

JINDAL CAPITAL LIMITED



KNOW YOUR CUSTOMER (KYC) /ANTI MONEY LAUNDERING POLICY

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Jindal Capital Ltd.**Policies on Know your Customer (KYC)/ Anti Money Laundering (ALM) Guidelines**

Pursuant to the master circular issued by the Reserve Bank of India on Know Your Customer (KYC) guidelines - Anti Money Laundering (AML) standards Act, 2002 obligation of NBFC in terms of master circular notified vide RBI circular No RBI/2015-16/108, DNBR (PD) CC No.051/03.10.119/2015-16 dated 1st July, 2015. **Jindal Capital Ltd.** has "Know Your Customer:" [KYC] & "Anti Money Laundering Measure" & it has been adopted by the Board of Directors of the Company in its Board meeting held on 30th March, 2022 and shall be effective from immediate effect.

As per RBI guidelines on KYC policy **Jindal Capital Ltd.** has formulated its KYC policy for its lending / credit operations / financial dealings in line with extant guidelines framed therein. This KYC policy is also framed keeping in view of the same. The policy has the following four key elements:

- Customer Acceptance Policy;
- Customer Identification Procedures;
- Monitoring of Transactions; and
- Risk management.

POLICY FUNDAMENTALS**Definition of customer**

For the purpose of KYC Guidelines, a "customer" will be defined as:

- (i) A person or group that maintains an account and/or has a business relationship with the Company.
- (ii) One on whose behalf the account is maintained (i.e. the beneficial owner);
- (iii) Any person or group connected with a financial transaction which can pose significant reputation or other risks to the Company, say a wire transfer or issue of a high value demand draft as a single transaction.

Customer Acceptance Policy (CAP)

The Customer Acceptance Policy will ensure the following aspects of customer relationship:-

1. No account is opened in anonymous or fictitious/benami name(s);

2. Risk in terms of the location of customer and his clients and mode of payments are duly checked;
3. volume of turnover, social and financial status, etc. will form the basis for categorization of customers into low, medium and high risk
4. customers requiring very high level of monitoring, e.g. Politically Exposed Persons will be given due consideration
5. Documentation requirements and other information will be collected in respect of different categories of customers depending on perceived risk and guidelines issued from time to time; Declaration will be taken from the customer that the proceedings/transactions are not in violation of the Prevention of Money Laundry(PML) Act, 2002 and RBI regulations in this regard.
6. Not to open an account or close an existing account where the Company is unable to apply appropriate customer due diligence measures, i.e. the Company is unable to verify the identify and /or obtain documents required as per the risk categorization due to non-co-operation of the customer or non-reliability of the data/information furnished to the Company.
7. Permanent Address proof from new applicants will be collected. The documents which can be accepted as proof of address are mentioned in Annexure
8. For existing customers who wish to pre-close their loan account with **Jindal Capital Ltd.** following will be collected :
 - Permanent Address proof (As per Annexure I)
 - A declaration from the customer regarding source of funds being used for pre-closure of the loan account.
 - Closure of the loan account authority will be restricted to authorized person at the branch.

(iv) In the following circumstances, the account may be operated by a mandate holder or the account may be opened by an intermediary in a fiduciary capacity hence the customer is permitted to act on behalf of another person/entity, in conformity with the established law and practices:

- (a) if applicant is NRI.
- (b) if applicant is a limited company.
- (c) if applicant is a partnership firm.

(v) Any other circumstance where it is not possible for the applicant to be present at the branch location physically available. Necessary checks before any loan disbursement will be carried out through FI agency so as to ensure 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.

The Company will prepare a profile for each new customer during the credit proposal. The customer profile will contain information relating to the customer's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by the Company. At the time of credit appraisal of the applicant the details are recorded along with his profile based on meeting with the applicant apart from collection of applicable documents; this will be as per our credit and product norms which are incorporated in the operation manual and are in practice. However, while preparing customer profile, the Company will seek only such information from the customer which is relevant to the risk category and is not intrusive.

The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or for any other purposes against monetary consideration. The Company will continue to share our client data with CIBIL, Equifax Credit Information Private Limited and empanelled FI agencies and such other organizations/entities subject to confidentiality clause, since the purpose of sharing this information is to ensure risk minimization.

As per KYC policy, for acceptance and identification, customers are categorized broadly into risk categories.

Our company is in the business of on lending to needy beneficiaries as per prescribed RBI guidelines as such, broad categorization of risk is not being laid down.

However, before collecting the information about the applicants by the field functionaries, their indebtedness, credit worthiness and repaying capacity as well as nature of business and its marketability to be considered while categorizing risk of the customers.

Our exposure to any of our clients is subject to our systems procedures as per business plan of the company. However, for customer acceptance, KYC is a prerequisite for a credit risk grading.

Customer Identification Procedure (CIP)

Customer identification means identifying the customer and verifying his/ her / its identity by using reliable, independent source documents, data or information while establishing a relationship. The Company will obtain sufficient information such as Voter ID card, PAN number, Aadhar, Passport etc. necessary to establish, to our satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship.

In certain cases if customers are not able to proceed the above said documents so, on the basis of certificate obtained from the Municipal Corporation/Gram Panchayat and any reputed person of the village or even certified by the government officials about the residential proof about the customers can be accepted exceptionally not as a matter of routine.

It will be ensured that due diligence is observed based on the risk profile of the customer in compliance with the extant guidelines in place and the same will be available for verification. Besides risk perception, the nature of information/ documents required will also depend on the type of customer (individual, Groups, Company and etc.) For customers that are natural persons, the Company has to obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. The Company collects identity proof, bank account details and property documents and **Jindal Capital Ltd.** has empanelled FI agencies who independently verify the applicant's occupation, residence and documents as applicable.

- Politically exposed persons (PEPs) of foreign origin, same due diligence as NRI/PIO to be undertaken, though the Company is not doing cases of applicants of foreign origin. Only cases of applicants of Indian Origin working abroad are done.
- Non-face to face customers, due diligence including telephonic/personal discussions be done, if required. Information from reliable sources will be obtained for establishing the existence of the person.
- Those with dubious reputation as per public information available, etc. If found dubious then the case will not be entertained.

Customer identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given below:

- **Accounts of Politically Exposed Persons (PEPs) resident outside India**

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g. Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. The Company will gather sufficient information as available on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. The Company will verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The above norms may also be applied to the accounts of the family members or close relatives of PEPs.

- **Accounts of non-face-to face customers:**

In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, The Company will do telephonic/personal discussion with the applicant, if necessary. Applicant will be met by the Sales representative of the Company and will fill up the meeting sheet on that basis to mitigate the higher risk involved, as applicable. Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for and applicable verification of these documents will be done. In the case of cross-border customers, there is the additional difficulty of matching the customer with the documentation and the Company may have to rely on third party certification/introduction. In such

cases, it will be ensured that generally the third party is a regulated and/or supervised entity with an established track record. Hence apart from the existing due diligence for such customers The Company may take resident Indian Co-applicant as a party to the loan proposal or a local resident guarantor to the loan with identity verification.

An indicative list of the nature and type of documents that may be relied upon for customer identification is given in the **Annexure I**.

Monitoring of Transactions

- Ongoing monitoring is an essential element of effective KYC procedures. Since the Company is a NBFC company and all our loans are tenure based with a fixed/variable installment paid through either cash or electronic clearing system (ECS) mandate or postdated cheques our monitoring structure will be relevant to our nature of operations. The Company will pay special attention to all unusually large transactions involving large cash and The Company has introduced cash transaction reporting system above Rupees ten lacs. Risk categorization as is mentioned in this policy may be updated as and when required by the management. In case of overdue/default accounts where there is scope for meeting or vetting the profile of this customer again, due diligence if found necessary will be carried out. Subsequent to our sanction, during the period of part disbursement till full disbursement if any unusual transaction/development comes to our knowledge relating to money laundering the same will be verified and notified as required, 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. The Company will ensure that transactions of suspicious nature as defined in Annexure II and/or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority, as and when detected by our officials through the Principal Officer.
- The Company will maintain proper record in accordance with the PML Act, 2002, of all cash transactions (deposits and withdrawals) of Rupees Ten Lakh and above. As a matter of policy, the Company does not accept deposits in cash over Rupees Ten lakhs, No loan is disbursed in cash and No monthly installment above Rupees Ten Lakh is accepted in cash. Any transactions of suspicious nature as per **Annexure II** are to be reported to the Principal Officer immediately. In addition thereto, the Branches shall on monthly basis furnish a certificate to the Principal Officer evidencing that neither such prohibited transactions and/nor cash transaction as specified in the policy have taken place.

Risk Management

- **Internal Audit:** The Company's internal audit department 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. Internal Auditors may specifically check and verify the application of KYC procedures at the branches and

comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board along with their normal reporting frequency.

- **Employee Training:** The Company will have an ongoing employee training program so that the members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.
- **Customer Education:** The Company will educate the customer on the objectives of the KYC programme so that customer understands and appreciates the motive and purpose of collecting such information.
- **Introduction of New Technologies:** The Company will pay special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that may favor anonymity, and take measures, if needed, to prevent their use in money laundering schemes as and when online transactions are started /accepted by the Company.
- **KYC for the Existing Accounts:** The Company will apply the KYC norms to the existing customers of loan accounts on the basis of materiality and risk envisaged by it for those existing loan accounts.
- **Non-Cooperation by the customer in respect of KYC norms:** Where The Company is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, The Company will follow up with the existing identified customers for KYC compliance, Closure decision if at all is required will depend upon our internal assessment and will be taken at a Senior Level of Regional Heads/ Director and above only after issuing due notice to the customer explaining the reasons for taking such a decision.
- **Applicability to branches and subsidiaries outside India:** The above guidelines will also apply to the branches and majority owned subsidiaries located abroad, especially, in countries which do not or insufficiently apply the FATF Recommendations, to the extent local laws permit as and when the Company opens overseas branches. When local applicable laws and regulations prohibit implementation of these guidelines, the same will be brought to the notice of RBI.
- **Appointment of Principal Officer:** The Company has appointed 'Principal Officer.' Principal Officer is located at our Corporate Office and will be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He will maintain close liaison with enforcement agencies, MFIs and any other institution which are involved in the fight against money laundering and combating financing of terrorism. He will also ensure that there is proper system of fixing accountability for serious lapses and intentional circumvention of prescribed procedures and guidelines. However, any such

action has to be documented and placed before the management committee of the company. Principal Officer will also report any unusual matter/information to the management committee of the company as and when it occurs.

Maintenance of Records of Transactions

The Company will maintain proper record of the under mentioned transactions:

- All cash transactions of the value of more than rupees one million or its equivalent in foreign currency, though by policy The Company do not accept cash deposits in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued below rupees one million or its equivalent in foreign currency where such series of transactions have taken place within a month.
- All cash transactions were forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place; any such transactions
- All suspicious transactions as mentioned in Annexure II

Information to be preserved: The Company will maintain the following information in respect of transactions referred to in the preceding point on "Maintenance of records of transactions"

- The nature of the transactions
- The amount of transactions and currency in which it was denominated
- The date on which the transaction was conducted and
- Parties to the transactions

The Company sanctions and disburses files on the system; hence it has a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required. However the Company will maintain account information for at least ten years from the date of cessation of transaction between the company and the client, all necessary records of transactions, both domestic or international, which will make available individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

The Company will ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business relationship is ended. Apart from this, the application form, copy of loan agreement, NOC, other document either photocopy or cancelled original copy will be kept for next ten years after the full

closure of the account. However, preservation and maintenance of the documents will be in paper form and a soft copy.

The identification of records and transaction data will be made available to the competent authorities upon request only through the principal officer under this policy with his approval.

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 NHB at the following address:

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

Miscellaneous

Compliance under Foreign Contribution (Regulation) Act, 1976

The Company shall also ensure that provisions of the Foreign Contribution (Regulation) Act (FCRA), 1976 are duly adhered to. FCRA regulate the acceptance and utilization of foreign contribution or foreign hospitality received by certain specified persons or associations such as candidates for election, journalist, Judges/Government servants, political party, etc. However, law permits certain persons or associations to accept the foreign contribution with the approval of the Central Government, as per the provisions of FCRA. In those cases, copy of approval or letter of intimation shall be taken from the customer.

Annexure I

CUSTOMER IDENTIFICATION PROCEDURE FEATURES TO BE VERIFIED AND DOCUMENTS THAT MAY BE OBTAINED FROM CUSTOMERS

Features	Documents (Certified copy)
Individuals / Groups/ Company Legal name and any other names used	<ul style="list-style-type: none">• Passport• Pan Card• Voter's Identity Card• Driving License• Identity Card (subject to the

	<p>Company's satisfaction.</p> <ul style="list-style-type: none"> • Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of the Company
Correct permanent address	<ul style="list-style-type: none"> • Telephone bill • Account Statement • Letter from any recognized public authority. • Electricity bill • Ration Card • Letter from employer (subject to the satisfaction of the Company). <p>(any one document which provides customer information to the satisfaction of the Company will suffice)</p>

Annexure II

LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO LOANS:

Customer is reluctant to provide information, data, and documents;

1. Submission of false documents, data, purpose of loan, details of accounts;
2. Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful etc;
3. Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
4. Approaches a branch/office of the company/MFI, which is away from the customer's residential or business address provided in the loan application, when there is MFI branch/office nearer to the given address;
5. Unable to explain or satisfy the numerous transfers in the statement of account/multiple accounts;
6. Initial contribution made through unrelated third party accounts without proper justification;

7. Availing a loan, without proper justification of the end use of the loan amount;
8. Suggesting dubious means for the sanction of loan;
9. Where transactions do not make economic sense;
10. There are reasonable doubts over the real beneficiary of the loan and the purpose of loan to be utilized
11. Encashment of loan amount by opening a fictitious bank account;
12. Request for payment made in favour of a third party who has no relation to the transaction;
13. Usage of loan amount by the customer in connivance with the vendor/ broker/agent etc. and using the same for a purpose other than what has been stipulated.
14. Multiple funding / financing involving NGO / Charitable Organization / Small / Medium Establishments (SMEs)/Self Help Groups (SHGs)/Micro Finance Groups (MFGs)
15. Frequent requests for change of address;

**For
Jindal Capital Ltd.**

For Jindal Capital Limited



Director / Auth. Signatory

**(Sadhu Ram Aggarwal)
Director**