

KYC POLICY

S.I.Capital and Financial Services Limited

(Modified and adopted on 10th November 2023 and updated thereafter)

PREAMBLE

The Reserve Bank of India (RBI) has issued comprehensive 'Know Your Customer' (KYC) Guidelines to all Non-Banking Financial Companies (NBFCs) in the context of the recommendations made by the Financial Action Task Force (FATF) and Anti-money Laundering (AML) Standards and Combating Financing of Terrorism (CFT) Policies as these being used as the International Benchmark for framing the stated policies, by the regulatory authorities. In view of the same, SI Capital & Financial Services Ltd has adopted the said KYC guidelines with suitable modifications depending on the activity undertaken by it. The Company has ensured that a proper policy framework on KYC and AML measures are formulated in line with the prescribed RBI guidelines and duly approved by its 'Loan & Risk Committee

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 the risks prudently

Thus, the KYC Policy has been framed by the Company for the following Purposes

- To prevent criminal elements from using Company for money laundering activities;
- To enable Company to know and understand its Customers and their financial dealings better which, in turn, would help the Company to manage risks prudently;
- To put in place appropriate controls for the detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures;
- To comply with applicable laws and regulatory guidelines; – To ensure that the concerned staff are adequately trained in KYC/AML/CFT procedures. This KYC Policy is applicable to all branches/offices of the Company and is to be read in conjunction with related operational guidelines issued from time to time.

The Company is framing hereunder its KYC policy, incorporating the following four Key elements

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

Customer Acceptance Policy

SI Capital & Financial Services Ltd 'Customer Acceptance Policy' lays down explicit criteria for acceptance of customers, ensures the following aspects of the customer relationship

1. No account is opened in anonymous or fictitious/benami name.
2. Customers are all assessed for location of residence, business if any including type of clients and also the mode of transactions and payments.
3. Documentation requirements and other information collected depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued from time to time.
4. SI Capital & Financial services Ltd will thoroughly check the profile for each new customer, which contains information relating to the customer's identity, social/financial status, nature of business activity, business and their location, etc. The nature and extent

of due diligence will depend on the risk perceived by SI Capital & Financial services Ltd. However, We will seek only such information from the customer which is relevant and is not intrusive.

5. It is important to bear in mind that the adoption of Customer Acceptance Policy and its implementation will not result in denial of SI Capital & Financial services Ltd to the general public.
6. Customer Acceptance Policy requires all customers to fill in KYC Form to capture the relevant data for all categories of customers and provide supporting documents as a part of customer identification process/KYC.

Customer Identification Procedure

1. The policy clearly spells out the Customer Identification Procedure to be carried out at different stages i.e. while establishing a business relationship; carrying out a financial transaction or when the Company has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data. Customer identification means identifying the customer and verifying the identity by using reliable, independent source documents, data or information. SI Capital & Financial services Ltd will obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of business relationship. Being satisfied means that the Company must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Such risk based approach is considered necessary to avoid disproportionate cost to Company and a burdensome regime for the customers.
2. Besides risk perception, the nature of information/ documents required would also depend on the type of customer (individual
3. For customers that are natural persons, the Company will obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph.
4. Ongoing monitoring is an essential element of effective KYC procedures. SI Capital & Financial services Ltd can effectively control and reduce risk by having an understanding of the normal and reasonable activity of the customers. However, the extent of monitoring will depend on the risk sensitivity of the account. Since SI Capital & Financial services Ltd being a Non Deposit Accepting NBFC will not have any deposit accounts, this situation will hardly arise, but SI Capital & Financial services Ltd will in any case pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose, or transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer.
5. SI Capital & Financial services Ltd will put in place a system of periodical review of risk categorisation of accounts and the need for applying enhanced due diligence measures.
6. SI Capital & Financial services Ltd shall accept any one or more of the following original documents to establish the identity of the client i.e. legal name or any other names used. The original documents shall be presented by the prospective clients along with a photocopy for identification/Verification.
 - Passport
 - PAN card
 - Voter's Identity Card
 - Driving license
 - Aadhar

Risk Management

1. The Board of Directors of SI Capital & Financial services Ltd has ensured that an effective KYC program is in place and has established appropriate procedures and is overseeing its effective implementation. The program covers proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility has been explicitly allocated to ensure that SI Capital & Financial services Ltd policies and procedures are implemented effectively.
2. There will be risk profile prepared for each customer and enhanced due diligence measures will be applied on higher risk customers. SI Capital & Financial services Ltd should take steps to identify and assess their ML/FT risk for customers, geographical areas as also for products/services/ transactions/delivery channels as prescribed.
3. The NBFC must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.
4. SI Capital & Financial services Ltd Board through Audit Committee will directly evaluate and ensure adherence to the KYC policies and procedures, including legal and regulatory requirements.
5. SI Capital & Financial services Ltd has already ensured that the Sales, Operational and Credit staff are aware that no loan accounts will be created unless the KYC procedures are adhered to completely.

Review of Policy

The policy shall be reviewed in the normal course once in two years. However, the policy may be reviewed in between subject to changes if any announced by RBI or based on the internal need or experience of SI Capital & Financial Services Ltd.

For matters not specifically covered or addressed by this KYC Policy, the Company shall adhere to the guidelines, directions, and regulations issued by the Reserve Bank of India (RBI) on Know Your Customer (KYC) and Anti-Money Laundering (AML) from time to time.

All terms and expressions used in this policy shall have the meaning assigned to them under the PMLA, KYC Directions, and other applicable regulatory guidelines.
