



IVL Finance Limited

(Formerly M/s Shivshakti Finance Private Limited)

Anti-Money Laundering Measures (PMLA) & Know Your Customers(KYC) :

IVL Finance Limited, a responsible corporate house, is committed to set standard in complying all the regulatory norms including RBI guidelines on PMLA Act and know your customers (KYC) guidelines. Incompliance to RBI circular DNBS (PD) CC 34 / dated Jan 06, 2004 issued on the basis of Prevention of Money Laundering Act, 2002 and as amended vide PMLA Act 2009 and instructed vide circulars No DNBS(PD) CC. No 171/03.10.42/2009-10 dated April 23, 2010, following processes have been framed. This PMLA-KYC policy was first adopted in the meeting of the Board of Directors held on 25th. April 2017. This policy was earlier adopted by the erstwhile M/s Shivshakti Finance Limited on June 07, 2010.

PMLA Policy-Process:

The process being followed is not only to ensure compliance of extant the KYC & PMLA guidelines, but also to minimize business operation risk of the company while safeguarding safety & security concerns of the Country.

KYC & PMLA process of the company rests on three pillars.

First Pillar rests on the compliance to all the circular instructions being issued by the RBI/NHB for time to time and Distractions being given under PMLA Act.

The Second Pillar rests on elaborate KYC policies & Customer Acceptance Policies (CAP) being adopted by the company in compliance to PMLA guidelines/instructions. The thrust of the (CAP) policy is to safe guard risk associated in the business process to prevent unscrupulous/fraudulent people from taking advantage from the products of the Company. A customer shall be accepted only after full due diligence of its credential based on our accepted parameters of KYC-identity policies. This has been followed in two stages. Documents received from customer are being examined by the officials of the company. On prima-facie acceptance by the officials, the documents are being verified by an onsite inspection through an independent agency. Besides, the official will apply their mind & judgment on the quality of the documents while accepting to ensure that the above process is being followed properly though sample checking.

Customer Acceptance Policy (CAP):

<p>Documents to be accepted - Photograph</p>	<ul style="list-style-type: none"> • Self-attested (for all individual applicants)
<p>KYC & PMLA guidelines - Identity/ address proof (any one with photo for individuals).</p>	<p><u>For Individuals: documents e.g.,</u></p> <ul style="list-style-type: none"> • Passport • Pan Card • Driving License • Voters ID Card • Photo Credit Card <p><u>For Non Individuals:</u></p> <ul style="list-style-type: none"> • Shops & Establishment Certificate • Trade License Certificate • SSI Registration Certificate • Sales Tax/ VAT Registration Certificate • Partnership Deed (for firms) / Memorandum of Association (MOA) for companies • Export-Import Code Certificate • Factory Registration Certificate • Professional qualification Certificate and Degree Certificate for Professionals
<p>KYC & PMLA guidelines - Age Proof (any one)</p>	<ul style="list-style-type: none"> • Passport • PAN Card • Driving License • Life Insurance Policy • Birth Certificate (Govt agency) • School Leaving certificate (10th) • Employee ID (only for PSU/Govt. employees) • Domicile Certificate • In case of co-applicant not having valid age/address proof, affidavit can be taken in lieu of age/address proof

<p>KYC & PMLA guidelines - Residence Address proof <i>(any one)</i></p>	<p>For Individuals:</p> <ul style="list-style-type: none"> • Passport • Driving License • Voters ID card • Letter from a recognized public authority or public servant verifying the identity and residence of the customer to our satisfaction. • Utility bill • Rent agreement • Nationalized Bank's account statement & pass book • Sale Deed of the property, if owned <p>For SENP/SEP:</p> <ul style="list-style-type: none"> • Utility bill • Rent agreement • Copy of Sale deed of property, if any • In case of co-applicant not having valid age/address proof, affidavit can be taken in lieu of age/address proof <p>In case we are getting an address proof (as per KYC norms) of the applicant and the relationship with co applicant is confirmed by any authentic document as passport/ration card/voter card/marriage certificate etc. we do not require a separate address proof of co applicant, if he/she is living at same address and income is not considered.</p> <p>If residence/office address proof is slightly different from the application form details (e.g. landmark, Sy. No. etc) can be accepted provided house number, street address, locality is matching.</p>
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KYC & PMLA guidelines - Constitution documents (as applicable)	<p><u>Pvt Ltd Company/closely Held Public Ltd Company:</u></p> <ul style="list-style-type: none"> • Certificate of Incorporation • MOA & AOA of the company • Form 32 • Annual return filed with ROC • List of Directors & Shareholding pattern duly certified by company/CA <p><u>Partnership firm/ Proprietorship firm:</u></p> <ul style="list-style-type: none"> • Partnership Deed- • Dissolution Deed- where ever applicable • License issued by the Registering authority like Certificate of Practice issued by ICAI, ICWAI, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc.
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Income Documents	<u>Salaried:</u>
	Latest year Form 16
	Latest year ITR with Computation
	Min 2 latest salary slips (min 6 pay-slips ONLY in case variable monthly in be considered)
	salary certificate/latest increment letter/offer letter where other income to be considered- IF APPLICABLE
	Bank statement
	Pension Certificate, if applicable
	<u>SENP/SEP:</u>
<ul style="list-style-type: none"> • Latest two ITRs and Audited Financials along with computation of income • Advance Tax Challans/VAT returns if available. • Tax audit report wherever available 	

<p>Bank Statement</p>	<p>Salaried :</p> <ul style="list-style-type: none"> • Bank statement • Required from salary a/c (for cheque salary) or from operating a/c (for cash salary). • Photocopy of front page mentioning name of account holders, account no, bank name, if not computerized <p>SENP/ SEP ::</p> <ul style="list-style-type: none"> • Photocopies of updated bank statements from current a/c of the firm / company • If any OD/CC/TL/mortgage backed loan is availed/ serviced, we need to document the sanction letter containing property mortgaged in that institution.
<p>Self-attestation</p>	<ul style="list-style-type: none"> • All KYC documents, Application form, Income documents, Bank statements (First and last page) & Property documents should be preferably self-attested. • In case of MNC companies the soft copy of salary slip along with mail from official ID of the company would be accepted. Self-attestation not required on hard copy for such cases.
<p>Signature Verification</p>	<ul style="list-style-type: none"> • Signature Verification is mandatory for all applicants or signatories on behalf of applicants like Partnership firm/Pvt Ltd companies • Any one of the following to be considered for signature verification: Banker's sign. verification Passport copy PAN card Driving license with photograph & signature.

Monitoring of the identity proofs and KYC documents of a customer is to be made on ongoing basis based on revised documents if submitted by the customer or on the basis of correspondences with the customers. Customers will be instructed to update his address proof etc. from time to time and due diligence shall be carried out on the basis of revised documents submitted by the customer or procured from any source.



Various Checks and Measures done while Appraising a Customer (Customer Acceptance Policy)

DEFAULT DATA CHECK & INTERNAL DEDUPE POLICY

Default data base to be checked using personal reference/ references from various financiers & RBI default data list available on website. Once Company opt for enrolment with Credit Information Bureau (India) Limited, check from credit bureau record will be required to be conducted through bureau data base.

Negative profiling of customers:

Following categories of persons/organizations are not be considered for acceptance as customers of the Company

1. All loan defaulters would be marked as negative profile.
2. Names of persons/organizations banned by the authority and appearing in the list of persons/organization involved in terrorist activities/financial terrorism or fraudulent/money laundering transactions in India or abroad as forwarded by RBI from time to time.

As process of verification of identity & acceptance of customer, following process shall be reckoned as part of KYC policy:

Profiling of the Customers:

At the time of acceptance of a customer, risk based approach will be taken and accordingly its profiling will be done. Based on risk parameter of a customer, monitoring of its transactions shall be undertaking

PMLA Process:

Third Pillar rests on the process team to ensure compliance & reporting to regulators. The compliance team is headed by a senior officer designated as Principal Officer & nodal officer of the Company. The Principal Officer will arrange to report to FIU through the following process of identifying such information as per guidelines:

Process for identification of CTR reporting:

The process of operation, Cash transactions above Rs ten lakhs and above (either by one transaction or aggregate of series of transactions exceeding ten lakhs) by a client or transactions by different parties but found to be interconnected to each other shall be reported to FIU within 15th of the preceding month.

Suspicious Transaction Monitoring & Reporting:

Suspicious transaction have been defined as a transaction whether or not made in cash which, to a person acting in good faith -

1. gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
2. appears to be made in circumstances of unusual or unjustified complexity; or
3. appears to have no economic rationale or bona-fide purpose; or
4. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;
5. Non-cooperation observed in divulging valid sources of funds or any other vital information asked for;
6. Any attempt to obtain loan or establish relationship with the company by furnishing fraudulent documents/information.

Besides above, any transactions that are related to unlawful activities such as fraud and market manipulation are treated equivalent suspicious to money laundering, and strictly reported. Although by no means exhaustive, the following is a list of potential indicators of suspicious activity which, if unexplained, are treated as suspicious with regard to money laundering activity. A list of circumstances which are in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

- a. Clients whose identity verification seems difficult or clients appear not to cooperate;
- b. Asset management services for clients where the source of the funds is not clear or not keeping up with clients apparent standing /business activity;
- c. Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- d. Substantial increases in business without apparent cause;
- e. Unusually large transactions made by an individual or business;
- f. Transfer of investment proceeds to apparently unrelated third parties

During the course of entire business process, if an officer of the Company observes any suspicious transaction as mentioned in the above list, shall report to Principal Officer. The principal officer after proper verification of records/documents shall report to FIU at the earliest by filing a STR.

Documents Preservation Policy:

The Company shall comply with the **RBI circular** DNBS(PD)CC.No 171/03.10.42/2009-10 dated April 23, 2010 on record keeping requirements contained in the RBI Circular 2005 and Rules and Regulations made there-under, PML Act, 2002 as amended vide PMLA Act 2009 (21 Of 2009) well as other relevant



legislation, Rules, Regulations, Exchange Bye-laws and Circulars. In terms of Section 20 of the PMLA Act 2009, the Company shall ensure maintenance of:

(a) records of all transactions over Rs. 10lacs, whether such transactions comprise of a single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month.

(b) records of the identity of all clients of the company which are obtained in accordance with the provisions of the Act, the record of such identity is required to be maintained for a period of ten years from the date of cessation of business relationship between the client and the Company or from the date of closure of the account.

Confidentiality:

The Company and its employees will maintain strict confidentiality of the fact of furnishing/ reporting details of suspicious transactions (proviso to Rule 8(3)) to FIU;

Training of Staffs and Internal Audit Program:

Proper and periodical imparting of training to sensitize the need, guidelines & process of PMLA that are required to be followed in the interest of all stakeholders will be given to all staffs to ensure proper implementation of the provisions of the policy. The above training will be given at the time of induction of staff. Periodical internal audit will be made on the level of compliance to the PMLA guidelines.