

SUBHKAM VENTURES (I) PRIVATE LIMITED

KNOW YOUR CUSTOMER POLICY

| Version | Approval | Version Description | Regulatory Reference |
|----------------|---------------------------------------------------|----------------------------|--------------------------------------|
| 1.0 | Board Meeting dated 16 th April, 2018 | 2018 | "Know Your Customer (KYC) Guidelines |
| 2.0 | Board Meeting dated 15 th April, 2021. | 2021 | "Know Your Customer (KYC) Guidelines |
| 3.0 | Board Meeting dated 29 th April, 2022 | 2022 | "Know Your Customer (KYC) Guidelines |
| 4.0 | Board Meeting dated 24 th June, 2024 | 2024 | "Know Your Customer (KYC) Guidelines |

SUBHKAM VENTURES (I) PRIVATE LIMITED

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SUBHKAM VENTURES (I) PRIVATE LIMITED

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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 standards and combating Financing of Terrorism (CFT) policies in compliance with the Prevention of Money Laundering Act (PMLA) 2002, read with Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 including any amendment thereof.

From time to time, RBI came up with detailed guidelines based on the above and the instructions issued on Customer Due Diligence (CDD) for Non-banking Financial Companies by the Basel Committee on Banking Supervision. RBI advised NBFCs to ensure that a proper policy framework on 'Know Your Customer' and Anti-Money Laundering measures with the approval of the Board is formulated and put in place. Accordingly, **Subhkam Ventures (I) Private Limited** (SVIPL) has in place Board approved Anti Money Laundering Policy and KYC Norms (the Policy). Based on the experience gained over the past years, the Policy is proposed to be reviewed and improved keeping in view the Master Circular on the subject issued by RBI on 01st July, 2014, the revised guidelines vide circular no RBI/2014-15/330 DNBR (PD).CC. No. 005 /03.10.42/2014-15 dated 01st Dec, 2014 and Know Your Customer (KYC) Direction, 2016, as amended from time to time, ('RBI's Guidelines') which is to be read along with the extant Directions issued by the RBI in this regard or any other applicable law in force. The Company shall further ensure compliance with the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time, including operational instructions issued in pursuance of such amendment(s).

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 lay down explicit criteria for acceptance of customers.
2. To establish procedures to verify the bona-fide identification of customers.
3. To establish processes and procedures to monitor proper compliance with anti – money laundering measures.
4. To develop measures for conducting due diligence in respect of customers and reporting of such transactions.
5. To comply with applicable laws and regulatory guidelines.

SVIPL's KYC standards would include the following key elements:

1. Customer Acceptance Policy (CAP);

2. Customer Identification Procedures (CIP);
3. Monitoring of Transactions;
4. Risk Management.

DEFINITION OF CUSTOMER:

For the purpose of Company's KYC policy a 'Customer' means a Person as defined under Know Your Customer Guidelines issued by RBI (and any amendment from time to time by RBI) which are at present as under:-

- a) A person or entity that maintains an account and/or has a business relationship with the Company;
- b) A Person who has a Registered Account with Company and has a financial transaction or activity with the Company;
- c) A Person on whose behalf the Registered Account is maintained (i.e. the beneficial owner);
- d) Beneficiaries of transactions conducted by professional intermediaries such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under the law;
- e) Any other Person connected with a financial transaction which can pose significant reputation or other risks to Company, say a wire transfer or issue of high value demand draft as a single transaction.

A "Person" shall have the meaning as defined under KYC policy of RBI (*and any amendment from time to time by RBI*) which at present is as follows: 'Person' shall include:

- (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 person (i to v);
- (vii) any agency, office or branch owned or controlled by any one of the above persons (i to vi).

KEY ELEMENTS

1. Customer Acceptance Policy ("CAP"):

The Company's CAP lays down the criteria for acceptance of Customers. The guidelines in respect of Customer relationship in the Company broadly include the following:

- a) No account is to be opened in anonymous or fictitious/ benami name(s)/ entity (ies);
- b) Accept Customers only after verifying their identity, as laid down in Customer Identification Procedures. Necessary checks before opening a new account are to be ensured so that the identity of the Customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc.;
- c) Classify Customers into various risk categories and, based on risk perception, apply the acceptance criteria for each category of Customers. Also, a profile of each Customer will be

prepared based on risk categorization. Customer requiring very high level of monitoring, e.g. Politically Exposed Persons, may, if considered necessary, be kept in the High Risk Category.

d) Documentation requirements and other information to be collected in respect of different categories of Customers depending on perceived risk and compliances with Prevention of Money Laundering Act, 2002 (PMLA) and RBI/ Company's guidelines/ instructions.

e) While carrying out due diligence the company will ensure that the procedure adopted will not result in denial of services to the genuine customers.

f) The Customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or for any other purposes.

g) None of the Customers will be exempted from Company's KYC procedure, irrespective of the status and relationship with Company or its Promoters.

2. Customer Identification Procedures;

Customer Identification Procedure is to be carried out at different stages i.e.

- while establishing a business relationship (or)
- carrying out a financial transaction (or)
- where the company has a doubt about the authenticity/ veracity (or)
- Inadequacy of the previously obtained customer identification data if any.
- When the company feels it is necessary to obtain additional information from the existing customers based on the conduct or behaviour of the account.

The Company will obtain sufficient information necessary to establish the identity of each new customer. An indicative list of the nature and type of documents/ information that may be relied upon for customer identification is given in the Annex-I. Documentation requirements and other information shall be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of Prevention of Money Laundering Act, 2002 and guidelines issued by Reserve Bank of India from time to time. The documents requirements would be reviewed periodically as and when required for updating, keeping in view the emerging business requirements. Senior Official(s) in charge of the Policy are empowered to make amendments to the list of such documents required for customer identification.

Necessary checks wherever and to the extent possible, shall be conducted before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities.

3. Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. It will help the Company to exercise effective control and reduce the risks. The Company will pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.

The Company may prescribe threshold limits for a particular category of clients and pay particular attention to the transactions which exceed these limits. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer would particularly attract the attention of the Company.

The Principal Officer of the Company shall ensure that such reporting system is in place and shall monitor timely submission of the reports with RBI. All transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the Prevention of Money Laundering Act, 2002, shall be reported to the appropriate law enforcement authority by the Principal Officer.

The necessary documents, information and records would be maintained and preserved for the period prescribed under Prevention of Money Laundering Act, 2002, would be maintained.

4. Risk Management

The Board of Directors of the Company ensures that an effective KYC programme is put in place by establishing appropriate procedures and ensuring their effective implementation. It covers proper management oversight, systems and controls, segregation of duties, training and other related matters. The Company may devise procedures for creating Risk Profiles of their existing and new customers and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

The Company's internal control system and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. The compliance in this regard may be put up before the Board of Directors. The Company ensures that it has adequate internal audit machinery to evaluate and ensure adherence to the KYC policies and procedures.

The other important aspects of the KYC Policy of the Company are:

i) Internal Control System:

The Company's Internal Audit and Compliance functions will evaluate and ensure adherence to the KYC Policies and procedures. As a general rule, the compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements.

ii) Maintenance and Preservation of Records

As per the provisions of PMLA, the Company shall maintain records as under:

- a) Records of all transactions referred to in clause (a) of Sub-section (1) of section 12 read with Rule 3 of the PML Rules [referred to in Para 5. Supra] are required to be maintained for a period of ten years from the date of transactions between the Clients and the Company.
- b) Records of the identity of all clients of the Company are required to be maintained for a period of five years from the date of cessation of transactions between the Clients and the Company.

The Company will ensure that the appropriate steps are taken to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copy) that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

iii) Introduction of New Technologies

The Company will pay special attention to any money laundering threats that may arise from new or developing technologies and take measures, if needed, to prevent their use in money laundering schemes.

iv) Appointment of Principal Officer

The Company has appointed a senior management official as a Principal Officer. Principal Officer shall be located at the head/ corporate office of the Company and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. The name, designation and address of the Principal Officer has been communicated to the FIU-IND.

v) Appointment of Designated director

As per the provisions of PMLA the reporting entities shall have "Designated Director" designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules thereof. The Designated Director can be any one of the Managing Director or a whole-time Director or a person who holds the position of senior management (One level below the Board) or equivalent, duly authorized by the Board of Directors of the company. However, in no case, the principal officer shall be nominated as the "Designated Director" for the purpose of this Policy. The Company has nominated the Managing Director of the company as the "Designated Director" of the Company.

Customer Due Diligence Procedure and sharing KYC Information with Central KYC Records Registry (CKYCR)

Company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, RBI KYC Direction issued from time to time, as required by the KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be.

vi) Reporting to Financial Intelligence Unit – India:

The PO shall report information relating to cash and suspicious transactions, if detected, to the Director, Financial Intelligence Unit India (FIUIND) as advised in terms of the PML Rules, in the prescribed formats as designed and circulated by RBI at the following address:

Director, Financial Intelligence Unit India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021.

vii) Customer Education:

Company shall educate Customers on the objectives of the KYC programme so that Customer understands and appreciates the motive and purpose of collecting such information. The Company shall prepare specific literature/ pamphlets, terms and conditions etc. so as to educate the Customer about the objectives of the KYC programme. The front desk staff shall be specially trained to handle such situations while dealing with Customers.

viii) Closure of Accounts/ Termination of Financing/ Business Relationship:

Where Company is unable to apply appropriate KYC measures due to non-furnishing of information and/ or non-operation by the Customer, Company shall terminate Financing/ Business Relationship after issuing due notice to the Customer explaining the reasons for taking such a decision. Such decision shall be taken with the approval of Chairman & Managing Director or key managerial persons authorized for the purpose.

ix) KYC for the Existing Accounts:

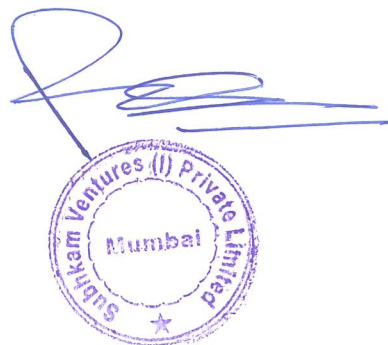
While the KYC Policy will apply to all new Customers, the same would be applied to the existing Customers on the basis of materiality and risk. However, transactions with existing Customers would be continuously monitored for any unusual pattern in the operation of the accounts. As also the existing customers shall do the Re-KYC after a period of 3 years.

x) Updation in KYC Policy of Company

PO shall, after taking the due approval from the Board of Directors, make the necessary amendments/ modifications in the KYC/ AML/ CFT Policy or such other related guidance notes of Company, to be in line with RBI or such other statutory authority's requirements/ updates/ amendments from time to time.

Date: 24/06/2024

Place: Mumbai



ANNEXURE -1

Customer Identification Procedure Features to be verified and Documents that may be obtained from Customers

| Customers/ Clients | Documents (Certified copy of any one of the following officially valid document for Proof of Identity and address proof each) |
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| Individuals (Applicant/ Co – Applicant) - Proof of Identity and Address | <p>a) <u>Identity Proof:</u></p> <ol style="list-style-type: none"> 1) Passport; 2) PAN Card; 3) Voter's Identity Card; 4) Driving License; Identity card (subject to the Company's satisfaction); 5) Aadhar Card; 6) Letter from a recognized public authority or public servant verifying the identity and residence of the Customer to the satisfaction of the Company. <p>b) <u>Address Proof:</u></p> <ol style="list-style-type: none"> 1) Telephone bill; 2) Bank Account Statement; 3) Letter from any recognized public authority; 4) Electricity bill; 5) Letter from employer (subject to the Company's satisfaction). <p>c) Copy of ITR acknowledgment along with computation of 2 years.</p> <p>d) Copy of Bank Statement of 6 months.</p> <p>Any one document which provides Customer information to the satisfaction of the Company will suffice. One recent photograph except in case of transactions referred to in Rule 9(1)(b) of the PML Rules.</p> |
| Accounts of Companies – Name of the company. – Principal place of business. – Mailing address of the company. – Telephone/ Fax Number. | <ol style="list-style-type: none"> a) Certificate of incorporation and Memorandum & Articles of Association; b) Resolution of the board of directors to open an account and identification of those who have authority to operate the account; |

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| | <ul style="list-style-type: none"> c) Documents granting power to its managers, officers or employees to transact business on its behalf (along with Identity proof, address proof and latest photograph of the said managers, officers or employees) d) Copy of PAN card; e) Copy of utility bill. f) Copy of Audited Financial Statement and ITR acknowledgment of last 2 years. g) Bank Statement of last 6 months |
| Accounts of Partnership firms – Name of the firm. – Principal place of business. – Mailing address of the firm. – Telephone/ Fax Number. | <ul style="list-style-type: none"> a) Registration certificate, if registered; b) Partnership deed; c) Documents granting power to partner or an employee of the firm to transact business on its behalf (along with Identity proof, address proof and latest photograph of the said managers, officers or employee) d) Copy of Audited Financial Statement and ITR acknowledgment of last 2 years. e) Bank Statement of last 6 months f) Copy of Utility bill in the name of firm/ partners. |
| Accounts of Trusts and foundations – Names of trustees, settlers, beneficiaries and signatories. | <ul style="list-style-type: none"> a) Certificate of registration, if registered; b) Trust Deed; c) Documents granting power to trustee, officer or employee to transact business on its behalf (along with Identity proof, address proof and latest photograph of the said managers, officers or employees) d) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding power, founders/ managers/ directors and their addresses; e) Resolution of the managing body of the foundation/ association; f) Copy of Utility bill. g) Copy of Audited Financial Statement and ITR acknowledgment of last 2 years. h) Bank Statement of last 6 months |
| Accounts of unincorporated association or a body of individuals Name of association, place of business, proof of identity, address of the authorised person. | <ul style="list-style-type: none"> a) Resolution of the managing body of such association or body of individuals; b) Documents granting power to the authorised person to transact on its behalf; (along with Identity proof, address proof and |

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| | <p>latest photograph of the said authorised person)</p> <p>c) Copy of Utility bill.</p> <p>d) Copy of Audited Financial Statement and ITR acknowledgment of last 2 years.</p> <p>e) Bank Statement of last 6 months</p> <p>f) Such other information as may be required by Company to collectively establish the legal existence of such an association or body of individuals.</p> |
| <p>Accounts of Proprietorship Concerns Proof of the name, address and activity of the concern</p> | <p>Apart from Customer identification procedure as applicable to the proprietor any two of the following documents in the name of the proprietary concern would suffice</p> <p>a) Registration certificate (in the case of a registered concern)</p> <p>b) Certificate/ licence issued by the Municipal authorities under Shop & Establishment Act,</p> <p>c) Sales and income tax returns</p> <p>d) CST/ VAT certificate</p> <p>e) Certificate/ registration document issued by Sales Tax/ Service Tax/ Professional Tax authorities</p> <p>f) License/ certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute. The 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.</p> <p>g) Bank Statement of last 6 months</p> |
| <p>Note: Any one document which provides Customer Information to the satisfaction of the Company will suffice.</p> | |

