

Thacker And Company Limited

Know Your Customer Policy ('KYC Policy')

Legal Framework

This policy has been formulated pursuant to Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 ('RBI KYC Directions').

The policy has been adopted by the Board of Directors in their Meeting held on 3rd August, 2015 and revised in its Meeting held on 31st January, 2018.

Scope of the Policy

The KYC policy includes the following four key elements:

- (a) Customer Acceptance Policy;
- (b) Risk Management;
- (c) Customer Identification Procedures (CIP); and
- (d) Monitoring of Transactions

The Board of Directors shall ensure compliance with KYC Policy through:

- (a) Specifying as to who constitute 'Senior Management' for the purpose of KYC compliance.
- (b) Allocation of responsibility for effective implementation of policies and procedures.
- (c) Independent evaluation of the compliance functions of Company's policies and procedures, including legal and regulatory requirements.
- (d) Concurrent/internal audit system to verify the compliance with KYC/Anti- Money Laundering policies and procedures.
- (e) Submission of quarterly audit notes and compliance to the Audit Committee.

(A) Customer Acceptance Policy

The Board of Directors shall ensure that

- (a) No account is opened in anonymous or fictitious/benami name.
- (b) No account is opened where the Company is unable to apply appropriate Customer Due Diligence ('CDD') measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
- (c) No transaction or account based relationship is undertaken without following the CDD procedure.
- (d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation is specified.
- (e) 'Optional'/additional information is obtained with the explicit consent of the customer after the account is opened.

- (f) CDD Procedure is followed for all the joint account holders, while opening a joint account.
- (g) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- (h) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India.

The Customer Acceptance Policy shall not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

(B) Risk Management

For Risk Management, risk based approach shall be adopted, which includes the following:

- (a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the Company.
- (b) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in, provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive.

(C) Customer Identification Procedure (CIP)

The Company shall undertake identification of customers in the following cases, to the extent applicable:

- (a) Commencement of an account-based relationship with the customer.
- (b) Carrying out any international money transfer operations for a person who is not an account holder of the bank.
- (c) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- (d) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
- (e) Carrying out transactions for a non-account based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transaction that appear to be connected.
- (f) When the Company has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, the Board of Directors, shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:

- (a) Necessary information of such customers' due diligence carried out by the third party is immediately obtained by the Company.
- (b) Adequate steps are taken by the Company to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due

diligence requirements shall be made available from the third party upon request without delay.

- (c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act.
- (d) The third party shall not be based in a country or jurisdiction assessed as high risk.
- (e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.

While undertaking customer identification, the Company shall ensure that:

- (a) Decision-making functions of determining compliance with KYC norms shall not be outsourced.
- (b) Introduction shall not be sought while opening accounts.
- (c) The customers shall not be required to furnish an additional Officially Valid Document (OVD), if the OVD submitted by the customer for KYC contains both proof of identity and proof of address.
- (d) A customer shall not be required to furnish separate proof of current address, if it is different from the address recorded in the OVD. In such cases, the Company shall merely obtain a declaration from the customer indicating the address to which all correspondence will be made by the Company.
- (e) The local address for correspondence, for which their proof of address is not available, shall be verified through 'positive confirmation' such as acknowledgment of receipt of letter, cheque books, ATM cards, telephonic conversation, visits to the place, or the like.
- (f) In case it is observed that the address mentioned as per 'proof of address' has undergone a change, the Company shall ensure that fresh proof of address is obtained within a period of six months.

(D) Customer Due Diligence (CDD) Procedure

The Company shall follow the customer due diligence procedure prescribed in the RBI KYC Directions, as annexed to this policy, to the extent applicable to the Company.

Record Management

The following steps shall be taken regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules.

The Company shall,

- (a) maintain all necessary records of transactions between the Company and the customer, both domestic and international, for at least five years from the date of transaction;
- (b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
- (c) make available the identification records and transaction data to the competent authorities upon request;
- (d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- (e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - (i) the nature of the transactions;
 - (ii) the amount of the transaction and the currency in which it was denominated;

(iii) the date on which the transaction was conducted; and
(iv) the parties to the transaction.

(f) evolve a system for proper maintenance and preservation of account

information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;

(g) maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

Reporting Requirements to Financial Intelligence Unit - India

The Company shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to the PML (Maintenance of Records) Rules, 2005.

The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of.

Review of the KYC policy

The KYC policy shall be reviewed at such frequency as may be determined by the Board of Directors.

Training to Employees

Taking into account, the small scale of operations of the Company, general informal training sessions on applicable guidelines and regulations, can be conducted for the employees who are involved in financing/investing activities of the Company during the said financial years.