

KNOW YOUR CUSTOMER AND ANTI-MONEY LAUNDERING POLICY

AKASA FINANCE LIMITED

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PREAMBLE

Akasa Finance Limited (formerly known as Pooja Finelease Limited) (the “**Company**”), is a Non-Banking Financial Company(“**NBFC**”) having valid certificate of Registration with reserve Bank of India(“**RBI**”) under current RBI Classification as Non-Systemically Important Non -Deposit Taking Non-Banking Finance Company (NBFC-ND-NSI).

APPLICABILITY

Reserve Bank of India (hereinafter ‘**RBI**’), one of the regulatory agencies entrusted with the responsibility of driving the anti-money laundering initiatives, has advised NBFCs to follow certain customer identification procedures for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting them to the appropriate authorities. RBI revisits these guidelines from time to time keeping in view the recommendations of Financial Action Task Force (**FATF**) on Anti Money Laundering (**AML**) standards and on Combating Financing of Terrorism (**CFT**).

RBI advises 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, Company has put in place a Know Your Customer (**KYC**) & Anti Money Laundering Policy in compliance with requirement of the Master Directions titled ‘Know Your Customer (**KYC**) Directions, 2016’ issued by the RBI dated 25th February, 2016 (updated as on May 10, 2021) (‘**Master Directions**’).

DEFINITIONS

For the purpose of this Policy the terms used herein shall have the meaning as set out below.

“**Board**” means the board of directors of Akasa Finance Limited;

“**Company**” means Akasa Finance Limited, registered with the RBI as a non-banking financial company and under the Companies Act, having its registered address at having its registered office at 70/A-32, Rama Road Industrial Area, Najafgarh Road, New Delhi-110015.

“**Companies Act**” means the (Companies Act, 2013, including any extant amendments, statutory modifications or re-enactment thereof.

OBJECTIVE

The intent of the policy is to know and understand the Company’s customers and their financial dealings better which in turn shall help in managing the risks prudently and prevent



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the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities.

As per the aforementioned Master Directions, the policy has the following four key elements:

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

CUSTOMER ACCEPTANCE POLICY

For the purpose of this policy, a “Customer” means any person, as defined in the RBI’s Master Directions on ‘Know Your Customer’ and Anti-Money Laundering Measures, as amended from time to time.

“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 and any person or entity connected with a financial transaction, which can pose significant reputation or other risks to the NBFC.

Customer Acceptance Policy refers to the general guidelines in allowing Customer’s to open loan accounts with the company. At the time of providing loans the following aspect should be properly adhered with:

- a. No loan accounts shall/can be opened in with anonymous or fictitious names,
- b. The Company shall not open an account in cases where it is unable to carry out appropriate Customer Due Diligence (CDD) measures due to non-cooperation by the customer or non-reliability of the documents/ information furnished by him/her. CDD means identifying and verifying the Customer and the BO using ‘Officially Valid Documents’ (OVD) as a ‘proof of identity’ and a ‘proof of address’. Here, OVD means any one of the six OVDs submitted by the Customer, as mentioned herein below:
 - i. the Passport,
 - ii. the Driving License,
 - iii. Proof of possession of Aadhaar number,
 - iv. the Voter's Identity Card issued by the Election Commission of India,
 - v. the job card issued by NREGA duly signed by an officer of the State Government,
 - vi. letter issued by the National Population Register containing details of name and address.
- c. The Customer shall mandatorily submit: -



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- i. a copy of Permanent account number (PAN) card or Form No. 60 as defined in Income-tax Rules, 1962.
- d. The Company shall carry out offline verification of a Customer if he is desirous of undergoing Aadhaar offline verification for identification purpose. Offline verification may be carried out through the modes recognized by the Unique Identification Authority of India (UIDAI) i.e. using the QR Code or a digitally signed XML.
- e. While collecting any OVD, the Company shall ensure to obtain the Certified Copy of the OVD. For the purpose of this Policy, 'Certified copy of OVD' shall mean Certified Copy of OVD as defined in the KYC Directions. In case of resident individuals, obtaining a certified copy shall mean comparing the copy of officially valid document so produced by the Customer with the original and recording the same on the copy by the authorised officer of the Company.
- f. The Company shall ensure that documents and other information is obtained from the customer depending on perceived risk and keeping in mind the requirements of Prevention of Money Laundering (PML) Act, 2002 and guidelines issued by RBI from time to time.
- g. The Company shall have in place a risk strategy. Each Customer should be classified into the appropriate risk category. Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk.
- h. Based on the risk categorization, the Company shall undertake following Customer acceptance procedure on a case to case basis:
 - i. *Internal - Checking the internal records of the Company to confirm about any past dealings of the Customer with the Company either as borrower, co-borrower or guarantor;*
 - ii. *External- Verifying with the database maintained by at least one RBI approved credit information bureau;*
 - iii. *Tele verification with the Customer.*
- i. When the identity of the customer matches with any person who has a known criminal background or banned entities, the loan account cannot be opened.

CUSTOMER IDENTIFICATION PROCEDURE

NBFCs have been advised to lay down a Customer Identification Procedure to be carried out at different stages i.e. while establishing a relationship; carrying out a financial transaction or when the NBFC has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.



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KYC is used for the customer identification process. It involves making reasonable efforts to determine true identity and beneficial ownership of accounts, source of funds, the nature of customer's business, reasonableness of operations in the account in relation to the customer's business, etc. which in turn helps the NBFCs to manage their risks prudently.

The company has framed its KYC procedure which states that the company will collect three types of proofs from their customers. They are:-

- a) Recent Photograph
- b) Proof of identity
- c) Proof of address

KYC procedure specifies certain commonly available documents as proof of personal identification and address proof, so as to not to cause inconvenience to those intending to take up loans from us. List of these documents is available in **ANNEXURE I**.

If the OVD submitted by the customer at the time of KYC includes both address and identity proof then he is not required to submit additional OVD.

In case it is observed that the address mentioned as per 'proof of address' has undergone a change, Company shall ensure that fresh proof of address is obtained within a period of six months.

Documentation requirements and other information is to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued by RBI from time to time.

Information collected for the purpose of opening an account would be kept confidential and would not be divulged to outsiders for cross selling or any other purpose other than for the statutory requirement of sharing the customer account.

Periodic Updation of KYC documents as per RBI Guidelines.

According to the Reserve Bank of India's (RBI's) guidelines on KYC (Know Your Customer) norms, NBFCs are required to periodically update identification data of their customers, including the customer's photograph, proof of identity and proof of address. Updating KYC details regularly also ensures the security of your accounts to keep your loan account compliant with RBI's KYC guidelines. It is necessary for each customer to update the NBFC about his/her latest communication details.

MONITORING OF TRANSACTIONS

Ongoing monitoring is an essential element of effective KYC procedures. The Company can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. The Company will pay special attention to all complex,



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unusually large transactions and all unusual patterns, which have no apparent economic or visible lawful purpose in such type of transactions.

The extent of monitoring an account shall be aligned with the risk category of the customer.

The Company will ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002, that is the records shall be maintained for a period of ten years from the date of transactions between the clients and the banking company or financial institution or intermediary, as the case may be and for a period of ten years from the date of cessation of transactions between the clients and the banking company or financial institution or intermediary, as the case may be.

It may also be ensured that transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the PML Act, 2002, shall be reported to the appropriate law enforcement authority by the Principal Officer.

RISK MANAGEMENT

Principal Officer and staff ensure that KYC policy is effectively implemented at the company.

We have an ongoing employee training programmes for the members of the staff for KYC procedures. Training programmes are prepared for all different profiles like frontline staff, compliance staff and staff dealing with new customers as per their profiles.

REPORTING OF TRANSACTIONS TO FIU-IND:

The Company will maintain proper record and furnish to the Director, FIU-IND, all transactions/information prescribed in Rule 3 of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency and all series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency, which if taken together, amount to more than rupees ten lakhs, where such series of transactions have taken place within a month (CTR) shall be reported to FIU-IND within 15th day of the succeeding month.

All such transactions, as specified in para above, would be reported to and reviewed by Principal Officer who would enquire into the matter and decide whether the transaction would qualify to be termed as a suspicious transaction. When it is believed that we no longer are satisfied that we know the true identity of the account holder, Suspicious Transaction Report (STR) would be filed with FIU-IND. The Principal Officer would file the Suspicious Transaction Report with the Director, Financial Intelligence Unit-India (FIU-IND) within 7 days of identifying them. After filing STR, transactions would be allowed to be continued in the account unhindered and the customer would not be tipped in any manner.



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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 even for attempted transactions.

The Company has created a document retention policy which would be reviewed Periodically to be in compliance with the requirements of PMLA.

The following documents/ records would be held for a period of 10 years:

- a. Records with respect to the cash transactions of value of more than Rs. 10 lacs
- b. Records with respect to series of cash transactions integrally connected to each other,
- c. taken together amounting to more than Rs.10 lacs within a month
- d. Records with respect to transactions where counterfeit currency notes have been used
- e. Records with respect to all suspicious transactions
- f. KYC documents after the business relationship has ended.

The documents/ records maintained would hold the following information

- *Nature of the transaction;*
- *Amount of the transaction;*
- *Date on which the transaction was conducted; and*
- *The parties involved in the transaction.*

APPOINTMENT OF PRINCIPAL OFFICER:

The Board of Director vide resolution shall appoint an appropriate person as the Principal Officer of the Company in compliance with Rule 2 (f) of the Maintenance of Record Rules of the PMLA.

The Principal Officer, under the supervision and guidance of the Designated Director, shall be responsible to ensure overall compliance specified under the Act and the Rules/ Regulations thereunder.

The Principal Officer would perform the following duties:

- a. Develop effective AML programs, including training programs
- b. Assist the business in assessing how the system can be abused
- c. Identify suspicious activity
- d. Monitor implementation of this Policy
- e. Submit reports to statutory bodies and management

APPOINTMENT OF DESIGNATED DIRECTOR

The Board of Director vide resolution shall appoint an appropriate person as the Designated Director of the Company in compliance with Rule 2 (ba) of the Maintenance of Record Rules of the PMLA. The Designated Director shall be responsible to ensure overall compliance specified under the Act and the Rules / Regulations thereunder.



COMPLIANCE OF KYC POLICY

Company will ensure compliance with KYC Policy through:

Specifying the 'Senior Management' for the purpose of KYC compliance:

The Board has identified that the Principal Officer shall be responsible for ensuring the KYC Compliance.

Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures:

The Board or any other committee to whom the power has been delegated by the Board shall carry out concurrent/ internal audit on a quarterly basis, to verify the compliance with this Policy and procedures laid herein.

Submission of quarterly audit notes and compliance:

The aforesaid audit report shall thereafter be submitted to the Board of Directors for their review and comments.

POLICY REVIEW

The Company's Board of Directors has been entrusted with the responsibility of enforcement of this policy. They are hereby given absolute power to jointly or severally, make necessary changes, amendments or additions or removals for operational aspects of the policy within the overall spirit and guidance from time to time for reasons like technology or process upgradation, regulatory changes, maintaining competitive edge or responding to changes in market or risk environment, etc.

This Policy must be reviewed at least once in a financial year or at such intervals as may be deemed necessary by the Board of Directors.



ANNEXURE I

Customer Identification Procedure features to be verified and Documents that may be obtained from the customers	Documents
Accounts of individuals Legal name and any other names used Correct permanent address	(i) Aadhaar Card (ii) PAN card (iii) Voter Identity Card (iv) Driving license (v) Bank account statement (vi) Electricity bill (vii) Ration card (viii) Income Proof (If Salaried)
Accounts of companies - Name of the company - Principal place of business - Mailing address of the company - Telephone/Fax Number	(i) Certificate of incorporation and Memorandum & Articles of Association (ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (iv) Copy of PAN allotment letter (v) Copy of the telephone bill/Electricity bill.
Accounts of partnership firms - Legal name - Address - Names of all partners and their addresses - Telephone numbers of the firm and partners	(i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf

