TERRAEGIS FINANCE PRIVATE LIMITED

KNOW YOUR CUSTOMER' POLICY

2025-26

1. Preamble:

Money Laundering is the process of concealing financial transactions to make illegitimate money, derived from illegal activities such as embezzlement/ corruption/ illegal gambling/ terrorism/ organized crime, appear legitimate. Its main objective is to hide the true source of illegal proceeds and make them legally usable, by converting them into legitimate money through a series of financial transactions. Technological advancements have helped money launderers adopt innovative means to transfer funds faster across continents making detection and preventive action more difficult. The attempted misuse of the financial system for perpetration of frauds has been recognized globally as a major problem that needs to be continuously tackled at every level in a dynamic manner. Our role in curbing this global reality begins with stringent Know Your Customer procedures.

In India, the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, form the legal framework on Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT). In terms of the provisions of the PML Act, 2002 and the PML Rules, 2005, as amended from time to time by the Government of India Regulated Entities (REs) are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions.

In the light of the guidelines issued by Reserve Bank of India and updated from time to time a standardized and uniform policy framework has been adopted by **TERRAEGIS FINANCE PRIVATE LIMITED** to ensure appropriate customer identification and monitoring of unusual/ suspicious transactions on an ongoing basis.

2. Objectives, Scope and Application of the policy:

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures shall also enable the Company to know and understand its Customers and its financial dealings better which in turn will help it to manage its risks prudently.

Thus, the KYC policy has been framed by the Company to meet the undernoted objectives:

a) To prevent criminal elements from using **TFPL** for money laundering activities;
b) To enable **TFPL** to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage its risks prudently
c) To put in place appropriate process and controls for early detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.

3. **Definitions**

3.1 Definition of Customer:

"Customer" means a person who is engaged in a financial transaction or activity with the **TFPL** and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

3.2 Designated Director

"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.

3.3 Principal Officer

"Principal Officer" means an officer at the management level nominated by the reporting entity, responsible for furnishing information as per rule 8 of the Rules.

3.4 Officially Valid Document (OVD)

OVD means the passport, the driving licence, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number, or any other document as notified by the Central Government in consultation with the Regulator.

(i) Provided that where 'simplified measures' are applied for verifying the identity of the clients the following documents shall be deemed to be OVD:

a) Identity card with applicant's Photograph issued by Central/ State Government Departments, Statutory/ Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;
b) Letter issued by a gazetted officer, with a duly attested photograph of the person.

(ii) Provided further that where 'simplified measures' are applied for verifying for the limited purpose of proof of address the following additional documents are deemed to be OVDs:.

a) Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
b) Property or Municipal Tax receipt;
c) Bank account or Post Office savings bank account statement;
d) Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
e) Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies. Similarly, leave and license agreements with such employers allotting official accommodation; and
f) Documents issued by Government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India.

3.5 Person

In terms of PML Act a '**person**' includes:

i. an individual,
ii. a Hindu undivided family,
iii. a company,
iv. a firm,
v. an association of persons or a body of individuals, whether incorporated or not,
vi. every artificial juridical person, not falling within any one of the above persons (i to v), and
vii. any agency, office or branch owned or controlled by any of the above persons (i to vi).

3.6 Transaction

"**Transaction**" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes-

(i) opening of an account;
(ii) deposits, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
(iii) the use of a safety deposit box or any other form of safe deposit;
(iv) entering into any fiduciary relationship;
(v) any payment made or received in whole or in part of any contractual or other legal obligation; or
(vi) establishing or creating a legal person or legal arrangement.

3.7 Digital KYC

"Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the reporting entity as per the provisions contained in the Act.

4. KYC POLICY:

The Policy includes **Four** key elements:

1. Customer Acceptance Policy(CAP)
2. Customer Identification Procedures (CIP)
3. Monitoring of Transactions and
4. Risk management

Terraegis policy in regard to the four key elements in respect of customers is given below:

4.1 Customer Acceptance Policy("CAP"):

TFPL's Customer Acceptance policy (CAP) lays down the criteria for acceptance of customers. TFPL's customers/clients are mainly (i) borrowers to whom TFPL provides financial assistance/ loans. These are generally corporate bodies (ii) Investors are those customers from whom TFPL raises its resources.

Necessary formats have been prescribed for collection of information and other relevant documents for assessment of the risk in respect of individual, partnership firms, corporates and Trust etc. so that customer identification is done properly.

The following aspects shall be considered for acceptance of Customer:

1. **TFPL** shall ensure that No application for financial facilities is accepted in anonymous or fictitious / benami name(s) /entity(ies).
2. TFPL shall accept customers and process loan application only after verifying their identity, as laid down in Customer Identification Procedures. Necessary checks are to be ensured before sanction of loan so that the identity of the customer/directors and KMP's on the board 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.
3. Risk assessment shall be done based on the information relating to the back ground of the customer, 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.
4. For the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transations by and large conform to the known profile may be categorized as low risk.
5. Circumstances, in which a customer is permitted to act on behalf of another person/entity, would be clearly spelt out in conformity with the established law and practice of banking as there could be occasions when an account is operated/transaction

is carried by a mandate holder or where an account be opened by an intermediary in fiduciary capacity.

6. The Company shall prepare a profile for each new customer during the credit appraisal. The customer profile shall contain the information relating to the customer's identity, , nature of business activity, information about the customer's business and their location, customer financials, background of promoters. The nature and extent of due diligence will depend on the risk perceived by **TFPL.** The customer profile will be a confidential document and details contained therein shall not be divulged for any other purposes.

7. Customers that are likely to pose a higher than average risk to the company will be categorized as medium or high risk depending on customer's background, nature and location of activity, nature of business, background of promoters, country of origin, sources of funds and the customer's profile etc.

8. **TFPL** will apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

   Examples of customers requiring higher due diligence 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) Companies offering higher returns to their investors
   g) Politically exposed persons (PEPs) of foreign origin,
   h) Non-face to face customers, and
   i) Those with dubious reputation as per public information available,
   j) Dealings with closely held companies.

   However, only NPS/NGOs promoted by United Nations or its agencies may be classified as low risk customer.

9. No transaction is initiated, where the **TFPL** is unable to apply appropriate Customer Due Diligence (CDD) measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. The TFPL shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
10. TFPL shall collect documents and other information from different category of persons such as promoters, directors, gaurantors etc. depending on perceived risk and the requirements of PML Act 2002 and instructions/ guidelines issued from time to time.
11. TFPLshall ensure that the identity of the customer or directors and customers do not match with any person or entity, whose name appears in the sanction lists circulated by the Reserve Bank.
12. It would be necessary on the part of customer to furnish data/documents as prescribed in this policy. In case of non-submission of information or non submission of documents as required, TFPL may even refuse to consider the loan application. However, any such refusal shall be with the approval of Competent Authority.

4.2 Customer Identification Procedures ("CIP")

Customer identification means identifying the directors and KMPs of customer and verifying their identity by using reliable, independent source documents, data or information including identifying and verifying the customer and beneficial owner on the basis of one of the OVDs. **TFPL** shall obtain sufficient information necessary to verify the identity of each new customer along with brief details of the customer's promoters and management, wherever applicable, whether regular or occasional and the purpose of the intended nature of financing relationship.

Besides risk perception, the nature of information/documents required would also depend on the type of corporate customer (public limited, partnership, private limited etc.). For customers that are natural persons such as promoters, directors, gaurantors etc., **TFPL** 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 shall

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.
iv. to verify passport/voter identity card, PAN Card and
v. DIN (Direct Identification Number) wherever applicable and a copy obtained.

TFPL shall carry out identification procedure at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when there is a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

TFPL shall periodically update customer identification data (including photographs) after the transaction is completed. The periodicity of updation shall be once in five years in case of low risk category customers and once in two years in case of high and medium risk categories.

4.2.1 Customer identification requirements - Indicative Guidelines

<u>Customer Due Diligence requirements (CDD) while opening accounts</u>

A. CDD of individuals such as promoters, directors, gaurantors etc:

(i) For Due Diligence of individuals such as promoters, directors, gaurantors etc, TFPL shall obtain one certified copy of an 'officially valid document' (as mentioned at paragraph 3.3 above) containing details of identity and address, one recent photograph and such other necessary documents pertaining to the nature of business and financial status of the customer as may be required by the TFPL. For opening accounts based on Aadhaar, if the address provided by the account holder is the same as that on Aadhaar letter, it shall be accepted as a proof of both identity and address.

(ii) E-KYC service of Unique Identification Authority of India (UIDAI) shall be accepted as a valid process for KYC verification under the PML Rules. The information containing demographic details and photographs made available from UIDAI as a result of e-KYC process is to be treated as an 'Officially Valid Document'. Under e-KYC, the UIDAI transfers the data of the individual comprising name, age, gender, and photograph of the individual, electronically to TFPL/correspondents/business facilitators, which may be accepted as valid process for KYC verification. The individual user, however, has to authorize to UIDAI by explicit consent to release her/his identity/address through biometric authentication to the TFPL/ correspondents/business facilitator. If the prospective customer knows only his/her Aadhaar number, TFPL has to print the prospective customer's e-Aadhaar letter in TFPL directly from the UIDAI portal; or adopt e-KYC procedure as mentioned above. If the prospective customer carries a copy of the e-Aadhaar downloaded from a place/source elsewhere, still the TFPL has to print the prospective customer's e Aadhaar letter in TFPL directly from the UIDAI portal or adopt e-KYC procedure as mentioned above or confirm the identity and address of the resident through the authentication service of UIDAI.

(iii) **Simplified Measures for Proof of Identity**: If an individual customer does not have any of the OVDs (as mentioned at paragraph 3.3 (i) above) as proof of identity, then TFPL shall be allowed to adopt 'Simplified Measures' in respect of 'Low risk' customers, taking into consideration the type of customer, business relationship, nature and value of transactions based on the overall money laundering and terrorist financing risks involved. Accordingly, in respect of low risk category customers, where simplified measures are applied, it would be sufficient to obtain a certified copy of any one of the documents referred to a proviso to paragraph 3.3 (i) above., which shall be deemed as an OVD for the purpose of proof of identity.

(iv) **Simplified Measures for Proof of Address**: The additional documents mentioned at 3.3(ii) above shall be deemed to be OVDs under 'simplified measure' for the 'low risk' customers for the limited purpose of proof of address where customers are unable to produce any OVD for the same.

(v) Accounts of Politically Exposed Persons (PEPs) resident outside India

1. Politically exposed persons are individuals who are or have been entrusted with prominent public functions' in a foreign country i.e. Heads of States or of Government, senior politicians, senior govt./judicial/ military officers, senior executives of state owned corporation. It would be necessary to gather sufficient information on any person who is connected with the customer in any capacity and check all the information available on the person in the public domain. Identity of such person may be verified and information about sources of funds may be obtained before accepting PEP as a customer. Similarly the utilization of funds provided by TFPL may be verified to ensure that funds are utilized for the purpose for which it is given. The decision to accept PEP as customer shall be approved by Competent Authority. Such customers shall be subject to enhanced monitoring on an ongoing basis. The above norms shall be applicable in the case of family members or close relatives of PEPs.

2. In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, TFPL shall obtain approval of Competent Authority to continue the business relationship and subject the account to the Customer Due Diligence (CDD) measures as applicable to PEPs including enhanced monitoring on an ongoing basis. These instructions shall also be applicable to accounts where a PEP is the ultimate beneficial owner.
3. Further, TFPL shall have appropriate ongoing risk management systems for identifying and applying enhanced CDD to PEPs, customers who are close relatives of PEPs, and accounts of which a PEP is the ultimate beneficial owner.

(vi) **Accounts of non-face-to-face customers**

With the introduction of phone and electronic banking, increasingly accounts are being opened by banks for customers without the need for the customer to visit the office of TFPL. In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, there must be specific and adequate procedures to mitigate the higher risk involved. Certification of all the documents presented should be insisted upon and, if necessary, additional documents may be called for. In such cases, TFPL shall require the first payment to be effected through the customer's account with another bank which, in turn, adheres to similar KYC standards. In the case of cross-border customers, there is the additional difficulty of matching the customer with the documentation and TFPL may have to rely on third party certification/introduction. In such cases, it shall be ensured that the third party is a regulated and supervised entity and has adequate KYC systems in place.

B. Accounts of persons other than individuals

(i) Where the **customer is a company**, one certified copy each of the following documents are required for customer identification:

a) Certificate of incorporation;
b) Memorandum and Articles of Association;
c) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf and
d) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.

TFPL shall be vigilant against business entities being used by individuals as a ‘front’ for maintaining accounts with banks/FIs. TFPL shall examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. In the case of a public company it will not be necessary to identify all the shareholders.

(ii) Where the **customer is a partnership firm**, one certified copy of the following documents is required for customer identification:

a) registration certificate;
b) partnership deed and
c) an officially valid document in respect of the person holding an attorney to transact on its behalf.

(iii) Where the **customer is a trust**, one certified copy of the following documents is required for customer identification:

a) registration certificate;
b) trust deed and
c) an officially valid document in respect of the person holding a power of attorney to transact on its behalf.

(iv) Where the **customer is an unincorporated association or a body of individuals,** one certified copy of the following documents is required for customer identification:

i. resolution of the managing body of such association or body of individuals;
ii. power of attorney granted to transact on its behalf;
iii. an officially valid document in respect of the person holding an attorney to transact on its behalf and
iv. such information as may be required by the bank/FI to collectively establish the legal existence of such an association or body of individuals.

(v) **Proprietary concerns:**

(1) For proprietary concerns, in addition to the OVD applicable to the individual (proprietor), any two of the following documents in the name of the proprietary concern are required to be submitted:

a) Registration certificate
b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
c) Sales and income tax returns.
d) CST/VAT certificate.
e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
f) License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
g) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
h) Utility bills such as electricity, water, and landline telephone bills.

(2) In case it is not possible to furnish two such documents, TFPL may accept only one of those documents as activity proof, In such cases, however,TFPL would have to undertake contact point verification, collect necessary information as would be required to establish the existence of such firm, confirm, clarify and satisfy that the business activity has been verified from the address of the proprietary concern.

(vii) When the client accounts are opened by **professional intermediaries**: TFPL does not hold "pooled" accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds etc. However, in cases where TFPLrely on the "Customers Due Diligence" (CDD) done by an intermediary, they shall satisfy themselves that the intermediary is regulated and supervised and has adequate systems in place to comply with the KYC requirement. TFPL shall take the responsibility for knowing the customer.

C. **Beneficial ownership**

As per Rule 9(IA) of the Prevention of Money Laundering Rules, 2005, **TFPL** is required to identify the beneficial owner and take all reasonable steps under Rule 9(3) of the PML Rules to verify his identity. The term "beneficial owner" has been defined as the natural person who ultimately owns or controls a client and/or the person on whose behalf the transaction is being conducted, and includes a person who exercises ultimate effective control over a juridical person. Government of India has since examined the issue and has specified the procedure for determination of Beneficial Ownership. The procedure as advised by the Government of India is as under:

(a) Where the client is a **Company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercises control through other means.
Explanation-For the purpose of this sub-clause-.
1). "Controlling ownership interest" means ownership of/entitlement to more than 10 per cent of the shares or capital or profits of the company.
2). "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

(b) Where the client is a **partnership firm**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 per cent of capital or profits of the partnership.

(c) Where the client is an unincorporated **association or body of individuals**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.

(d) Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

(e) Where the client is a **Trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

(f) Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. In such cases, TFPL shall determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so,TFPL shall insist on satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. The different categories of beneficiaries shall be identified as defined above. In the case of a 'foundation', steps shall be taken to verify the founder managers/ directors and the beneficiaries, if defined.

4.2.2 Small Deposit Accounts: This is not applicable in the case of TFPL, because it does not open Small Deposit Accounts.

4.2.3 Periodic updation of KYC

CDD requirements for periodic updation:

TFPL shall carry out periodical updation of KYC information of every corporate customer and their promoters, directors and gaurantors etc., which would include the following:

(i) KYC exercise should be done at least every two years for high risk customers, every eight years for medium risk customers and every ten years for low risk customers. Such KYC exercise may include all measures for confirming the identity and address and other particulars of the customer that TFPL may consider reasonable and necessary based on the risk profile of the customer, taking into account whether and when client due diligence measures were last undertaken and the adequacy of data obtained.

(ii) TFPL need not seek fresh proofs of identity and address at the time of periodic updation, from those customers who are categorized as 'low risk', in case there is no change in status with respect to their identities and addresses. A self-certification by the customer to that effect should suffice in such cases. In case of change of address of such 'low risk' customers, they could merely forward a certified copy of the document (proof of address) by mail/post, etc. TFPL shall not insist on physical presence of such low risk customer at the time of periodic updation. The time limits prescribed at (i) above would apply from the date of opening of the account/ last verification of KYC.

(iii)Fresh photographs to be obtained from minor customer on becoming major.

4.3 Monitoring of transactions:

TFPL is giving Demand/Term Loans/Leasing, repayable in installments/monthly rentals as such no transaction account of clients shall be opened. **TFPL** shall ensure that transactions related to repayment installments are put through account through regular banking channels only. No cash transactions above the threshold of Income tax Act shall be accepted as repayment of loan.

TFPL shall make endeavours to understand the normal and reasonable activity of the customer so that the transactions that fall outside the regular/pattern of activity can be identified. However, the extent of monitoring will depend on the risk sensitivity of the transaction. Complex and unusually large transaction and all unusual patterns which have no apparent economic or visible lawful purpose should attract the attention for monitoring the transaction and the customer. Background of the customer, country of origin,sources of funds, the type of transactions involved and other risk factors shall determine the extent of monitoring. Higher risk accounts shall be subjected to intensify monitoring. TFPL shall carry out the periodic review of risk categorization of transactions/customers and the need for applying enhanced due diligence measures at a periodicity of not less than once in six months.

Ongoing monitoring

Ongoing monitoring is an essential element of effective KYC/AML procedures. TFPL shall exercise ongoing due diligence with respect to every customer and closely examine the transactions to ensure that they are consistent with the customer's profile and source of funds as per extant instructions. The collection of data on the borrower side would be the primary responsibility of Operation Deptt. and the required data as per formats (Forms KYC A to C) prescribed in this policy shall be collected, irrespective whether TFPL is the lead institution or there are other co-financing institutions. To ensure monitoring of TFPL's KYC Guidelines, the borrowers may be requested to resubmit their forms annually or in case there is any change in the structure of entity.

The collection of data on the investor side customers would be the responsibility of dealing officer in the Resource Deptt. of TFPL. While investing in TFPL's bonds, debentures etc. investors shall furnish relevant details in the prescribed format alongwith the application form. Necessary data in the prescribed format shall be furnished alongwith Application Form each time. This would satisfy the requirement of periodical reviews.

4.3.1 **Termination of Financing/ Business Relationship:**

(i) In case of non-compliance of KYC requirements by the customers despite repeated reminders, TFPL shall impose 'partial freezing' on such KYC non compliant accounts in a phased manner.
(ii) During the course of such partial freezing, the account holders can revive their accounts by submitting the KYC documents as per instructions in force.
(iii) While imposing 'partial freezing', TFPL shall have to ensure that the option of 'partial freezing' is exercised after giving due notice of three months initially to the customers to comply with KYC requirements to be followed by a reminder giving a further period of three months.
(iv) Thereafter, TFPL shall impose 'partial freezing' by allowing all credits and disallowing all debits with the freedom to close the accounts.
(v) If the accounts are still KYC non-compliant after six months of imposing initial 'partial freezing' TFPL shall stop further transactions with such customers.
(vi) Where TFPL is unable to apply appropriate KYC measures due to non furnishing of information and/or non-operation by the customer, TFPL shall terminate Financing/Business Relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decision shall be taken with the approval of Competent Authority.

In the circumstances when TFPL believes that it would no longer be satisfied about the true identity of the account holder, TFPL should file a Suspicious Transaction Report (STR) with Financial Intelligence Unit – India (FIU-IND) under Department of Revenue, Ministry of Finance, Government of India.

TFPL shall 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. It may also be ensured that transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority

4.4 Risk Management:

The Management under the supervision of the Board of Directors of the Company shall ensure that an effective KYC Programme is put in place by establishing appropriate procedures and ensuring its effective implementation. It will cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility will be explicitly allocated within the Company for ensuring that the policies and procedures as applicable to **TFPL** are implemented effectively.

Lending side customers of **TFPL** are generally Corporates and private companies. They shall be subject to KYC Policy. Necessary details of the borrower company, its directors and promoters entities shall be obtained. Details of individual directors of promoting companies would also be required to be obtained. TFPL places funds in short term deposits with Scheduled Commercial Banks as per the Investment Guidelines.

Borrowing side customers of TFPL are generally Scheduled Commercial Banks, Financial Institutions/Bond Holders, bilateral and multilateral agencies.

Dealing Officers and Staff in the Operation Team shall obtain the required data/documents and other relevant information and credit risk profiles of the existing and new Customers of Lending Side of TFPL and apply various Anti Money Laundering measures keeping in view the risk involved in a transaction.

TFPL shall ensure independent evaluation of implementation of policies and procedure including legal and regulatory requirements.

4.4.1 TFPL's customers shall be categorized depending on the risk assessment in the following category :

Category 'AA' - Very High Risk Customers
Category 'A' - High Risk Customers
Category 'B' - Medium Risk Customers
Category 'C' - Low Risk Customers

4.4.2 Category 'AA' or 'A' Customers (Corporate Customers promoted by PEPs, HNIs, NRIs, etc.): There may be cases where risk perception is very high. Such cases may be categorized as 'AA' category and strict monitoring may be required in these cases. Customers requiring very high level of monitoring e.g. – politically exposed persons (PEPs): Politically exposed persons are individuals who are or have been entrusted with prominent public functions' in a foreign country i.e. Heads of States or of Government, senior politicians, senior govt./judicial/military officers, senior executives of state owned corporation. It would be necessary to gather sufficient information on any person who is connected with the customer in any capacity and check all the information available on the person in the public domain. Identity of such person may be verified and information about sources of funds may be obtained. This will apply to family members or close relatives of PEPs. Similarly the utilization of funds provided by TFPL may be verified to ensure that funds are utilized for the purpose for which it is given.

4.4.3 Category 'B' Customers: Customers whose identities and sources of funds can be easily verified and their transactions are clear and do not raise any doubts, shall be categorized in 'B' category.

4.4.4 Category 'C' Customers: All scheduled commercial banks and Financial Institutions registered with Reserve Bank of India, shall be covered under 'C' category. Similarly, Government owned companies, Government departments, regulators and statutory bodies etc. may be categorized in category 'C'. Necessary data shall be collected about their identity in the requisite formats. Illustrative examples include salaried employees and pensioners, people belonging to lower economic strata, government departments and government owned companies, regulators and statutory bodies, etc. Further, Non-Profit Organisations (NPOs)/ Non-Government Organisations (NGOs) promoted by the United Nations or its agencies, and such international/ multilateral organizations of repute, may also be classified as low risk customers.

4.4.5 RISK ASSESSMENT COMMITTEE:

Risk Assessment Committee shall assess the risk involved in the case of different customers on the basis of data collected by Operation team.

Depending on the requirement, services an independent consultant having knowledge and background on the subject may be taken and may be co-opted in the Risk Assessment Committee. This categorization shall be approved by Competent Authority. Such categorization shall be kept confidential and shall not be divulged.

5. KYC FORMATS

TFPL has prescribed forms for different types of customers as per details given below:

Individual(Promoters,Directors,Gaurantors etc.)	Investors/Borrower	- KYC-A
Corporates	- do -	- KYC-B
Others	- do -	- KYC-C

As required under the Act and rules, information so collected shall be properly retained and preserved for each customer. Profile of customer may be prepared for quick reference as and when required. The information/documents so collected shall be treated as confidential and shall not be divulged for cross selling or for any other purpose.

6. Money Laundering and Terrorist Financing Risk Assessment by REs:

(a) TFPL 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. The assessment process would consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, TFPL shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with TFPL from time to time.

(b) The risk assessment by the TFPL shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the TFPL. Further, the periodicity of risk assessment exercise shall be determined by the Board or any committee of the Board of the TFPL to which power in this regard has been delegated, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.

(c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to competent authorities and self-regulating bodies.

TFPL shall apply a Risk Based Approach (RBA) for mitigation and management of the risks (identified on their own or through national risk assessment) and shall have Board approved policies, controls and procedures in this regard. TFPL shall implement a CDD programme, having regard to the ML/TF risks identified and the size of business. Further, TFPLshall monitor the implementation of the controls and enhance them if necessary.

7. Principal Officer

To ensure monitoring and reporting of all transactions and sharing of information as required under Rule 7 of the Prevention of Money Laundering (Maintenance of Records etc……..) 2005 **(name of official to be written)** shall be designated as TFPL's Principal Officer. Principal Officer shall be located at the head/corporate office of TFPL and Principal Officer shall 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, TFPL and any other institution which are involved in the fight against money laundering and combating financing of terrorism. TFPL shall communicate the name, designation and address of the Principal Officer to the FIU-IND.

The Principal Officer as advised in terms of the PMLA rules, shall be responsible for timely submission of CTR, STR and reporting of counterfeit notes to FIU-IND in the prescribed formats as designed and circulated by RBI at the following address:

Director, FIU–IND,
Financial Intelligence Unit India,
6th Floor, Hotel Samrat, Chanakyapuri New Delhi110021

The employees of TFPL shall maintain strict confidentiality of the fact of furnishing/ reporting details of suspicious transactions.

8. RECORD KEEPING

8.1 Maintenance of records of transactions:

TFPL shall maintain proper record of the transactions as required under Section 12 of the Prevention of Money Laundering Act, 2002 (PMLA) read with Rules 3 of the PML Rules of all suspicious transactions whether or not made in cash and in manner as mentioned in the Rule framed by the Government of India under PMLA.

8.2 INFORMATION TO BE PRESERVED:

TFPL is required to maintain the following information in respect of transactions referred to in Rule 3.

a) The nature of the transactions;
b) The amount of the transaction and the currency in which it was Denominated;
c) The date on which the transaction was conducted ; and
d) The parties to the transaction.

8.3 Maintenance and Preservation of Records:

TFPL shall maintain the records containing information in respect of transactions referred to in Rule 3 above. **TFPL** shall take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copies) that allows data to be retrieved easily and quickly whenever required or as/ when requested by the competent authorities.

Section 12 of PMLA requires the Company to maintain records as under:

i. Records of all transactions referred to in clause (a) of Sub-section (1) of section 12 read with Rule 3 of the PML Rules is required to be maintained for a period of **five years** from the date of transactions between the clients and **TFPL**
ii. Records of the identity and address (i.e. copies of documents like passports, identity cards, driving licenses, PAN card, utility bills etc.) of all clients of **TFPL** are required to be maintained for a period of **five years** from the date of cessation of transactions between the clients and **TFPL.**

9. General

9.1 Confidentiality of customer information:

Information collected from customers for the purpose of opening of account is to be treated as confidential and details thereof should not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer. Information sought from the customer should be relevant to the perceived risk and be non-intrusive. Any other information that is sought from the customer should be called for separately only after the account has been opened, with his/her express consent and in a different form, distinctly separate from the application form. It should be indicated clearly to the customer that providing such information is optional.

TFPL shall ensure that any remittance of funds by way of demand draft or any other mode for value of Rupees Fifty Thousand and above is affected by cheques and against cash payment.

9.2 Training Programme:

TFPL shall have an ongoing employee in-house/ external training programs so that the members of the staff are adequately trained in KYC/ AML/ CFT procedures. Training requirements shall have different focuses for frontline staff, compliance staff and officer/ staff dealing with new customers so that concerned comply with KYC policies and implement them consistently.

9.3 Internal Control System:

The Company's compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. As a general rule, the compliance function should provide an independent evaluation of the company's own policies and procedures, including legal and regulatory requirements. The Compliance officer of company will specifically check and verify the application of KYC procedures and comment on the lapses observed in this regard. The compliance in this regard shall be placed before the Board in its meetings at quarterly interval.

9.4 Customer Education

TFPL shall educate the Customer on the objectives of the KYC Programme so that customer understands and appreciates the motive and purpose of collecting such information.

9.6 Designated Director

TFPL shall nominate one of the director as **"Designated Director",** as required under provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (Rules), to ensure compliance with the obligations under the Act and Rules. The name, designation and address of the Designated Director shall be communicated to the FIU-IND. TFPL can also designate a person who holds the position of senior management or equivalent as a **'Designated Director'**. However, in no case, the **Principal Officer** whould be nominated as the 'Designated Director' of TFPL.

9.7 Introduction of New Technologies

TFPL shall pay special attention to any money laundering threats that may arise from new or developing technologies including online transactions that may favour anonymity, and take measures, if needed, to prevent their use in money laundering. **TFPL** shall ensure that any remittance of funds by way of demand draft, mail/telegraphic transfer or any other mode for any amount is affected by cheques and not against cash payment.

9.8 Closure of Accounts / Termination of Financing / Business Relationship

Where **TFPL** is unable to apply appropriate KYC measures due to non-furnishing of information and/or non-operation by the customer, **TFPL** shall terminate Financing/Business Relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decision shall be taken with the approval of the Board.

9.9 KYC for the Existing Accounts:

While the KYC guidelines will apply to all new customers, the same would be applied to the existing customers on the basis of materiality and risk. However, transactions with existing customers would be continuously monitored for any unusual pattern in the operation of the accounts.

9.10 Updating KYC Policy of Company

Principal Officer after taking the due approval from the Board of Directors of **TFPL** shall make the necessary amendments/modifications in the KYC/ AML/ CFT Policy or such other related guidance notes of Company, to be in line with RBI or such other statutory authority's requirements/updates/ amendments from time to time.

****

TERRAEGIS FINANCE PRIVATE LIMITED

KNOW YOUR CUSTOMER (KYC)

FORM NO. KYC -A

Profile of the Customer: **(Recent photograph)**

1. Legal name and any other names used	
Date of Birth	
Gender	
Telephone No.	
Mobile No.	
Email	
Income Tax ID (PAN)	
Bank Account Nos.	

2. DIN (issued by MCA) details, wherever applicable	
3. Mailing current address (with fax, telephone nos. & Pin Code)	
4. Permanent Address (with telephone nos. & Pin code)	

5. Certified copies of the following :

5.1 Documents in support of identity proof (self-attested) copies / Verification of originals by concerned TFPL officer.

Name of the document	
a) For resident Indian nationals	
(i) PAN Card – mandatory	
(ii) Any one of the following: **a) Passport** **b) Voter's Identity Card** **c) Driving License**	

d) UID/Adhaar Card	
b) For foreign nationals/ NRIs etc	
(i) Passport – mandatory	
(ii) Driving License / Any other document	

5.2 Documents in support of proof of address (self attested) / verification of originals by concerned TFPL's Officer) :

Name of thedocument	
(i) Passport (ii) Voter's Card (iii) Driving License (Front & Back copy) (iv) UID/Adhaar Card **(v)** Letter issued by UID of India containing details of Name, Address and Adhaar No. (E-Adhaar)	

6. Details of Main Business/Other activities*	
7. Sources of Funds *	
8. Networth*	
9. Borrowings from Banks / FIs *	

*For Promoter Directors/Guarantors

10. Declaration

a) Have you defaulted in payment of IREDA dues?	Yes/No
b) Are you classified as willful defaulter as defined by RBI, by any bank/FI?	Yes/No
c) Have you availed OTS from IREDA?	Yes/No
d) Were you convicted by court for criminal/economic offences under normal securities laws?	Yes/No

Signature of Director/Promoter/Guarantor

TERRAEGIS FINANCE PRIVATE LIMITED

KNOW YOUR CUSTOMER (KYC)

FORM NO. KYC -B

Profile of the Customer

<table>
<tr><td>1. Name of the Company</td><td colspan="2"></td></tr>
<tr><td>Corporate Identification No.(CIN)</td><td colspan="2"></td></tr>
<tr><td>Date of Incorporation</td><td colspan="2"></td></tr>
<tr><td>Telephone No.</td><td colspan="2"></td></tr>
<tr><td>Income Tax ID (PAN)</td><td colspan="2"></td></tr>
<tr><td>Registered Office</td><td colspan="2"></td></tr>
<tr><td>Corporate Office</td><td colspan="2"></td></tr>
<tr><td>Bank Account Nos.</td><td colspan="2"></td></tr>
<tr><td rowspan="2">2. Principal place of business with PIN Code</td><td colspan="2">Location :
Taluka :
District :</td></tr>
<tr><td colspan="2">State:

Pin Code :</td></tr>
<tr><td rowspan="2">3. Mailing current Address (with telephone and fax nos.)</td><td colspan="2">Address:</td></tr>
<tr><td>State:
Pin Code:
Phone No:
Fax:
Email:
Web:

Chief Executive Officer:
Designation:
Mobile:

Contact Person :
Designation:
Mobile :</td><td></td></tr>
</table>

4. Names and address of each of the Directors / Promoter / Guarantor

Name	
Designation	
Gender	
Mobile	
Email	
DIN / DUNS	
Passport No.	
Date of Birth	

Father's Name	
Present Address	
Permanent Address	
PAN No.	
Educational Qualifications	
Experience	

5.Signature of authorized signatories

Name	**Designation**	**Signature**
1.		
2		
3		

6. Details activities of Main Business/ Other	
7. Net worth of the Company	
8.Borrowings from Banks/ FIs (If any)	
9. Sources of Funds (Promoter Contribution)	

10. SHARE HOLDING PATTERN (Separate KYC-A & B is required for shareholders)

Name of Shareholder s	**Amount**	**%ge of Total Equity**	**Equity Infused as on ………**	**Balance equity to be brought in**
Proposed Paid Up Capital				
• Mr.A				
• Mr.B				
• Mr.C				
• Company A				
• Company B				
Total				

11 . Self-attested copies of documents in support / Verification of originals by concerned TFPL's officers.

Name of the document	
i. Certificate of incorporation and Memorandum & Articles of Association	
ii. Resolution of the Board of Directors and identification of those who have authority to operate	

iii.	Power of Attorney granted to its managers, officers or employees to transact business on its behalf	
iv.	Copy of PAN Card	
v.	Corporate Identification No. (CIN) (issued by MCA)	

TERRAEGIS FINANCE PRIVATE LIMITED

KNOW YOUR CUSTOMER (KYC)

FORM NO. KYC -C

Profile of the Customer

<table>
<tr><td>1. Legal Name of the Trust/foundation</td><td colspan="2"></td></tr>
<tr><td rowspan="2">2. Address (with telephone and fax nos. & Pin code)</td><td colspan="2">Address:</td></tr>
<tr><td>State:
Pin Code:
Phone No:
Fax:
Email:
Web:</td><td></td></tr>
</table>

3. **Certified copy of any one of the following Officially Valid Document**

Name of the document	
i. Registration certificate	
ii. Partnership deed	
iii. Trust deed	
iv. Resolution of the managing body of such association or body of individuals	
v. Power of attorney granted to him to transact on its behalf	
vi. An Officially Valid Document in respect of the person holding an attorney to transact on its behalf	
vii. Information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals	

4. Names and addresses of the founder, the managers/directors, trustees, settlers, beneficiaries and signatories. Please also submit applicable individual form no. KYC-A

S.No.	**Names of all Partners/Directors/Trustees**	**Address**
1.		
2.		
3.		
4.		
5.		

5. Names of all partners

S.No.	**Names of all Partners**	**Designation**	**Signature**
1.			
2.			

3.			
4.			
5.			

6. Details of Business/ Other activities	
7. Net worth	
8. Borrowings from Banks/ FIs (If any)	
9. Sources of Funds	

Signature