customer's Photograph issued by Central/State Govt. Depts, Statutory/Regulatory Authorities, Public Sector Undertakings, Schedule Commercial Banks, and Public Financial Institutions.</li> <li>i. Letter issued by a gazetted officer, with a duly attested photograph of the person.</li> <li>j. Rent Agreement</li> <li>k. E- Ration Card</li> <li>l. A notarised affidavit in case the customer does not have any of the above documents.</li> </ul>
<p>OVDs under 'simplified measure' for the limited purpose of proof of address where customers are unable to produce any of the abovementioned OVD.</p>	<ul style="list-style-type: none"> <li>a. Utility bill not older than 2 months (electricity, telephone, post-paid mobile phone, piped gas, water bill)</li> <li>b. Bank Account statement or Post Office Savings Bank Account Statement not older than 2 months</li> <li>c. Letter of allotment of accommodation from employer issued by State or Central Govt. Depts. or Public Sector Undertakings, schedule commercial banks, financial institutions and listed companies. Similarly, leave and license Agreements with such employers allotting official accommodation</li> </ul>

- |  |  |
|--|--|
|  | <ul style="list-style-type: none"><li>d. Property or Municipal tax receipt</li><li>e. Rent Agreement</li><li>f. E- Ration Card</li><li>g. A notarised affidavit in case the customer does not have any of the above documents.</li></ul> |
|--|--|

**Notes:-**

- Obtaining certified copy by the Company shall mean comparing the copy of OVD so produced by the customer with the original and recording the same on the copy by the authorised officer of the Company.
- Submission of Aadhaar by an individual as a KYC document cannot be insisted upon by the Company unless the customer intends to avail the benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act.
- Where the customer is submitting his Aadhaar, the Company shall be guided by directions issued by UIAI from time to time.
- A document shall be deemed to an “officially valid document” even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Govt. or Gazette notification indicating such a change of name.

**Annexure – B List of Suspicious Activities / Transactions:**

- a. Customer is reluctant to provide information, data, documents;
- b. Submission of false documents, data, purpose of loan, details of accounts;
- c. Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful etc;
- d. Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
- e. Approaches a branch/office of the company, which is away from the customer's residential or business address provided in the loan application, when there is Company branch/office nearer to the given address;
- f. Initial contribution made through unrelated third party accounts without proper justification;
- g. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount;
- h. Suggesting dubious means for the sanction of loan;
- i. Where transactions do not make economic sense;
- j. There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
- k. Encashment of loan amount by opening a fictitious bank account;
- l. Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;
- m. Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
- n. Multiple funding of the same property/dwelling unit;
- o. Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated;

- p. Multiple funding / financing involving NGO / Charitable Organization / Small / Medium Establishments (SMEs) / Self Help Groups (SHGs) / Micro Finance Groups (MFGs);
- q. Frequent requests for change of address;
- r. Overpayment of instalments with a request to refund the overpaid amount.
- s. The specific activities and reporting responsibilities thereof has been given in the table below:

Responsibility matrix team wise for CTRs as follow:

Sub-Process	Activity	TAT	Responsibility
CTR Reporting	It may be noted that whenever, within a month, total credit transactions in cash or total debit transactions in cash in an account exceeds Rs.10 lacs.	By the fifteenth (15th) day of the succeeding month for the previous month	Central Operations/Collection Team

Responsibility matrix team wise for STRs as follow:

Sub-Process	Activity	TAT	Responsibility
Identity of Customer	The customer approaches a branch/office of the Company, which is away from the customer’s residential or business address provided in the loan application, when there is HFC branch/office nearer to the given address	Within the 3rd day of as and when observed.	Branch Team
Background of a customer	Customer shows income from “foreign sources” on loan application without providing proper	Within the 3rd day	Branch Team

	documentation	of as and when observed.	
Credit bureau Information	Multiple addresses reflecting against the name of the customer which has not been shared / or does not match with the employment history / residence details provided.-	Within the 3rd day of as and when observed.	Branch Team
Nature of Activity in an Account	Unusual activity compared with past transactions. Encashment of loan amount by opening a fictitious bank account. Activity inconsistent with what would be expected from declared business/profile of the customer.-	Within the 3rd day of as and when observed.	Branch Team
Nature of Activity in an Account	Customer presents confusing details about the transaction or knows only few details about its purpose.-	Within the 3rd day of as and when observed.	Branch Team
Nature of transactions	Unusual or unjustified complexity shown in a Transaction that may normally be done in simpler manner	Within the 3rd day of as and when observed.	Branch Team
Nature of transactions	No economic rationale or bonafide purpose behind the transaction.-	Within the	Branch Team



		3rd day of as and when observed.	
Nature of transactions	Suggesting dubious means for the sanction of loan or placing a deposit	Within the 3rd day of as and when observed.	Branch Team
Transaction amongst family members	Transaction between members of the same family to avail a loan wherein there is no genuine transaction / rationale	Within the 3rd day of as and when observed.	Branch Team
Property repurchased	Customer buys back a property that he or she recently sold without justification	Within the 3rd day of as and when observed.	Branch Team
Background of a customer	Notice/Letter from a law enforcement agencies / Regulators/ Other Government Agencies: In case of such notices received, Principal Officer should be informed for further action /advice on the matter. This notice shall be treated as an alert to analyse the transactions in such accounts and if the transactions appear to be suspicious the same should be included in the STR along with the details mentioned in the "Ground of Suspicion".	Within the 3rd day of as and when observed.	Branch Team/Customer services

	These Accounts are to be reported even if they are closed		
Background of a customer	Adverse Media / Public News: Branches / offices should check for adverse media coverage with the names of the customer. The names of customers that are pointed as suspects or accused in such reports shall be searched and in case of matches the same may be further internally analysed for reporting purposes	Within the 3rd day of as and when observed.	Branch Team/Customer services
Nature of Activity in an Account	Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated	Within the 3rd day of as and when observed.	BRANCH TRAINING/VISHAL BHAN/SALES TEAM
Transaction more than specified percentage of the EMI, paid in cash by a Delinquent Borrower.	Delinquent borrower for more than 6 months repays the loan in cash beyond Four times the original EMI	Within the 3rd day of as and when observed.	Central Operations/Collections
Identity of Customer	Changes in mailing address of the Customer more than [twice]* in last 6 months	Within the 3rd day of as and when observed.	Central Operations



Background of a customer	The customer details matched with watch lists (e.g. UN list, Interpol list etc.) -	Within the 3rd day of as and when observed.	Central Operations
Multiple Accounts	<p>Use of Bank A/c's of Third Parties for payment of EMIs at more than -three occasions.</p> <p>Change in the bank account from which PDC/ ECS are issued more than Twice in last 6 months</p> <p>Total amount of payments through DD, Cash and 3rd party Cheques valued at Rs. 200000/- EMIs / part payments in last 30 days</p> <p>Customer appears to have recently established a series of new relationships with different financial entities.</p>	Within the 3rd day of as and when observed.	Central Operations
Nature of Activity in an Account	<p>Part closure to the extent of 50% or more of the loan amount in one or more occasions within 6 months.</p> <p>Loan Accounts with original tenor of more than 1 year are foreclosed within 6 months after disbursement of loan.</p>	Within the 3rd day of as and when observed.	Central Operations
Nature of Activity in an Account	Overpayment of instalments in cash with a request to refund the excess amount	Within the 3rd day of as and when observed.	Central Operations
Nature of Activity in an Account	Customer conducts transactions at different physical locations in an apparent attempt to avoid	Within the	Central Operations

Account	detection.	3rd day of as and when observed.	
Nature of Activity in an Account	Customer's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact customer shortly after opening account/LOAN DISBURSAL WITHIN 1 MONTH OF DISBURSAL	Within the 3rd day of as and when observed.	Central Operations
Nature of transactions	Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount	Within the 3rd day of as and when observed.	Central Operations
Value of transactions	Deposits made in cash amounting to Rs. 200000/- and above and without details of source	Within the 3rd day of as and when observed.	Central Operations
Nature of transactions	PAN not disclosed but multiple deposits raised (across branches to avoid TDS).	Within the 3rd day of as and when observed.	Central Operations/ Branch Team
Value of	a. Value just under the reporting threshold	Within	Central Operations/

transactions	amount in an apparent attempt to avoid reporting	the 3rd day of as and when observed.	Branch Team
Value of transactions	b. Multiple related cash transactions which are broken to just below the following thresholds:- COLLECTION i) Rs.50,000/- in a day ii) Rs.10,00,000/- in a month	Within the 3rd day of as and when observed.	Central Operations/ Branch Team
Nature of transactions	Initial contribution made through unrelated third party accounts without proper justification;-	Within the 3rd day of as and when observed.	Collection Legal
Valuation of property	Valuation of property shown considerably lower in the sale deed than the government approved rate / RESIDEX, especially on sale deeds executed within a period of 12 months	Within the 3rd day of as and when observed.	Technical Team/Operation Team
Identity of Customer	a. Submission of false Identification Documents. b. Customer holding multiple PAN. c. Identification documents which could not be verified within reasonable time or replaced with another set of Identification documents. d. Accounts opened with names very close to other reputed business entities. e. Customer uses aliases and a variety of similar	Within the 3rd day of as and when observed.	Branch Team

	<p>but different addresses.</p> <p>f. Customer spells his or her name differently from one transaction to another, without justification.</p> <p>g. Name of customer indicated differently in different KYC documents enabling creation of multiple customer identities.</p> <p>h. A customer/company who is reluctant or refuses to provide complete information, data, documents and to reveal details about its activities or to provide financial statements /Employment related documents / KYC documents.</p> <p>i. Doubt over the real beneficiary of the loan account</p> <p>j. The customer is reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons.</p>		
<p>NA</p>	<p>a) Builder approaching the HFC for a small loan compared to the total cost of the project-;</p> <p>b) Builder is unable to explain the sources of funding for the project;</p> <p>c) Approvals/sanctions from various authorities are proved to be fake;</p> <p>d) Builder retains substantial number of the Units in the Project in his or his family members names</p> <p>e) Builder has known political connections / shareholders or directors of his company are individuals with suspicious background</p> <p>f) Frequent Reconstitution of partnership/ proprietorship without justification.</p> <p>g) Allotting different numbers to the same flat in different style/order</p>	<p>Within the 3rd day of as and when observed.</p>	<p>Business Head</p>