

KUMBHAT FINANCIAL SERVICES LIMITED

(CIN: L65991TN1993PLC024433)

Regd. Off.: No. 144, N.S.C. Bose Road, Sowcarpet, Chennai – 600 079.

Corp. Off.: 5th Floor, Kumbhat Complex, No. 29, Rattan Bazaar, Chennai – 600 003.

Tel: +91 95660 99991 / 95000 21161

Email ID: raju@kumbhatco.in

'KNOW YOUR CUSTOMER' (KYC) – ANTI MONEY LAUNDERING STANDARDS (AML) POLICY

I. KYC POLICY:

For the purpose of KYC policy, a 'Customer' may be defined as:

- a person or entity that maintains an account and/or has a business relationship with the Company;
- one on whose behalf the account is maintained (i.e. the beneficial owner);
- beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under the law, and
- any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Company.

1. CUSTOMER ACCEPTANCE POLICY (CAP)

We propose to evolve parameters of risk perceptions on the basis of the nature of transactions and business activity, mode of payment, volume of turnover, location of the customer, etc to enable us for their categorization viz low, medium and high risk category applied on transaction and decide on obtaining of documents required according to risk categorization.

The Customer Acceptance Policy will ensure that:

- (i) No account is opened in anonymous or fictitious/ benami name(s);
- (ii) Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk; customers requiring very high level of monitoring, e.g. Politically Exposed Persons may, if considered necessary,
- (iii) Documentation requirements and other information 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 Reserve Bank from time to time;
- (iv) 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 identity

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and /or obtain documents required as per the risk categorisation due to non cooperation of the customer or non reliability of the data/information furnished to the Company. It may, however, be necessary to have suitable built in safeguards to avoid harassment of the customer.

(v) Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be clearly spelt out in conformity with the established law and practice of NBFC.

(vi) Necessary checks 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 such as individual terrorists or terrorist organizations etc.

Customers requiring higher due diligence may include

- (a) non-resident customers,
- (b) high net worth individuals,
- (c) trusts, charities, NGOs and organizations receiving donations,
- (d) companies having close family shareholding or beneficial ownership,
- (e) firms with 'sleeping partners',
- (f) politically exposed persons (PEPs) of foreign origin,
- (g) non-face to face customers, and
- (h) those with dubious reputation as per public information available, etc.

2. CUSTOMER IDENTIFICATION PROCEDURE:

We propose to procure suitable software to facilitate preparing a customer profile, furnishing all information about clients regarding their location, identity, source of funds, financial status, nature of business activity which are relevant to the risk category to identify the transaction by and large.

The Company shall obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. For customers that are legal persons or entities, the Company should (i) verify the legal status of the legal person/ entity through proper and relevant documents (ii) verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person, (iii) understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person.

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3. MONITORING OF TRANSACTIONS:

The Company shall make an ongoing monitoring as an essential element of effective KYC procedures. The Company shall 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 shall 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 accounts 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 should particularly attract the attention of the Company.

4. RISK MANAGEMENT:

The Board of Directors of the Company shall ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring their effective implementation. It should cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility should be explicitly allocated within the Company for ensuring that the Company's policies and procedures are implemented effectively.

II. ANTI MONEY LAUNDERING STANDARDS:

1. Maintenance of records of transactions

The Company shall introduce a system of maintaining proper record of transactions as mentioned below:

- i. all cash transactions of the value of more than Rupees Ten Lakhs or its equivalent in foreign currency;
- ii. all series of cash transactions integrally connected to each other which have been valued below Rupees Ten Lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rupees Ten Lakhs;

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iii. 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.

2. Information to be preserved

The Company shall be required to maintain the following information in respect of transactions:

- 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.

3. Maintenance and Preservation of records

The Company shall take appropriate steps to evolve 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. Further, the Company shall maintain 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 permit 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.

The company shall 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. The identification records and transaction data should be made available to the competent authorities upon request.

4. Reporting to Financial Intelligence Unit-India

It is advised that in terms of the PMLA rules, the Company is required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

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**Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi – 110 021.**

III. COMBATING THE FINANCING OF TERRORISM:

In order to eliminate suspicious transactions, it is proposed to keep in mind that while transacting with public, we should ensure genuineness of the transactions by avoiding transaction in anonymous/fictitious/benami names, in suspicious nature by enquiring authenticity/veracity of the available customer by insisting the necessary additional documents on their present residential address etc.

We have now appointed fully trained front office staff and in addition to appointment of concurrent auditor to check all transactions in order to verify that they have been undertaken in compliance with RBI anti-money laundering guidelines, it is now proposed to appoint a principal officer, from amongst present officers in senior category to be in charge of monitoring and reporting all information of monthly CTR statements reporting cash transactions above Rupees Ten Lakhs to FIU-New Delhi. He/she will also maintain close liason with enforcement agencies and any other institutions in fighting against money laundering and financing of terrorism.

IV. MAINTENANCE OF RECORDS:

It is proposed to preserve and maintain records of all requisite transactions for the period of 10 years as directed by RBI.

V. DESIGNATED DIRECTOR:

Designated Director means a person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and includes the

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Managing Director or a whole-time Director duly authorized by the Board of Directors if the reporting entity is a company.

The Company hereby nominates **Shri. AJIT KUMBHAT, Director as its Designated Director** to ensure compliance with the obligations under the Act and Rules. The Designated Director shall oversee the compliance position of AML norms in the Company.

VI. DETAILS OF PRINCIPAL OFFICER:

Shri. SHANTI KUMBHAT

Managing Director

KUMBHAT FINANCIAL SERVICES LIMITED

No. 5A, PARASU STREET, KILPAUK

Chennai – 600 010.

Contact No. 9500021161

e-mail ID: raju@kumbhatco.in

VII. CTR AND STR REPORTING:

The Board Proposes to put in place a system of reporting of large value Cash transactions and suspicious transactions to the FIU-IND and meet with the time limits in submission of CTR and STR.

Customer Identification Procedure

Features to be verified and documents that may be obtained from customers

| Features | Documents |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Accounts of individuals | |
| Legal name and any other names used | (i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving licence (v) Identity card (subject to the Company's satisfaction) |

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Correct permanent address

(vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of the Company

(i) Telephone bill
(ii) Bank account statement
(iii) Letter from any recognized public authority
(iv) Electricity bill
(v) Ration card
(vi) Letter from employer (subject to satisfaction of the Company)
(any one document which provides customer information to the satisfaction of the Company will suffice)

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

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
(iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses

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(v) Telephone bill in the name of firm/partners

Accounts of trusts & foundations

- | | |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| - Names of trustees, settlers, beneficiaries and signatories | (i) Certificate of registration, if registered |
| - Names and addresses of the founder, the managers/directors and the beneficiaries | (ii) Power of Attorney granted to transact business on its behalf |
| - Telephone/fax numbers | (iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses |
| | (iv) Resolution of the managing body of the foundation/association |
| | (v) Telephone bill |

The above draft KYC-AML Policy is hereby accepted, approved and adopted by the Board and the same is signed by the Chairman of the meeting held on 18TH April, 2017

For KUMBHAT FINANCIAL SERVICES LIMITED

For KUMBHAT FINANCIAL SERVICES LIMITED
(SHANTI KHUMBAT)

Managing Director

DIN: 02720773 Managing Director

No. 5B, Parasu Street,
Kilpauk, Chennai-600010.