



Know your Customer (KYC) and Anti Money Laundering (AML) policy

Version Control:

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1.0	05-09-2023	Preparation of the policy	Abhijit Korti	Board Directors
2.0	30-09-2024	Ratification of Amendments	Soham Bhattacharya	Board of Directors

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Background:

STK Credit Private Limited under its Brand Name InPrime (the Entity) is a Non-Banking Financial Company (NBFC) operating in India's evolving financial sector. The Entity recognizes the importance of strong Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures to comply with Reserve Bank of India (RBI) guidelines and international standards.

Objectives:

The objective of RBI guidelines is to prevent the Entity from being used, intentionally or unintentionally by criminal elements for money laundering activities. KYC procedures also enable the Entity to know/understand its customers and their financial dealings better which in turn help manage the risks prudently. The prime objectives of this policy are:

1. To clearly establish the identity of our customers.
2. To assess and understand the nature of our customers' activities and the source of their funds.
3. To mitigate the risk of money laundering, terrorism financing, and other illicit activities.
4. To ensure compliance with all applicable laws and regulations.

Customer Identification and Verification:

Customer acceptance:

InPrime will only establish relationships with individuals/entities of Indian origin, who are verifiable as per the following standards:

- **Citizenship Requirement:** Customers must be Indian citizens residing in India.
- **Identity and Proof Documentation:** All required documents must be collected, including Officially Valid Documents (OVDs) such as Aadhaar, Voter's ID, Driving License and others as stipulated by RBI & PAN or Form 60.
- **Prohibited Relationships:** InPrime will not engage with customers appearing on global sanction lists or engaged in banned activities, such as money laundering, terrorist financing, or activities prohibited by the government of India.
- **Enhanced Due Diligence (EDD):** Enhanced due diligence measures are mandatory for high-risk customers, including Politically Exposed Persons (PEPs). This includes deeper investigation of the customer's source of wealth and funds.

Customer Identification:

InPrime will conduct comprehensive verification to ensure customer identities and will use both in-person verification methods as follows along with equivalent digital validations if any:

- **Physical Verification:** All new customers will undergo physical verification through in-person visits by Relationship Officers (ROs) and their supervisors (Area Managers) or Credit Managers.
- **KYC Documentation Requirements:** Depending on risk level, InPrime may require multiple forms of OVDs and supporting address proofs, ensuring compliance with RBI standards for acceptable identity and address documents
- **PAN:** The Quoted PAN Number will be validated through third party providers, in the event of No PAN Form 60 will be collected

Customer Due Diligence:

The following is the KYC policy and process that InP has adopted:

Policy	Details
Acceptable Identity Proof (Officially Valid Document – OVD)	<ol style="list-style-type: none"> 1. Proof of Possession of Aadhaar Number 2. Voter’s Identity Card issued by Election Commission of India (VID) 3. Driving License 4. Passport 5. Job card issued by NREGA duly signed by an officer of the state government 6. Letter issued by the National Population Register
Quoting of PAN	PAN – Permanent Account Number Form 60
Acceptable Address Proof (Deemed OVD list)	<p>Where the OVD furnished by the customer does not carry the updated address, the following or equivalent documents shall be deemed to be OVDs for the limited purpose of proof of address:</p> <ol style="list-style-type: none"> 1. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, gas and piped gas, water bill) 2. Property or Municipal tax receipt 3. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address 4. Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.
Deemed OVD	In case a customer is submitting a Deemed OVD then the customer is advised to submit an updated OVD document with the current address within a period of 3 months of submitting the documents as specified above
Validity period of Identity Proof	OVDs which carry information on its end date of validity will be considered as valid as long as it has not crossed its “valid till date”
OVD Submission	<ul style="list-style-type: none"> • Any One OVD Document • If Current Address is not matching copy of Deemed OVD
KYC Collection & Process	All KYC documents shall be collected during physical visit and original seen and verified by the field staff

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- InP shall not open a loan account where it is unable to apply appropriate customer due diligence measures
- Necessary checks/ enhanced due diligence shall be conducted before opening a new account so as to ensure that the identity 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.
- The Entity shall verify the beneficiary owner/Customer or promoter of Borrower Entity is Politically Exposed Person (PEP) based on data available in public domain to the extent possible. In this regard, the Entity shall obtain the declaration about PEP at the time of KYC compliance and conduct enhanced due diligence and periodic monitoring.

Record Keeping:

InPrime will maintain all customer records as per RBI and Prevention of Money-Laundering Act (PMLA) requirements.

- **Retention of Records:** All customer records will be stored for a minimum of five years from the account closure date or the completion of a transaction.
- **Suspicious Transaction Reporting (STR):** Any suspicious activities will be promptly reported to the Financial Intelligence Unit-India (FIU-IND) within seven working days of detection

Risk Assessment and Monitoring:

- Customers are categorized into low, medium, or high-risk categories based on factors such as their income, geographical location, business activities, and sources of funds. Regular reviews will be conducted to ensure accurate categorization based on these factors.
- The Entity shall also apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship
- Periodic review of customer profiles will be conducted to ensure compliance with RBI guidelines.
- Any suspicious transactions or activities will be reported to the appropriate authorities as per the requirements of the law and RBI.

Risk Management:

InPrime shall categorize customers into low, medium and high risk based on their profile. The risk categorization shall be done basis the credit appraisal - customer's background and profile, nature of business activity or livelihood, financial status, geographical risk if any. An indicative list for guidance is provided in Annexure 1

InPrime caters to the loan requirement of the informal segment, generally belonging to lower economic strata of the society whose bank accounts show small balances and low turnover, majority of them have limited access to formal credit products and thus these customers as per the guidelines are principally Low Risk.

Customer Awareness and Employee Training:

This policy along with relevant information shall be hosted on InPrime 's website i.e. www.inprime.com to educate the customer of the objectives of the KYC & AML policies followed.

While dealing with customers, the staff of InPrime shall take special care in obtaining required information from the client.

InPrime staff will receive regular training on KYC procedures and the identification of suspicious transactions. And are adequately trained in KYC/ AML procedures. The Training requirements shall have different focuses for frontline staff dealing directly with customers and other backend staff dealing with backend operations.

Updation in KYC and AML Policy:

This Policy shall be deemed to be automatically updated to align with any new regulations, requirements, or amendments issued by the RBI or any other statutory authority, even if the formal amendments to the Policy are yet to be made.

Reference to RBI circulars:

1. Master Circular – 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) - 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder' Released on February 25 2016
2. Master Direction - Know Your Customer (KYC) Direction, 2016 (Updated from time to time)

Annexure 1:

Indicative list for Risk categorisation Low, Medium and High Customers

Customers that are likely to pose a higher-than-average risk may be categorised as Medium Risk or High Risk depending upon customer's background, Occupation, sources of funds etc.

Some of the examples of High-risk customers are:

1. Politically exposed customers of Indian/Foreign origin
2. People dealing in bullion /Foreign Exchange, Jewellers,
3. Speculation business/ Lottery firms
4. Property dealers
5. Customers dealing with Arms and Ammunition
6. Customers with negative/dubious reputation as per the extant of public information available
7. Tobacco sellers
8. Social service
9. Notaries
10. Money lenders/ Chit fund organiser
11. Money transfer agents
12. Trade Unions/ Membership organisations
13. Customers tagged as High net worth individuals
14. Business Correspondent/ Agents
15. Chemicals/ Chemical products
16. Professionals (Lawyers, Doctors, HR, Consulting)
17. Multi-level marketing companies
18. Customers in businesses/Industries that engages with Nuclear proliferation activities or explosives
19. Stock brokers, commodity dealers

Some of the examples of Medium-risk customers are:

1. Organisations/Persons receiving donations
2. Close family members as shareholders/Beneficial ownership or companies with Sleeping partners
3. IATA member travel agencies
4. Used automobile sales
5. Pawnshops/ Auctioneers
6. Providers of Telecommunication services/ Internet café, IDD call service, Phone cards, Phone centre
7. Scrap material dealers
8. Commission agents
9. Auto Finance
10. Petrol pumps/ Gas station/ Oil & gas/ Refined Petroleum products
11. Transportation and Logistics
12. Car/Boat/Plane dealerships
13. Import/Export , trading houses (Not dealing in Jewel/ Gem/ Precious metals)

Some examples of Low-risk customers are:

1. Individuals /Entities whose identities and sources of wealth can be easily identified and transactions whose by and large confirm to the known profile.
2. Housewives, Agriculturists, Pensioners or benefit partners whose income originates from their partner's income
3. People belonging to Lower economic strata of the society whose accounts show small balances and low turnover
4. Government departments/ Government bodies/Statutory bodies & regulators
5. Entities dealing in Agriculture and allied industries
6. Hospitals/Clinics/ Nursing homes
7. Consumer durables
8. Auto Parts
9. Medical shops/Pharmaceuticals
10. Live stocks/ Fisheries/ Poultry
11. Dealers of Sports Goods/ Games and Toys
12. Fertilisers/ Seeds/ Pesticides
13. Medical/ Healthcare
14. Courier/ Cargo
15. Home appliances/ Musical instruments
16. Footwear/
17. Rubber/ Plastic Products
18. Photography
19. Veterinary activities
20. Art/ Entertainment/ Recreational activities
21. Security services
22. Warehousing/ Storage
23. Medical and Dental instruments
24. Water treatment and Supply
25. Advertising agencies
26. Engineering/ Capital Goods

InPrime – KYC & AML policy

Non-Target	Exclusion
Money Lenders/ Pawn Brokers	Production or trade in radioactive materials
Politicians	Liquor Vendors/ Bar Owners
Chit Funder Operators	Production or trade in weapons and munitions
Press Reporters/ Journalists	Production or trade in alcoholic beverages
Social Workers/ NGO Workers	Production or trade in tobacco
STD/PCO outlets & Video Parlours	Gambling, casinos, Lottery and equivalent enterprises
Financial Products / Transaction Agents - Insurance Agent/ Commission Agent/ Real Estate Agencies & Agents/ Property Manager/ Rental Agent/ DSA's/ Verification agencies/ Collection agencies & agents/ Repossession agencies & agents/ Network Marketing agencies & agents/ Cable Operators	Production or trade in any product or activity deemed illegal under the laws of government of India or any state government such as banned pharmaceuticals, pesticides/herbicides, ozone depleting substances
Lawyers/ Advocates/ Financial & Wealth Advisors/ Chartered Accounts/ Auditors	Activities involving exploitative forms of forced labour/harmful child labour
Police Personnel including Home guards	
Local Leaders associated with any Party/ NGO/ Unions	Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals
Massage Parlours	
Prostitutes	
Scrap Business/ Gems & Jewellery Business	
Staff of other Financial Institutions/ Designated government employees/ Employees of Aviation/ Tours & Travel/ Hospitality	
Builders/ Real Estate Developers/ Architect/ Construction Engineer	
Doctor/ Dietician/ Physiotherapist	

InPrime – KYC & AML policy

Consultants – Manpower, Placement, labour contractors	
Artist/ Writer	
Film & TV Actors/ Producers/Directors/ Distributor/ Artists	
Religious leaders/ Priests/ Astrologers	
Security Agencies	