

Policy / Process Note Information	
Policy Name	Know Your Customer (KYC) / Anti Money Laundering (AML) Combating of Financing of Terrorism (CFT) Policy of Intec Capital Limited in terms of Applicable RBI Circular on KYC / AML / CFT
Last Recommended / Reviewed by Committee of Board (CoB), if any	None
Last Approved / Reviewed by Board of Directors, if any	Approved by Board of Directors on Friday February 09, 2018
Recommended by Committee of Board (CoB), if any	None
Approved by Board of Directors, if any	Approved by Board of Directors on Friday, February 12, 2021
Effective Date	Friday, February 12, 2021

1. PREAMBLE

- 1.1. The Prevention of Money Laundering Act, 2002 (PMLA) is enacted to prevent money laundering and to provide for confiscation of property derived from, or involved in, money laundering. The PML Act, and Rules notified there under, came into effect from 1st July, 2005.
- 1.2. The 'Know Your Customer' guidelines were issued in February 2005 revisiting the earlier guidelines issued in January 2004 in the context of the Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT). These standards have become the international benchmark for framing Anti Money Laundering and combating financing of terrorism policies by the regulatory authorities.
- 1.3. The Reserve Bank of India (RBI) has issued / amended guidelines from time to time in regard to Know Your Customer (KYC) standards to be followed by banks / NBFCs to ensure that a proper policy framework on KYC and AML measures be formulated and put in place with the approval of the Board and measures to be taken in regard to Anti Money Laundering (AML)/ Combating Financing of Terrorism (CFT).
- 1.4. The Government of India set up Financial Intelligence Unit – India as an independent body to report directly to the Economic Intelligence Council headed by the Finance Minister. FIU-IND has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspicious financial transactions. FIU-IND is also responsible for coordinating and strengthening efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.
- 1.5. The following amended guidelines issued by the Reserve Bank of India have been considered as key reference points while reviewing this policy.
 - i. Master Circular – Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002 vide Master Circular Number RBI/2015-16/108 DNBR (PD) CC No. 051/03.10.119/2015-16 dated July 1, 2015 and applicable to all NBFC
 - ii. Master Direction - Know Your Customer (KYC) Direction, 2016 vide master direction no. RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 (Updated as on December 18, 2020)
 - iii. Amendments issued from time to time by FIU-India and RBI.
- 1.6. Accordingly, in compliance with the guidelines issued / amended by RBI from time to time, the following KYC & AML policy of the Company is approved by the Board of Directors of the Company. This policy is applicable to all categories of products and services offered by the Company and shall apply to all branches of the Company.

2. OBJECTIVES, SCOPE AND APPLICATION OF THE POLICY

- 2.1. The primary objective is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures also enable the Company to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently.

These directions shall also apply to those branches and majority owned subsidiaries of the REs which are located abroad, to the extent they are not contradictory to the local laws in the host country, provided that:

- (i) where applicable laws and regulations prohibit implementation of these guidelines, the same shall be brought to the notice of the Reserve Bank of India.
 - (ii) in case there is a variance in KYC/AML standards prescribed by the Reserve Bank of India and the host country regulators, branches/ subsidiaries of REs are required to adopt the more stringent regulation of the two.
 - (iii) branches/ subsidiaries of foreign incorporated banks may adopt the more stringent regulation of the two i.e. standards prescribed by the Reserve Bank of India and their home country regulators.
- 2.2. The Company hereunder framing its KYC policies incorporating the following four key elements:
- (i) Customer Acceptance Policy (CAP);
 - (ii) Customer Identification Procedures;
 - (iii) Monitoring of Transactions;
 - (iv) Risk Management

2.2.1. Customer Acceptance Policy (CAP)

- (i) Intec's Customer Acceptance Policy lays down explicit criteria for acceptance of customers, ensures the following aspects of the customer relationship:
- (ii) No account is opened in anonymous or fictitious / benami name(s);
- (iii) Checks against any notified list of the RBI, before accepting a customer, 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.
- (iv) Intec will prepare a profile for each new customer which contains 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 Intec. However, while preparing the customer profile, Intec will seek only such information from the customer which is relevant and is not intrusive. The customer profile will be a confidential document and details contained therein will not be divulged for cross selling or any other purposes.
- (v) It is important to bear in mind that the adoption of Customer Acceptance Policy and its implementation will not result in denial of Intec's services to the general public.
- (vi) No account is opened where the Intec is unable to apply appropriate Customer Due Dilligence ("CDD") measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
- (vii) Intec shall apply the CDD procedure at the Unique Customer Identification Code "UCIC" level. Thus, if an existing KYC compliant customer shall desire to open another account with the Intec, there shall be no need for a fresh CDD exercise.
- (viii) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- (ix) Where an equivalent e-document is obtained from the customer, Intec shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).

2.2.2. Customer Identification Procedure

- (i) Customer identification means identifying the customer and verifying the identity by using reliable, independent source documents, data or information. Intec will obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of business relationship. Being satisfied means that the Company must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Such risk based approach is considered necessary to avoid disproportionate cost to Company and a burdensome regime for the customers.
- (ii) The Intec shall undertake Customer Identification Procedure in the following cases
 - a) Where the Company has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.
 - b) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
 - c) When a Intec has reason to believe that a customer (account- based or non-account based) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.

2.2.3. Monitoring of Transactions

- (i) Ongoing monitoring is an essential element of effective KYC procedures. Intec can effectively control and reduce risk by having an understanding of the normal and reasonable activity of the customers. However, the extent of monitoring will depend on the risk sensitivity of the account. Since Intec being a Non Deposit Accepting NBFC will not have any deposit accounts, this situation will hardly arise, but Intec will in any case pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose, or transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer.
- (ii) Intec will put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures. Intec 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 (and the Amended Act, 2009). It will also ensure that transactions of suspicious nature and/or any other type of transaction notified under section 12 of the PML Act, 2002 (and the Amended Act, 2009), is reported to the appropriate law enforcement authority.

2.2.4. Risk Management

- (i) For Risk Management, Intec shall have a risk based approach which includes the following.
 - a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception.
 - b) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc.
- (ii) The Board of Directors of Intec has ensured that an effective KYC program is in place and has established appropriate procedures and is overseeing its effective

implementation. The program covers proper management oversight, systems and controls, segregation of duties, informing employees through circular regularly and other related matters. Responsibility has been explicitly allocated to ensure that Intec's policies and procedures are implemented effectively.

- (iii) There will be risk profile prepared for each customer and enhanced due diligence measures will be applied on higher risk customers.
- (iv) Intec has already ensured that the Sales, Operational and Credit staff are aware that no loan accounts will be created unless the KYC procedures are adhered to completely.

3. Customer Due Diligence (CDD)

3.1 Customer Due Diligence (CDD) Procedure in case of Individuals:

The Company shall obtain the following information from an individual while establishing an account based relationship or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:

- a) the Aadhaar number issued by the Unique Identification Authority of India; and
- b) the Permanent Account Number or Form No. 60 as defined in Income-tax Rules, 1962, as amended from time to time.
- c) such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the Intec

3.2 Customer Due Diligence (CDD) Procedure in case of Sole Proprietorship Firm:

Where the client is a sole proprietorship firm, the certified copies of the following documents shall be submitted:—

- (i) Any two of the following documents as a proof of business/ activity in the name of the proprietary firm: (a) Registration certificate; (b) Certificate/license issued by the municipal authorities under Shop and Establishment Act; (c) GST certificate; (d) IEC (Importer Exporter Code); (e) Complete Income Tax Return; (f) Utility bills such as electricity, water, and landline telephone bills.

3.3 Customer Due Diligence (CDD) Procedure in case of Company:

Where the client is a company, the certified copies of the following documents shall be submitted: (i) Certificate of incorporation; (ii) Memorandum and Articles of Association; (iii) A resolution from the Board of Directors and power of attorney granted to the company's managers, officers or employees to transact on the company's behalf; (iv) Identification information as applicable to individuals in respect of managers, officers or employees holding an attorney to transact on its behalf; (v) Such other document as may be required by Company.

3.4 Customer Due Diligence (CDD) Procedure in case of Partnership Firm:

Where the client is a partnership firm, the certified copies of the following documents shall be submitted:— (i) registration certificate; (ii) partnership deed; and (iii) Identification information as applicable to individuals in respect of person/s holding an attorney to transact on the firm's behalf (iii) such other document as may be required by Company.

3.5 Customer Due Diligence (CDD) Procedure in case of Trust and Foundation:

Where the client is a trust, the certified copies of the following documents shall be submitted:— (i) registration certificate; (ii) trust deed; and (iii) Identification information as

applicable to individuals in respect of person/s holding an attorney to transact on the entity's behalf (iv) Such other document as may be required by Company.

4. Money Laundering and Terrorist Financing Risk Assessment:

- a) The Company shall 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.
- b) The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied.
- c) The risk assessment by the Company shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Company. Further, the periodicity of risk assessment exercise shall be determined by the Board and should be reviewed at least annually.

5. Introduction of New Technologies

- 5.1. Intec pays special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that might favour anonymity and take measures, if needed, to prevent its use in money laundering schemes.

6. Appointment of Designated Director

- 6.1. "Designated Director" means a person designated by the reporting entity (bank, financial institution, etc.) to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and includes:-
 - (i) the Managing Director or a whole-time Director duly authorized by the Board of Directors if the reporting entity is a company,
 - (ii) the Managing Partner if the reporting entity is a partnership firm,
 - (iii) the Proprietor if the reporting entity is a proprietorship concern,
 - (iv) the Managing Trustee if the reporting entity is a trust,
 - (v) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity, if the reporting entity is an unincorporated association or a body of individuals, and
 - (vi) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above.

Explanation. - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act

The name, designation and address of the Designated Director is to be communicated to the Director, FIU-IND on any new appointment or change.

In addition it is the duty of the Designated Director to observe the procedures and manner of furnishing and reporting information on transactions related to STR / CTR / CCR / NTR / CBWTR.

- 6.2. *The Board of Directors of Intec Capital Limited in its Board Meeting No. **FY-2017-18 / 05** dated **Friday 09th February, 2018** has appointed Mr. Sanjeev Goel, Managing Director be nominated & designated as “Designated Director” to ensure overall compliance with the obligations imposed under chapter IV of the PML Act*

7. Appointment of Principal Officer

- 7.1. The NBFC should appoint a senior officer to be designated as Principal Officer for KYC/AML/CFT compliance. It should be ensured that the Principal Officer for KYC/AML/CFT compliance is able to act independently and report directly to the senior management. Principal Officer for KYC/AML/CFT compliance shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. The Principal Officer will maintain close liaison with enforcement agencies, banks and any other institution which are involved in the fight against money laundering and combating financing of terrorism.
- 7.2. Further, the role and responsibilities of the Principal Officer for KYC/AML/CFT compliance should include overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML/CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, rules and regulations made there-under, as amended from time to time.
- 7.3. The Principal Officer for KYC/AML/CFT compliance will also be responsible for timely submission of CTR / STR / CCR / NTR / CBWTR to FIU-IND.
- 7.4. With a view to enabling the Principal Officer for KYC/AML/CFT compliance to discharge his responsibilities effectively, the Principal Officer for KYC/AML/CFT compliance and other appropriate staff should have timely access to customer identification data and other CDD information, transaction records and other relevant information. The name, designation and address of the Principal Officer for KYC/AML/CFT is to be communicated to the Director, FIU-IND and the RBI on any new appointment or change.
- 7.5. *Ms Radhika Rautela, Chief Financial Officer will be designated as the Principal Officer for KYC / AML / CFT compliance.*

8. Maintenance and Preservation of records

- 8.1. NBFCs should introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005). Intec has a system of maintaining proper record of transactions as required under Prevention of Money-Laundering Act and value of transactions, the procedure and manner of maintaining and verification and maintenance of records of the identity of the clients, as mentioned below:
- (i) all cash transactions of the value of more than Rs. 10 lakh or its equivalent in foreign currency;
 - (ii) Series of all cash transactions individually valued below Rupees Ten Lakh, or its equivalent in foreign currency which have taken place within a month and the monthly aggregate which exceeds rupees ten lakhs or its equivalent in foreign

currency. It is clarified that for determining 'integrally connected transactions' 'all accounts of the same customer' should be taken into account.

- (iii) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
 - (iv) all suspicious transactions whether or not made in cash and in manner as mentioned in the Rules framed by Government of India under the Prevention of Money Laundering Act, 2002.
- 8.2. Intec is required to maintain the following information in respect of transactions referred above:
- (i) the nature of the transactions;
 - (ii) the amount of the transaction and the currency in which it was denominated;
 - (iii) the date on which the transaction was conducted; and
 - (iv) the parties to the transaction.
- 8.3. Intec has an appropriate system 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.
- 8.4. The necessary records of transactions, both domestic or international which permits reconstruction of 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 are maintained for at least five years from the date of cessation of transaction between the Intec and the client.
- 8.5. All the 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 five years after the business relationship is ended. The identification records and transaction data are made available to the competent authorities upon request.
- 8.6. Intec 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 or when requested by the competent authorities.

9. Maintenance of records/ transactions reporting to Financial Intelligence Unit- India (FIU-IND) and its powers

- 9.1. Section 12 of the PMLA, 2002 casts certain obligations on the banking / NBFC companies in regard to preservation and reporting of customer account information. Accordingly, the bank shall maintain/report the following in this regard.
- 9.2. Information to be preserved: Bank / NBFC shall maintain all necessary information in respect of transactions referred to in PML Rule 3 to permit reconstruction of individual transaction, including the following information:
- i. the nature of the transactions;
 - ii. the amount of the transaction and the currency in which it was denominated;
 - iii. the date on which the transaction was conducted; and
 - iv. the parties to the transaction.
- 9.3. Intec will ensure that the provisions of PMLA Rules framed and the Foreign Contribution and Regulation Act, 1976, wherever applicable, are adhered to strictly.

- 9.4. Formats prescribed by RBI to be filed with FIU-ID from time to time in terms of Master Circular are altogether five reporting formats prescribed for a banking company viz. i) Manual reporting of cash transactions ii) Manual reporting of suspicious transactions iii) Consolidated reporting of cash transactions by Principal Officer of the bank iv) Electronic data structure for cash transaction reporting ("CTR") and v) Electronic data structure for suspicious transaction reporting ("STR") which are enclosed to this circular. The reporting formats contain detailed guidelines on the compilation and manner/procedure of submission of the reports to FIU-IND.
- 9.5. The FIU-ID, through FINGATE has also streamlined the reporting formats and comprehensive reporting format guide including the Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports. While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a misrepresented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation.

9.6. There are following below mentioned reporting which are filed with FIU-ID at FINGATE:

Snapshot of various Transactions Reporting Formats to Financial Intelligence Unit – India					
Sl.	Report	Description	Amount	Frequency and Due Date	Formats
1	Cash Transaction Reports (CTR)	All individual account cash transactions in an account during a calendar month, where either debit or credit summation, computed separately, exceeds Rupees ten lakh during the month. However, while filing CTR, details of individual cash transactions below rupees fifty thousand may not be indicated.	Rs. 10,00,000/-	Event Based and 15th day of the succeeding month	As Prescribed from time to time.
2	Counterfeit Currency Reports (CCR)	All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions			
3	Suspicious Transaction Reports (STR)	All suspicious transactions whether or not made in cash		Event Based and Not later than seven working days on being satisfied that the transaction is suspicious.	
In terms of the PMLA rules, the Company will report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address and portal					
Address			Portal		
Director, FIU-IND, Financial Intelligence Unit-India, 6 th Floor, Hotel Samrat, Chanakyapuri, New Delhi-110021			http://fiuindia.gov.in/		

- 9.7. The FIU-ID Powers: As per Section 13 of the Prevention of Money Laundering Act, 2002 confers following powers on the Director, FIU-IND to ensure compliance.

" Section 13 (1) The Director may, either of his own motion or on an application made by any authority, officer or person, call for records referred to in sub-section (1) of section 12 and may make such inquiry or cause such inquiry to be made, as he thinks fit.

Section 13 (2) If the Director, in the course of any inquiry, finds that a banking company, financial institution or an intermediary or any of its officers has failed to comply with the provisions contained in section 12, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may, by an order, levy a fine on such banking company or financial institution or intermediary which shall not be less than Rs. 10,000 but may extend to Rs. 100,000 for each failure.”

10. Suspicion of money laundering/terrorist financing

- 10.1. Whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, Intec should carry out full scale Customer Due Diligence (CDD) before opening an account.

11. Filing of Suspicious Transaction Report (STR)

- 11.1. Intec should not open an account (or should consider closing an existing account) when it is unable to apply appropriate CDD measures. It was clarified that in the circumstances when a NBFC believes that it would no longer be satisfied that it knows the true identity of the account holder, the Company should also file an STR with FIU-IND.

12. Other Compliances –

- 12.1. **Central Know Your Customer Registry:** The Central KYC Registry (CKYCR) is responsible for electronically storing, safeguarding and retrieving KYC records and making them available online for all registered reporting entities. Reporting entities are required to register with the CKYCR in order to access or retrieve information pertaining to customers. It will issue a KYC identifier ID for all customers. Intec will ensure compliance with the CKYC norms as stipulated by the RBI and PML Rules from time to time.

Functions and obligations of the Company:

- a. Register with the CKYCR in accordance with the processes and instructions issued.
- b. While commencing a financing-based relationship, verify the identity of the customer and perform the initial due diligence of the customer. Electronic copy of the customer's KYC records will be filed with the CKYCR on best effort basis.
- c. Upon receiving the KYC Identifier from the CKYCR, communicate the same to the client by email, letter or any other written communication mode as may be decided from time to time.

Where a customer already possesses and submits a KYC Identifier to the Company, it shall download the KYC records from the Central KYC Registry by using the KYC Identifier and shall not require a customer to submit the documents again unless:

- i. There is a change in the information of the customer as existing in the records of Central KYC Registry.
- ii. The current address of the client is required to be verified.
- iii. It is necessary in order to verify the identity or address of the client, or to perform enhanced due diligence or to build an appropriate risk profile of the client.

After obtaining additional or updated information from a client as specified above, the Company shall as soon as possible furnish the updated information to the Central KYC Records Registry

- a. The company shall not use the KYC data of a customer obtained from the Central KYC Registry for purposes other than verifying the identify or address of the client and shall not transfer KYC records or any information contained therein to any third-party unless authorised to do so by the client or by the Regulator or by the Director.
- b. When the Company is the last entity which performed the last KYC verification or sent updated information in respect of a client it shall be responsible for verifying the authenticity of the identity or address of the client.

Note: As per the RBI Directions, KYC records of “individual” customers are required to be processed and reported to Central KYC Registry currently. As and when, the RBI Directions mandate such compliance to be followed for legal entities, including sole proprietorships.

12.2. Compliance of KYC policy-

Company shall ensure compliance with KYC Policy through:

- a) Company has constitute ‘Senior Management’ for the purpose of KYC compliance.
- b) This Committee will assure proper allocation of responsibility for effective implementation of policies and procedures, Independent evaluation policies and procedures, including legal and regulatory requirements.
- c) Quarterly audit will be undertaken to verify the compliance with KYC/AML policies and procedures and submission of quarterly audit notes and compliance to the Audit Committee.
- d) Company shall ensure that decision-making functions of determining compliance with KYC norms are carried out internally.