Si Capital & Financial Services Limited

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KYC POLICY

S.I.Capital and Financial Services Limited

(Base Layer Non-Deposit Taking Non-Banking Financial Company)

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

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1. PREAMBLE

Pursuant to the Prevention of Money Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, and in furtherance of the recommendations of the Financial Action Task Force (FATF) on Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) standards, the Reserve Bank of India ("RBI") has issued the Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 ("the KYC Directions"), which replace, in relation to Non-Banking Financial Companies ("NBFCs"), the erstwhile Master Direction – Know Your Customer (KYC) Direction, 2016.

S.I.Capital and Financial Services Limited ("the Company"), being a Base Layer NBFC as classified under the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, has framed this KYC Policy ("the Policy") incorporating only the provisions of the KYC Directions that are applicable to it, having regard to its size, scale of operations and nature of customer interface. Provisions of the KYC Directions that are relevant only to banks, payment system providers, cross-border correspondent banking, or entities undertaking Video-based Customer Identification Process (V-CIP) infrastructure not deployed by the Company have accordingly been excluded.

This Policy has been approved by the Loan & Risk Committee and the Board of Directors of the Company and shall be read together with the Company's Anti-Money Laundering (AML) procedures, the PML Act, 2002, PML Rules, 2005, and any operational instructions issued by RBI from time to time.

2. OBJECTIVES

- To prevent the Company from being used, intentionally or unintentionally, as a conduit for money laundering or terrorist financing activities.
- To enable the Company to know and understand its customers and their financial dealings so as to manage risk prudently.
- To put in place appropriate controls for detection and reporting of suspicious transactions in accordance with applicable law.
- To ensure compliance with the KYC Directions and other applicable regulatory guidelines.
- To ensure that concerned staff are adequately trained in KYC / AML / CFT procedures.

3. APPLICABILITY

This Policy applies to all branches/offices of the Company, all employees, and all customers (including walk-in customers, if any) with whom the Company establishes an account-based or nonaccount-based relationship for the purpose of availing any credit facility or other product offered by the Company. It shall be read together with the Company's internal operational guidelines issued from time to time.

4. KEY DEFINITIONS

- “Customer” means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person engaged in the transaction is acting.
- “Central KYC Records Registry (CKYCR)” means the centralised repository maintaining KYC records of customers, notified under the PML Rules, 2005.
- “Officially Valid Document (OVD)” means the documents recognised as valid proof of identity/address under the KYC Directions, being the Passport, Driving Licence, Voter's Identity Card issued by the Election Commission of India, Aadhaar (subject to Paragraph 8 below), Job Card issued by NREGA duly signed by a State Government officer, and the letter issued by the National Population Register containing details of name and address, or PAN, as applicable.
- “Beneficial Owner (BO)” means the natural person(s) who ultimately own(s), control(s), or exercise(s) control over a customer, and/or the natural person on whose behalf a transaction is being conducted.
- “Designated Director / Principal Officer” has the meaning assigned under the PML Rules, 2005 and Paragraph 15 below.
- Other terms not defined in this Policy shall bear the meaning assigned to them under the PML Act, 2002, the PML Rules, 2005 and the KYC Directions.

5. CUSTOMER ACCEPTANCE POLICY (CAP)

1. No account or loan facility shall be opened or sanctioned in anonymous or fictitious / benami names.
2. No account or loan facility shall be opened where the Company is unable to apply appropriate Customer Due Diligence (CDD) measures, either due to non-furnishing of required information/documents or non-cooperation of the customer.
3. Every prospective customer shall be assessed with reference to identity, location of residence/business, nature of activity, and expected mode and value of transactions, commensurate with the risk perceived.
4. The nature and extent of due diligence shall be commensurate with the risk perceived, and only such information as is relevant and not intrusive shall be sought.

5. Adoption of this CAP shall not result in denial of the Company's services to any member of the general public, particularly to persons who are financially or socially disadvantaged.
6. Every customer shall be required to complete the Company's KYC form and furnish supporting documents as part of the Customer Identification Process.

6. CUSTOMER IDENTIFICATION PROCEDURE (CIP)

Customer identification means identifying the customer and verifying his/her/its identity using reliable and independent documents, data or information. The Company shall undertake identification at the following stages:

- Before commencing an account-based relationship with the customer;
- Before carrying out any financial transaction with an occasional / walk-in customer;
- When the Company has doubts about the authenticity, veracity or adequacy of previously obtained customer identification data; and
- When there is a change in Beneficial Ownership of an existing customer.

For individuals, the Company shall obtain: (i) one recent photograph; (ii) Officially Valid Document(s) for proof of identity and current address; and (iii) Permanent Account Number (PAN) or Form 60, as applicable, in accordance with the KYC Directions.

The Company reiterates, in line with the KYC Directions, that Aadhaar is not compulsorily required to be submitted as an Officially Valid Document, except where a customer voluntarily uses the Aadhaar-based e-KYC/offline-verification facility, or seeks to receive a benefit or subsidy under a scheme notified under Section 7 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016. Where a customer is unable to provide an OVD bearing his current address, a self-declaration regarding the current address may be accepted, subject to periodic updation as prescribed.

7. CUSTOMER DUE DILIGENCE (CDD) MEASURES

7.1 Individuals

The Company shall verify the identity and address of every individual customer using an OVD or Aadhaar-based e-KYC / offline verification (where the customer opts to use Aadhaar), obtain a recent photograph, and capture PAN or declaration in Form 60.

7.2 Proprietary Concerns

For sole proprietary firms, in addition to the CDD applicable to the individual proprietor, the Company shall obtain any two of the activity proof documents specified in the KYC Directions (such as GST registration, licence issued by a regulatory/statutory authority, IEC, PTC, complete Income Tax Return, or utility bills), commensurate with the perceived risk.

7.3 Legal Entities (Companies / Partnerships / Trusts, where applicable)

Where the customer is a legal entity, the Company shall obtain documents establishing the legal existence of the entity (Certificate of Incorporation / Registration, MOA & AOA or partnership deed / trust deed, as applicable), the names of persons holding senior management positions, the registered/principal place of business, and PAN of the entity, and shall identify and verify the Beneficial Owner(s) in accordance with Paragraph 7.4.

7.4 Identification of Beneficial Owner

For customers other than individuals, the Company shall identify the natural person(s) who ultimately own(s) or control(s) the customer, applying the control/ownership thresholds prescribed under the KYC Directions (ownership/entitlement of 10% or more of shares/capital/profits, or control through other means, with a lower threshold of 10% for trusts, as applicable). Where no natural person is identified under the ownership/control test, the senior managing official of the entity shall be treated as the Beneficial Owner.

8. RISK CATEGORISATION

The Company shall categorise its customers into low, medium and high risk categories based on parameters such as customer's identity, nature of business activity, location, mode of transactions and payments, and volume of turnover, and shall apply due diligence measures commensurate with the risk category assigned. Risk categorisation shall be reviewed periodically, and in any event whenever new information comes to the notice of the Company.

9. ENHANCED AND SIMPLIFIED DUE DILIGENCE

Enhanced Due Diligence (EDD) measures, including obtaining senior management approval, verifying the source of funds/wealth, and closer ongoing monitoring, shall be applied to customers assessed as high risk, including Politically Exposed Persons (PEPs) and their family members/close associates. Simplified Due Diligence (SDD), where permitted under the KYC Directions for verified low-risk customers, shall be applied only after documented risk assessment and shall not dilute the requirement to identify and verify the customer's identity.

10. ON-GOING / PERIODIC DUE DILIGENCE AND UPDATION OF KYC

The Company shall undertake ongoing due diligence of its customers to ensure that transactions are consistent with the customer's known profile. Periodic updation of KYC shall be carried out at intervals not exceeding once in two years for high risk customers, once in eight years for medium risk customers, and once in ten years for low risk customers (or such other periodicity as may be prescribed by RBI from time to time), except that no fresh proof of identity/address is required to be sought at the time of periodic updation if there is no change in status, subject to a self-certification from the customer to that effect.

Special attention shall be paid to complex, unusually large transactions and transactions with no apparent economic or lawful purpose. Given the Company's non-deposit-taking Base Layer status, the volume of such monitoring is expected to be limited but shall not be dispensed with.

11. CENTRAL KYC RECORDS REGISTRY (CKYCR)

The Company shall upload the KYC records of individual customers onto the CKYCR in the prescribed format within the timelines specified under the KYC Directions, and shall download and verify KYC records of a customer from the CKYCR where the customer's KYC identifier is provided, in preference to seeking fresh documents, subject to obtaining the customer's consent.

In accordance with the explanation inserted vide the KYC Amendment Directions, 2025 dated December 29, 2025, the Regulated Entity that has last uploaded or updated a customer's KYC records on the CKYCR shall be responsible for verification of the customer's identity and/or address. Where the Company downloads and relies on current, PML-compliant KYC records already uploaded by another Regulated Entity, it shall not be required to re-verify the identity and/or address of the customer; however, the Company shall continue to remain responsible for all other aspects of the CDD procedure and for compliance with the KYC Directions generally.

12. ACCESSIBILITY AND INCLUSION

In line with the KYC Directions, the Company shall not deny services to any customer solely on account of the customer's inability to provide Aadhaar, and shall make reasonable accommodation for persons with disabilities during the customer identification/verification process, including accepting appropriate facial gestures or assisted verification, and shall not treat inability to sign or provide a thumb impression as a ground for denial of service.

13. MONITORING OF TRANSACTIONS

The Company shall monitor transactions of a complex, unusual or large nature, and transactions of a pattern inconsistent with a customer's apparent means or declared business, and shall record and, where warranted, report the same to the Financial Intelligence Unit – India (FIU-IND) as a Suspicious Transaction Report (STR), in accordance with Paragraph 14.

14. RECORD MANAGEMENT AND RETENTION

- Records of all transactions between the Company and the customer shall be maintained for a minimum period of five years from the date of transaction, or for such longer period as may be required for pending litigation/investigation.
- Records of customer identification (KYC records) shall be maintained for a minimum period of five years from the date of cessation of the business relationship with the customer.

- Records shall be maintained in a manner that permits reconstruction of individual transactions and shall be made available to competent authorities upon request.

15. REPORTING TO FIU-IND

The Company shall report Cash Transaction Reports (CTRs), Suspicious Transaction Reports (STRs) and such other reports as may be prescribed, to the Director, FIU-IND, within the timelines specified under the PML Rules, 2005. The Company shall appoint a Designated Director and a Principal Officer, at a sufficiently senior level, responsible for ensuring compliance with the obligations under the PML Act, the PML Rules and this Policy, including the timely furnishing of information to FIU-IND, and for acting as the central reference point for liaison with law enforcement agencies and regulators.

16. TRAINING

The Company shall ensure that all relevant employees are provided periodic training on KYC / AML / CFT procedures, including on identification of suspicious transactions, so as to ensure effective implementation of this Policy.

17. REVIEW OF POLICY

This Policy shall be placed before the Loan & Risk Committee and the Board of Directors for review at least once in two years, or earlier, if warranted by changes announced by RBI or based on the Company's internal experience. For matters not specifically addressed herein, the Company shall be guided by the KYC Directions and other applicable RBI guidelines, as amended from time to time.