

AVASARA FINANCE LIMITED

KNOW YOUR CUSTOMER AND ANTI MONEY LAUNDERING POLICY

Approved by	Board of Directors
Policy Owner	Audit Committee
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Name of the Policy	KYC & AML Policy
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AVASARA FINANCE LIMITED

Know Your Customer Guidelines (KYC Guidelines)

Background & Purpose:

Avasara Finance Limited (AFL) is a Non – Deposit Taking Non- Systemically Important Non Banking Finance Company (NBFC). AFL obtained a Certificate of Registration (COR) from Reserve Bank of India (RBI) on December 29, 2016 and would like to conduct all activities permitted by RBI for NBFCs.

The RBI first issued " KYC Guidelines" in February 2005 revisiting the earlier guidelines issued in January 2004 in the context of recommendation made by the Financial Action Task Force (FATF) on Anti Money (AML) standards and Combating Financing of Terrorism (CFT). These guidelines are also applicable to NBFCs and persons authorised by NBFCs including brokers/agents etc collecting public deposits on behalf of NBFCs.

Applicability of KYC & Anti Money Laundering Act to AFL

Given the current business plans, AFL interfaces with the following entities in respect of making investments and lending money

1. Making significant investments in other companies either for trading purpose or as a step to make larger investments in future.
2. Making investments in fixed deposits of banks and mutual funds.
3. Lending to others on long term or short term basis.

AFL's obligations under the KYC and Anti Money Laundering Norms would arrive from the following activities.

1. Lending to group companies, if any.
2. Lending to others.

Objectives of AFL's KYC and Anti Money Laundering Guidelines

The objective of AFL's KYC guidelines is

1. AFL to have complete up to date details of the client's profile and co ordinates
2. To prevent AFL from being used, intentionally or unintentionally, by criminal elements for money laundering activities.
3. To enable AFL to know/understand its customers and their financial dealings better which in turn help them manage their risks prudently.

Operational Guidelines

1. Customer or client identification

As per KYC Guidelines issued by RBI, customer is defined as:

- a) A person or entity that maintains an account and/or
- b) One on whose behalf the account is maintained
- c) Beneficiaries of transactions conducted by professional intermediaries, such as stock brokers, Chartered Accountants, Solicitors, etc as permitted under the law, and
- d) Any person or entity connected with a financial transaction which can pose significant reputational or other risks to the NBFC, say, a wire transfer or issue of a high value demand draft as a single transaction.

AFL shall have the following documents for purpose of client identification before entering into a loan transaction

1. Accounts of Individuals	Documents
	Recent Passport Size Photo
To ascertain legal name	(i) Passport
	(ii) PAN Card
	(iii) Voter's Identity Card
	(iv) Driving License
	Any one of the above document would be sufficient
2. Correct Permanent Address	(i) Telephone Bill (excluding mobile bill) not more than one month old on the date of submission
	(ii) Bank account statement for latest six months with Mailing Address
	(iii) Letter from recognised public authority
	(iv) Electricity Bill
	(v) May not be valid as proof for residence
	Any one of the above document would be sufficient
3. Accounts of companies	(i) Certificate of incorporation and Memorandum & Articles of Association.
- Name of the company	
- Principal place of business	(ii) Resolution of the Board of Directors to enter into the loan transaction including for terms and conditions of the loan.
- Mailing address of the company	
- Telephone/Fax Number	(iii) Power of Attorney granted to its managers, officers or employees to

	<p>transact business on its behalf.</p> <p>(iv) Copy of PAN Card.</p> <p>(v) Copy of Landline Telephone Bill not more than one month old as on date of submission.</p> <p>Self attested PAN Card copy of the authorised signatories</p> <p>The key authorise persons personal address and telephone numbers both mobile and direct landline numbers must kept on record and quick access on the Finance Departments Operations network.</p>
4. Accounts of partnership firms	
-Legal Name	(i) Registration certificate, if registered
-Address	(ii) Partnership Deed
-Names of all partners and their address	(iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf
-Telephone numbers of the firm and partners	(iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their address
	(v) Telephone bill in the name of the firm/partners
5.Accounts of trusts & foundations	(i)Certificate of registration if registered
Names of trustees, settlers, beneficiaries and signatories	(ii) Any officially valid document to identify the trustees, settlors, beneficiaries and those holding power of attorney, founders/managers/directors and their address
Names and addresses of the founder, the managers/directors and the beneficiaries	(iii) Resolution of the managing body of the foundation/association
Telephone/fax numbers	(iv) Telephone Bill not more than one month old as on date of submission..
Whether it Be Individuals, Partnership or Companies The Following are a Must:	<ol style="list-style-type: none"> 1. Details of the Most active Bank Account with Bank Statement for the latest Six months in original signed by the Bank officer 2. The Banks Branch Details including postal address, designation the Branch Head and Phone number and Fax number. 3. Signature Verification by the Banker of the signatory/ signatories to the Bank Account

All Documents to be self attested and also verified by AFL official with original wherever original is not submitted.

AFL shall not divulge customer information to others other than required by law. AFL shall not use the details of its customers for cross selling without the approval of its customers.

The KYC documentation should have and undertaking from the customer that if there are any changes like change in Banker, Change in Address or change in authorised signatory will be intimated with 7 days of any change.

As a matter precaution al KYC details will have to be reviewed and update very 3 years.

2. Customer Acceptance

a. AFL shall not grant loans to parties who do not have or refuse to give documents required for client identification.

b. AFL shall not grant loans in the name of intermediaries.

3. Monitoring and Reporting of Transactions

a. Customers shall be profiled as High Risk, Medium Risk or Low Risk accounts.

Subsidiary and Group Companies, if any would fall under the Low Risk Category, Other companies, Partnership Firms and Trusts/Foundations under the Medium Risk Category and Individuals under the High Risk Category.

b. AFL shall not make any loan disbursements in cash.

c. AFL shall not accept any interest or principal payment or any other payment from a borrower in relation to the loan in cash.

d. Records of transactions made with the borrower shall be maintained for a minimum period of 10 years as required by KYC norms.

e. As AFL does not permit cash transactions, there is no need to prepare the Cash Transaction Report (CTR) or Suspicious Transaction Report (STR) as required under the PML Act.

In the rare event of Cash payment needed to accepted or payment to be made the same has to be authorised by COO in consultation with the Credit Committee or Finnace Controller and proper records created and maintained.

4. KYC for existing loan accounts

a. In case of existing loan accounts, AFL shall obtain documents as mentioned above.

b. In case of those borrowers who refuse to provide satisfactory proof of their identity and address, AFL shall recall the loan after giving adequate notice to the borrower explaining the requirements of the KYC and Anti Money Laundering regulations.

5. Education

a. The concerned staff shall be adequately trained in KYC norms and procedural aspects in this regard.

6. Principal Officer

a. The COO of AFL or in his/her absence the Finance Controller or in his/her absence, the Company Secretary shall be the Principal Officer as required by the rules notified under the Prevention of Money Laundering Act, 2002.(PML Act)

b. The Principal officer shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law.

c. The Principal officer will maintain close liaison with enforcement agencies, banks and other institutions which are involved in the fight against money laundering and combating financing of terrorism.

d. The Principal Officer shall report to the COO or in case the COO is the Principal Officer to Chairman of the Board of Directors to ensure compliance with the above procedures and the PML Act.

e. The Principal Officer and other appropriate staff should have timely access to customer identification data and other customer information, transaction records and other relevant information.