



KLM AXIVA FINVEST LIMITED

KNOW YOUR CUSTOMER POLICY (KYC Policy)

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1	26 August, 2021	Original Policy
2	08 November, 2022	Annual review
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Know Your Customer (KYC) Policy

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I. Introduction

In order to prevent financial institutions from being used as a channel for Money Laundering (ML) and Terrorist Financing (TF) and to ensure the integrity and stability of the financial system, the Prevention of Money Laundering Act, 2002 was framed. In terms of the provisions of the Act, the Regulated Entities (REs) are required to follow certain customer identification procedures while under taking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. Accordingly, this Policy is framed based on the guidelines laid down by RBI.

II. Explanation

KYC Policy is framed to identify a customer and to prevent the Company from being used intentionally or unintentionally by criminal elements for illegal activities. It is a risk mitigating process in which the Company obtains information on identity, address, nature of business and financial status of the customer and verifies the same to ensure that the Company is aware of the customer it is dealing with, and that the services provided by the Company are not misused for Money Laundering (ML) / Terrorist Financing (TF) / Proliferation Financing (PF) purposes.

KYC is mandatorily required:

- 1) At the time of commencement of an account-based relationship, and
- 2) When the Company has a doubt about the authenticity or adequacy of the customer identification data that it has obtained.

III. Customer Acceptance Policy (CAP)

A customer has to mandatorily go through the Customer Identification Process (CIP) and Customer Due Diligence (CDD) measures to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities. Only those customers who successfully complete the CIP and CDD processes shall be accepted by the Company.

Company shall ensure that:

- a) No transaction is carried out in anonymous or fictitious / benami name.
- b) No transaction is undertaken where the Company is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of documents / information furnished by the customer.



- c) CDD process is followed for all the joint account holders.
- d) CDD measure is applied at Customer ID level. Thus, if an existing KYC compliant customer desires to avail any other product or service from the Company, there shall be no need for a fresh CDD exercise.
- e) If it suspects money laundering or terrorist financing and feels that conducting CDD may tip-off the customer, it shall not carry out CDD and file Suspicious Transactions Report (STR) with FIU-IND.

CAP shall not result in denial of financing facility to members of the general public, especially those who are financially or socially disadvantaged.

IV. Risk Management

The Company shall have a risk-based approach that would include categorization of customers as low, medium and high-risk category based on risk perception.

Risk categorization shall be undertaken based on customer's identity, social / financial status, nature of business activity, location, geographical risk, nature of product / services, delivery channel etc.

Based on the same customers shall be classified as:

- a) Low risk: Small borrowers, farmers, small businesses, labourers, investors etc. residing within a radius of 20 kms of the Branch and having not more than two Gold loan/MF/MSME accounts with aggregate sanctioned loan amount up to and including Rs. 2.00 lakh and NCD/Sub-Debt/PDI investors with investments up to and including Rs. 2.00 lakh shall be classified in Low-risk category.
- a) Medium risk: Borrowers / investors residing within a radius of 20 kms of the Branch and having more than two and up to ten gold loan/MF/MSME accounts with aggregate sanctioned loan amount of above Rs. 2 lakh and up to and including Rs. 5 lakh and NCD/Sub-Debt/PDI investors with investments above Rs. 2.00 lakh and up to and including Rs. 5 lakhs shall be classified in medium risk category.
- b) High risk category: 1) All borrowers / investors not falling under Low / Medium risk shall be classified in High-risk category. All borrowers / investors residing beyond 20 kms radius of the Branch, irrespective of the loan amount / investment shall be classified in High-risk category.



V. KYC Updation

Company shall adopt a risk-based approach for periodic updation of KYC ensuring that the data collected during CIP and CDD are kept up to date and relevant.

- a) For high-risk customers, KYC updation shall be done once in two years, for medium risk customers, once in eight years and for low-risk customers, once in 10 years.
- b) For KYC updation the following procedure shall be adopted in the case of individuals:
 - i) No change in KYC information: A self-declaration from the customer shall be obtained through Email or Mobile phone number registered with the Company.
 - ii) Change in address: A self-declaration from the customer shall be obtained through Email or Mobile phone number registered with the Company. The declared address to be verified within two months with OVD.
 - iii) Notice for periodic updation of KYC: Three months before KYC updation falls due, Company shall give at least three advance Notices, of which one should be in the form of a letter, at 15 days interval, through available communication options / channels for complying with periodic KYC updation. After the due date, three reminders shall be sent following the above procedure where no updation has taken place. The Notice shall clearly state the failure to update KYC in time can lead to freezing of the account.

VI. Customer Identification Process (CIP)

Customer Identification means verification of customer's identity by using reliable, independent source documents, data or information. Company shall obtain enough information necessary to verify the identity of each Customer.

A Unique Identification Number (UIN) shall be allotted to new customers. Thus, if an existing KYC compliant customer of KLM Axiva Finvest desires to open another account there shall be no need for a fresh UIN.

VII. Customer Due Diligence (CDD)

As part of CDD, Company shall obtain a self-attested copy of an Officially Valid Document (OVD) containing proof of identity and address, and one recent photograph. For Gold loan



customers, live photo shall be captured by the system. Branch staff shall verify the KYC documents with originals and affix Seal “verified with original” on the self-attested copy and sign. The verified copy of the documents shall be preserved by the Branch.

a) Proof of Identity

Any one of the following OVDs containing details of identity and address shall be obtained:

- i) Passport
- ii) Driving license
- iii) Aadhaar
- iv) Voter's ID issued by ECI
- v) Job Card issued by NREGA duly signed by an Official of the State Government
- vi) Letter issued by National Population Register
- vii) PAN card

b) Proof of Address

If the OVD does not contain current address, one of the following documents shall be obtained. These documents shall be considered as OVDs for the limited purpose of proof of address:

- i) Utility bill which is not more than two months old e.g. electricity, telephone, post-paid mobile phone, piped gas, water bill etc.
- ii) Property or Municipal Tax Receipt.
- iii) Pension or Family Pension Payment Order (PPO) issued to retired employees by Government Departments, or PSU's containing address.
- iv) Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, PSU's, scheduled commercial Banks, financial institutions, listed Companies and leave and license agreements with such employers allotting Official accommodation.

c) Monitoring Financial Transactions

Company shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers' source of funds, wealth, risk profile, line of activity etc. Transactions with unusual pattern inconsistent with normal and expected level of activity, transactions exceeding the fixed threshold limit, high turnover etc. shall be monitored.



VIII. Central KYC Records Registry (CKYCR)

Government of India has authorized the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) to act as, and perform the functions of the CKYCR. In terms of the same, the Company shall capture customers' KYC records and upload onto CKYCR within 10 days of commencement relationship with the customer.

IX. Designated Director (DD), Principal Officer (PO), Nodal Officer (NO)

RBI guidelines stipulate designation of a Designated Director (DD) and Principal Officer (PO) under the Prevention of Money Laundering rules. The DD and PO shall be nominated by the Board.

The DD shall ensure overall compliance with obligations imposed under Chapter IV of the PML Act and the Rules thereof.

A Nodal Officer (NO) for KYC rules compliance shall be appointed at the operational level by the Company.

The PO and the NO shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law / regulations. Their name, designation, address and contact details shall be shared with FIU-IND and RBI.

The following officials shall be the designated officers (DD, PO, NO).

Designated Director (DD)	Mr. Shibu T Varghese	E Mail: wtd@klmaxiva.com
Principal Officer (PO)	Ms. Minni Sajan	E Mail: minnisajan@klmaxiva.com Phone:0484 4281116
Nodal Officer (NO)	Mr. Radhakrishnan Nayar P	E Mail: operations@klmaxiva.com Phone:0484 4281156

X. Information Technology support

Success of the KYC procedure and prevention of money laundering depends on the capability of the IT systems of the Company. The Company shall therefore ensure that its KYC/AML procedures are fully automated, in respect of the CIP and CDD, risk-based



categorization of customers, periodic updating of KYC documents and procedures, Central KYC (CKYC) and live KYC processes.

The IT System shall be upgraded and maintained to capture creation and updation of KYC and be enabled to generate SMS for sending it to registered mobile numbers of the customers. Such alerts shall be sent to the respective Branches also for follow up and timely updation of KYC.

XI. Custody and review of the Policy

The Know Your Customer (KYC) Policy shall be reviewed and updated considering the risk profile and regulatory instructions at least once in year. Risk Management Department shall be the custodian of this Policy.
