SANVIN FINCAP PRIVATE LIMITED

(formerly known as Protect Securities Private Limited)

RBI registration no: B-14.01902

Anti Money Laundering Policy and KYC Policy

1. Background

The Prevention of Money Laundering Act (PMLA) 2002 came into effect from 1 July 2005 through a Gazette of India notification of even date. As per the PMLA 2002, read with Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (PMLR 2005) including any amendment thereof (PMLA 2002 and PMLR 2005 will together be referred to as PMLA), the offence of Money Laundering is defined as:

> *"Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering. "Proceeds of crime" means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to scheduled offence or the value of any such property."*

Reserve Bank of India (hereinafter 'RBI'), one of the regulatory agencies entrusted with the responsibility of driving the anti-money laundering initiatives advised NBFCs to follow certain customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority. RBI revisited these guidelines from time to time keeping in view the recommendations of Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT).

RBI came up with detailed guidelines based on the above and the instructions issued on Customer Due Diligence (CDD) for Non-banking Financial Companies. RBI advised NBFCs to ensure that a proper policy framework on 'Know Your Customer' and Anti-Money Laundering measures with the approval of the Board is formulated and put in place.

Accordingly, Sanvin Fincap Private Limited (hereinafter referred to as 'Sanvin' or 'the Company') has put in place a Board approved Anti Money Laundering Policy and KYC Policy (the Policy).

2. Definition

i. ***"Beneficial Owner"* ('BO')** in relation to a customer is a person or an entity who is to be considered a beneficiary of the financial transaction entered into with the Company by the customer. A list of persons who are to be considered as such BOs in relation to a customer is given below:

Type of Customer	**Persons to be considered Beneficial Owners (BOs)**
Public / Private Limited Companies	a) A natural person having, whether alone or together, or through one or more juridical person, ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the company; or b) A natural person having, whether alone or together, or through one or more juridical person, 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; or
Partnership Firm	a) A natural person having, whether alone or together, or through one or more juridical person, ownership of/ entitlement to more than fifteen percent of capital or profits of the partnership; or b) Where the above is not been identified – a natural person who holds the position of senior managing official
Unincorporated association of persons or body of individuals	a) A natural person having, whether alone or together, or through one or more juridical person, ownership of/ entitlement to more than fifteen percent of property or capital or profits of such association or body of individuals; or b) Where the above is not been identified – a natural person who holds the position of senior managing official
Trust/ Foundation	a) The Author of the trust; or b) The Trustees of the trust; or c) The Beneficiaries of the trust with fifteen percent or more interest in the trust; or d) A natural person exercising ultimate effective control over the trust through a chain of control or ownership
Where the customer 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.	

ii. **"Customer"** for the purpose of this Policy would have the same meaning as assigned to it under the RBI's Guidelines on 'Know Your Customer' and Anti-Money Laundering Measures, as amended from time to time.

iii. **"Customer Due Diligence (CDD)"** means identifying and verifying the customer and the Beneficial Owner using 'Officially Valid Documents' as a 'proof of identity' and a 'proof of address' in the manner provided under this Policy read along with the manner prescribed under the RBI's Guidelines on "Know Your Customer" and Anti-Money Laundering Measures, as amended from time to time.

iv. **"Central KYC Records Registry" (CKYCR)** means the Company, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

v. **"Reporting Entity"** for the purpose of this Policy would mean the Company, Sanvin Fincap Private Limited.

vi. **"KYC Templates"** means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

vii. **"Suspicious transaction"** means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:

- gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
- appears to be made in circumstances of unusual or unjustified complexity; or
- appears to not have economic rationale or bona-fide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

3. Important provisions under PMLA

- The offense of money laundering is defined as "Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering"
- Punishment for Money Laundering is laid down as "whoever commits the offense of money

laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but may extend to seven years and shall also be liable to fine which may extend to five lakh rupees".

- Every banking company or financial institution and intermediary or a person carrying on designated business or profession (hereinafter "reporting enterprise") is required to:

  - Maintain a record of all transactions the nature and value of which may be prescribed, whether such transaction comprise of a single transaction or series of transactions integrally connected to each other and where such series of transactions take place within a month.
  - Furnish information of transactions referred to in the clause above to the Director (FIU IND) within such time as may be prescribed.
  - Verify and maintain records of the identity of all its clients, in such a manner as may be prescribed.
  - Identify Beneficial Owner, if any, of such of its clients, as may be prescribed.
  - Maintain record of documents evidencing identity of its clients and Beneficial Owners as well as account files and business correspondence relating to its clients.
  - Where the Principal Officer of a banking C ompany or financial institution or intermediary, as the case may be, has reason to believe that a single transaction or series of transactions integrally connected to each other have been valued below the prescribed value so as to defeat the provisions of this section, such officer shall furnish information in respect of such transactions to the Director-FIU IND within the prescribed time.
  - The records referred to above shall be maintained for a period of ten years from the cessation of the transactions between the clients and the banking company of financial institution or intermediary, as the case may be. However, details furnished to Director FIU-IND, documents related to identity and Beneficial Owner of the client shall be maintained permanently.

- The reporting entities shall have "Designated Director" designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules thereof. The Designated Director can be any one of the Managing Director or a whole-time Director or a person who holds the position of senior management (One level below the Board) or equivalent, duly authorized by the Board of Directors of the company. However, in no case, the principal officer shall be nominated as the "Designated Director" for the purpose of this Policy.

- The Director-FIU IND may whether on his own or on an application made by an authority, officer or person call for records referred to above and may make such inquiry or cause such inquiry to be made, as he thinks fit, with respect to obligations of the reporting entity.

- If the Director-FIU IND, in the course of any inquiry, finds that a banking company, financial institution or intermediary or any of its officers has failed to comply with the provisions for maintenance of records, furnishing of information, verification of identity of customers etc., then without prejudice to any other action that may be taken under any other provisions of PMLA, Director – FIU-IND may, by an order, levy a fine on such banking company or financial institution or intermediary which shall not be less than ten thousand rupees but may extent to one lakh rupees for each failure.

4. Know Your Customer (KYC) Standards

Objective

This Policy is framed in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025. The objective of this Policy is to ensure that the Company accepts customers in a prudent manner, complies with KYC and AML requirements, and prevents misuse of its services for money laundering, terrorist financing or other unlawful activities.

Sanvin's KYC standards would include the following elements

4.1 Customer Acceptance Policy

4.1.1. Customer Acceptance Principles

The Company shall establish a business relationship only after carrying out Customer Due Diligence (CDD) and obtaining the information and documents prescribed under applicable laws and internal policies.

The Company shall not:

- open accounts or establish relationships in anonymous, fictitious or benami names;
- open account where it is unable to apply appropriate CDD measures, either due to non-cooperation of the borrower or unreliability of the documents / information furnished by the customer. Where the Company has a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip off the customer, it shall not pursue the CDD process and instead file an STR with FIU-IND. The Company may consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to a customer.
- Open accounts where customer identity cannot be satisfactorily verified;
- Undertake transactions without complying with KYC and CDD requirements;

- Accept customers whose information or documents are unreliable or inadequate.

The Company shall:

- specify the mandatory information to be sought for KYC purposes while opening an account and during the periodic updation.
- obtain additional information, wherever required, with the explicit consent of the customer.
- apply the CDD procedure at the Unique Customer Identification Customer (UCIC) level. Thus, if an existing KYC-compliant customer of the Company desires to open another account or avail of any other product or service from the Company, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
- follow the CDD Procedure for all the joint account holders, while opening a joint account.
- verify the Permanent Account Number (PAN) (if obtained) from the verification facility of the issuing authority.
- verify the customer's digital signature on the equivalent e-document (if obtained) as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- verify the Goods and Services Tax (GST) number from the search / verification facility of the issuing authority, where the GST details are available.

4.1.2. Customer Rejection

The Company may decline to establish a relationship where:

- Required KYC documents are not provided;
- Customer identity cannot be verified;
- Regulatory requirements cannot be complied with;
- Suspicion of money laundering, terrorist financing or fraudulent activity exists.

The reasons for rejection shall be properly recorded.

4.1.3. Financial Inclusion

This Policy shall not result in denial of financial services to members of the general public, particularly economically weaker sections, socially disadvantaged persons and Persons with Disabilities. Applications shall be considered on their merits and shall not be rejected mechanically.

4.2. Customer Due Diligence and Customer Identification Procedure

Sanvin shall ensure adherence of Customer Identification Procedure as prescribed by the Reserve Bank of India from time to time. Sanvin would obtain the KYC documents whenever there is doubt about the authenticity/veracity or the adequacy of the previously obtained Customer identification data. If Aadhaar card is taken as KYC, Sanvin would satisfy itself about current address by obtaining required proof.

The Company shall obtain and verify the identity, address, PAN and other prescribed KYC documents of customers before establishing a relationship. Sanvin shall obtain copy of PAN of all the Customers for cash transaction of Rs 50,000 or more entered into with them. In case a Customer does not have a PAN, Form 60, duly signed by the Customer along with a valid identity proof and signature proof, should be accepted.

Information collected for the purpose of opening of account would be kept as confidential and would not be divulged to outsiders for cross selling or any other purpose other than for the statutory requirement of sharing the Customer account details with credit information agencies approved by RBI. Information sought from the Customer would be relevant to the perceived risk and would not be intrusive.

The Beneficial Owner in the case of trust, partnership and Joint stock companies would be reckoned in pursuance of this policy.

In case of non-individual customers, the Company shall identify and verify beneficial owners, authorised signatories and persons acting on behalf of the entity.

The Company may obtain additional information based on the customer's risk profile and nature of the relationship.

4.2.2 Periodic updation of KYC

The Company shall undertake periodic updation of KYC on a risk-based approach to ensure that customer information and documents remain current and relevant.

KYC shall be updated at least:

1. once every 2 years for High Risk customers;
2. once every 8 years for Medium Risk customers; and
3. once every 10 years for Low Risk customers,

from the date of opening of the account or the last KYC updation, as applicable.

For Low Risk customers, where there is no change in identity or address, self-certification may be obtained. Where there is a change in address, the Company shall obtain the required proof of address.

The Company shall advise customers to submit updated documents/information within 30 days of any change in such documents. Periodic updation may be carried out through permitted channels, and the Company shall update the KYC records and CKYCR, wherever applicable, in accordance with RBI requirements.

In case there is a change of address by the borrower during periodic KYC updation, a copy of an OVD or a deemed OVD shall be obtained by the Company in addition to such other documents as may be required.

Updation of the KYC particulars as per the needs and requirements of the borrowers as well as the mandated KYC updation can be done at any of the Company's branches.

4.3. Risk-Based Approach and Risk Management

Customers shall be categorised as Low, Medium or High Risk based on factors such as occupation, business activity, sources of funds, geographical location and transaction profile.

Enhanced Due Diligence shall be carried out for customers classified as High Risk.

The following elements of Sanvin would manage the Risk arising out of the non- compliance to PMLA. Board would ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensure their effective implementation;

A senior management officer would be designated as the Principal Officer – PMLA and would report to senior management and the Principal Officer – PMLA would have staff to verify KYC/AML compliance. The Principal Officer – PMLA would perform the following duties

- Develop effective Anti Money Laundering programs, including training programs
- Assist business in assessing how the System can be abused
- Identify suspicious activity
- Monitor implementation of Anti Money Laundering Policy and KYC Norms

- Submit reports to statutory bodies, management and maintain liaison

4.4. Ongoing Monitoring

The Company shall monitor customer relationships and transactions on an ongoing basis and report suspicious transactions to the appropriate authorities in accordance with applicable laws and regulations.

Sanvin would continue to maintain proper record of all cash transactions of Rs.10 lakh and above in a month and have in place centralised internal monitoring system at head office.

For the simplicity of data capture, the following transactions would be considered as unusual transactions deserving special attention. Such accounts would be treated as Medium/High Risk Customers after review of the unusual transactions by the Principal Officer – PMLA.

- Repeated pre termination of loan accounts of size exceeding Rs.10 lacs;

- Same Customer appearing in the Cash Transaction Report (CTR) more than 3 times during a span of 12 months;
- Total cash received from a customer exceeding Rs 50 lacs in a financial year or Rs 25 lacs in a month;

Being an NBFC, Sanvin is not empowered to seize any counterfeit currency like in the case of banks. However, the following incidents of counterfeit currency at the cash counters may be recorded and repeated occurrence would be reported.

- Bulk counterfeit currency of more than 10 pieces at a time;

- Repeated event within a week from a collection executive or Customer;

All such transactions would be reported to and reviewed by Principal Officer – PMLA who would enquire into the matter and decide whether the transaction would qualify to be termed as a suspicious transaction. When it is believed that we no longer are satisfied that we know the true identity of the account holder, STR would be filed with FIU-IND. The Principal Officer - PMLA would file the Suspicious Transaction Report (STR) with the Director, Financial Intelligence Unit-India (FIU-IND) within 7 days of identifying them. After filing STR, transactions would be allowed to be continued in the account unhindered and the Customer would not be tipped in any manner.

All CTR/STR would be filed electronically or as per the norms stipulated by FIU-IND from time to time. The STR would be filed even for attempted transactions

List of individuals and entities, approved by UN Security Council Committee and circulated by RBI would be updated and the list would be available at every office entrusted with the responsibility of customer acceptance and would be verified before opening an account. Financial Action Task Force (FATF) statements regarding countries with deficient AML/CFT would be verified and caution would be exercised with Customers who conduct business activities in these countries.

Sanvin has a laid down Document retention policy which would be reviewed periodically to be in compliance to the requirements of PMLA. The following documents/ records would be held for a period of 10 years:

- Records with respect to the cash transactions of value of more than Rs. 10 lacs in a month
- Records with respect to series of cash transactions integrally connected to each other of more than Rs.10 lacs within a month
- Records with respect to transactions where counterfeit currency notes have been used
- Records with respect to all suspicious transactions
- KYC documents after the business relationship ending.

The documents/ records maintained would hold the following information

- Nature of transaction;
- Amount of the transaction;
- Date on which the transaction was conducted; and

- The parties to the transaction;

4.5 Review

This Policy shall be reviewed by the Board of Directors at periodic intervals or whenever required by regulatory changes.

4.6. Sharing KYC information with Central KYC Records Registry (CKYCR)

Company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be.

4.7. Reporting of information with the FIU-IND

The Company will make necessary arrangements from time to time to ensure compliance with the various reporting requirements as per the RBI's guidelines on "Know Your Customer" and Anti-Money Laundering Measures or any other applicable law in force.

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