SWARA
FINCARE

<u>SWARA FINCARE LIMITED</u>

KNOW YOUR CUSTOMER (KYC)
AND
ANTI MONEY LAUNDERING (AML) POLICY

FY 2026-27

Approved in the board meeting held on 3rd June 2026

Swara Fincare Limited
New Delhi

PREAMBLE

Reserve Bank of India has issued guidelines in regard to Know Your Customer (KYC) standards to be followed by banks and NBFCs.

NBFCs are required to put in place a comprehensive policy framework, duly approved by the Board of Directors or any committee of the Board of Directors to which power has been delegated. This policy been prepared in line with the RBI guidelines "Master Direction DBR.AML.BC.No.81/14.01.001/2015-16" including but not limited to Master Direction - Know Your Customer (KYC) Direction, 2016, as may be amended from time to time.

OBJECTIVES, SCOPE, AND APPLICATION OF THE POLICY

The primary objective is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures also enable the Company to know/understand their customers and their financial dealings better, which in turn helps them manage their risks prudently. The Company hereunder is framing its KYC policies incorporating the following four key elements.

(i) Customer Acceptance Policy
(ii) Customer Identification Procedures
(iii) Monitoring of Transactions
(iv) Risk Management

The policy intends to:

- help directors, management, staff, customers, and related parties to understand issues related to money laundering, in compliance with this policy.
- to ensure that operations and transactions are in line with national standards regarding anti-money laundering.
- to provide guidance for management regarding risks that might occur from money laundering through the Company's business channels.

DEFINITIONS

Money Laundering is the process of creating the appearance that large amounts of money obtained from criminal activity originated from a legitimate source.

Transaction is an activity related to an entry into a juristic act, a contract, or the execution of any act with others in financial or commercial matters, or the operation in connection with assets.

Suspicious Transaction is a transaction with reasonable grounds to believe that it is related to a money laundering offense or possibly connected with the commission of a predicate offense.

Customer is defined as a party that is transacting with the Company and not limited to suppliers, agents, vendors, distributors.

Customer Due Diligence (CDD) means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

Senior Management *means Mr. Dev Verma, Managing Director & Chief Executive Officer of the Company.*

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Unique Customer Identification Code (UCIC) *: The Company shall allot Unique Customer Identification Code (UCIC) to all their customers while entering any new relationships. 1. Every applicant/co-applicant will be allotted a UCIC at the time of their profile creation for the first time. 2. Our system runs a de-dupe for all applicants and co-applicants against all existing applicants and co applicants in our system based on various parameters such as Name, DOB, Address, Aadhaar, PAN, Voter's ID, Mobile no. etc. to prevent re-entry of the same applicant/co-applicant with new profile information. 3. In case of a repeat loan to the same applicant, while the Loan ID (referred to as Prospect Code within Swara) will change, the customer ID of the applicant will stay the same.*

ROLES AND RESPONSIBILITIES

Board of Directors - Ensure that this policy is in place and updated in line with guidelines issued by Reserve Bank of India from time to time.

Senior Management - Communicate this Policy and Guidelines to employees and all related departments to ensure correct practice.

Staff - Perform customer risk management and verify customers' identities in accordance with this policy. Retaining customer due diligence records and other documents related to financial transactions.

Customer Acceptance Policy (CAP)

SWARA FINCARE LIMITED (SWARA/THE COMPANY) Customer Acceptance Policy lays down explicit criteria for the acceptance of customers. Without prejudice to the generality of the aspect that Customer Acceptance Policy may contain, the Company shall ensure that:

a. No account is opened in anonymous or fictitious/benami name.
b. No account is opened where SWARA is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. SWARA shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to 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. Additional information, where such information requirement has not been specified in the internal KYC Policy of the SWARA, is obtained with the explicit consent of the customer.
f. SWARA shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of SWARA desires to open another account or avail any other product or service from the SWARA, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
g. CDD Procedure is followed for all the joint account holders, while opening a joint account.
h. Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
i. 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 indicated in Chapter IX of this MD.
j. Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
k. Where an equivalent e-document is obtained from the customer, RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
l. Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

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.

Where RE forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.

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SWARA will prepare a profile for each new customer which contains information relating to the customer's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. However, while preparing the customer profile, SWARA will seek only such information from the customer which is relevant and is not intrusive. The customer profile will be a confidential document, and details contained therein will not be divulged for cross selling or any other purposes.

The 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

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. SWARA 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 a risk-based approach is considered necessary to avoid disproportionate costs to the Company and a burdensome regime for the customers.

Besides risk perception, the nature of information/ documents required would also depend on the type of customer (individual, corporate etc.).

For customers that are natural persons, the Company will obtain sufficient identification data to verify the identity of the customer, his address/location, and his recent photograph.

The Company will take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is/are. Documentation requirements and other information shall be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued by Reserve Bank of India from time to time.

Updation / Periodic Updation of KYC

REs shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. However, periodic updation shall be carried out at least once in every two years for high-risk customers, once in every eight years for medium risk customers and once in every ten years for low-risk customers from the date of opening of the account / last KYC updation. Policy in this regard shall be documented as part of REs' internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

Individuals:

i. **No change in KYC information:** In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter, etc.

ii. **Change in address:** In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the RE, customer's mobile

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number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter, etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables, etc.

Further, REs, at their option, may obtain a copy of OVD or deemed OVD, as defined in paragraph 3(a)(xiv), or the equivalent e-documents thereof, as defined in paragraph 3(a)(x), for the purpose of proof of address, declared by the customer at the time of updation/ periodic updation. Such requirement, however, shall be clearly specified by the REs in their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

iii. Aadhaar OTP based e-KYC in non-face to face mode may be used for updation/ periodic updation. To clarify, conditions stipulated in paragraph 17 are not applicable in case of updation/ periodic updation of KYC through Aadhaar OTP based e-KYC in non-face to face mode.

Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. REs shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

Customers other than individuals:

i. **No change in KYC information:** In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter from an official authorized by the LE in this regard, board resolution, etc. Further, REs shall ensure during this process that Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.

ii. **Change in KYC information:** In case of change in KYC information, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

Additional measures: In addition to the above, REs shall ensure that.

i. The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the RE are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the RE has expired at the time of periodic updation of KYC, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.

ii. Customer's PAN details, if available with the RE, is verified from the database of the issuing authority at the time of periodic updation of KYC.

iii. Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out updation/ periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of updation/ periodic updation of KYC are promptly updated in the records / database of the REs and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

iv. In order to ensure customer convenience, REs may consider making available the facility of updation/ periodic updation of KYC at any branch, in terms of their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

v. REs shall adopt a risk-based approach with respect to periodic updation of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the REs such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of the RE where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall be clearly specified in the internal KYC policy duly approved by the

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Board of Directors of REs or any committee of the Board to which power has been delegated.

CKYC registry

CERSAI maintains a central online KYC register of every borrower in the country. The Company shall update the KYC information on the CKYCR for all applicants/co-applicants of all loans disbursed. The same shall be updated on the CKYC portal within 10 days from the date of disbursement.

Also, whenever the RE obtains additional or updated information from any customer as per clause (j) below in this paragraph or Rule 9 (1C) of the PML Rules, the RE shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR. CKYCR shall thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding updation of KYC record of the said customer. Once CKYCR informs an RE regarding an update in the KYC record of an existing customer, the RE shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the RE.

For the purpose of establishing an account-based relationship, updation/ periodic updation or for verification of identity of a customer, the RE shall seek the KYC Identifier from the customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC Identifier and shall not require a customer to submit the same KYC records or information or any other additional identification documents or details, unless–

i. there is a change in the information of the customer as existing in the records of CKYCR; or
ii. the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
iii. the validity period of downloaded documents has lapsed; or
iv. the RE considers it necessary in order to verify the identity or address (including current address) of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the customer.

Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. SWARA can effectively control and reduce risk by understanding the normal and reasonable activity of the customers. However, the extent of monitoring will depend on the risk sensitivity of the account. Since SWARA being a Non-Deposit Accepting NBFC will not have anydeposit accounts, this situation will hardly arise, but SWARA 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.

Explanation: High risk accounts have to be subjected to more intensified monitoring.

Wire Transfer

Meaning of Wire Transfer

Wire transfer refers to any transaction carried out on behalf of an originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person.

As above mentioned, SWARA is a Non-Deposit Accepting NBFC. Requirement of monitoring of wire transfer will hardly arise. However, SWARA will pay special attention wherever necessary. In this connection, SWARA will consider the following points:

A. Information Requirements

All cross-border wire transfers shall be accompanied by following information of originator and beneficiary.

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Originator Information:
Name, address or national identity number or customer identification number, account number, date, and place of birth.

Beneficiary Information:
Name, account number and in the absence of an account, a unique transaction reference number should be included which permits traceability of the transaction.

In case of batch transfer, where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, they (i.e., individual transfers) are exempted from the above mentioned requirements in respect of originator information, provided that they include the originator's account number or unique transaction reference number and the batch file contains required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country.

Domestic wire transfer, where the originator is an account holder of the ordering RE, shall be accompanied by originator and beneficiary information, as indicated for cross-border wire transfers.

Domestic wire transfers of rupees fifty thousand and above, where the originator is not an account holder of the ordering RE, shall also be accompanied by originator and beneficiary information as indicated for cross-border wire transfers.

REs shall ensure that all the information on the wire transfers shall be immediately made available to appropriate law enforcement and/or prosecutorial authorities as well as FIU-IND on receiving such requests with appropriate legal provisions.

The wire transfer instructions are not intended to cover the following types of payments:

Any transfer that flows from a transaction carried out using a credit card / debit card / Prepaid Payment Instrument (PPI), including through a token or any other similar reference string associated with the card / PPI, for the purchase of goods or services, so long as the credit or debit card number or PPI id or reference number accompanies all transfers flowing from the transaction. However, when a credit or debit card or PPI is used as a payment system to affect a person-to-person wire transfer, the wire transfer instructions shall apply to such transactions and the necessary information should be included in the message.

B. Responsibilities of ordering RE and beneficiary RE, effecting wire transfer, are as under:

Meaning of ordering RE and beneficiary RE

Ordering RE: Ordering RE refers to the financial institution, regulated by the RBI, which initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the originator.

Beneficiary RE: It refers to a financial institution, regulated by the RBI, which receives the wire transfer from the ordering financial institution directly or through an intermediary RE and makes the funds available to the beneficiary.

Ordering RE:
The ordering RE shall ensure that all cross-border and qualifying domestic wire transfers contain required and accurate originator information and required beneficiary information, as indicated above.

Customer Identification shall be made if a customer, who is not an account holder of the ordering RE, is intentionally structuring domestic wire transfers below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish identity and if the same transaction is found to be suspicious, STR may be filed with FIU--IND in accordance with the PML Rules. Ordering RE shall not execute the

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wire transfer if it is not able to comply with the requirements stipulated in this section.

Beneficiary RE:
Beneficiary RE shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers and qualifying domestic wire transfers that lack required originator information or required beneficiary information.

Beneficiary RE shall have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

C. Other Obligations

i) Obligations in respect of REs' engagement or involvement with unregulated entities in the process of wire transfer

REs shall be cognizant of their obligations under these instructions and ensure strict compliance, in respect of engagement or involvement of any unregulated entities in the process of wire transfer. More specifically, whenever there is involvement of any unregulated entities in the process of wire transfers, the concerned REs shall be fully responsible for information, reporting and other requirements and therefore shall ensure, inter alia, that, there is unhindered flow of complete wire transfer information, as mandated under these directions, from and through the unregulated entities involved; the agreement / arrangement, if any, with such unregulated entities by REs clearly stipulates the obligations under wire transfer instructions; and a termination clause is available in their agreement / arrangement, if any, with such entities so that in case the unregulated entities are unable to support the wire information requirements, the agreement / arrangement can be terminated. Existing agreements / arrangements, if any, with such entities shall be reviewed within three months to ensure aforementioned requirements.

ii) REs' responsibility while undertaking cross-border wire transfer with respect to name screening (such that they do not process cross-border transactions of designated persons and entities)

REs is prohibited from conducting transactions with designated persons and entities and accordingly, in addition to compliance with Chapter IX of the Master Direction, REs shall ensure that they do not process cross-border transactions of designated persons and entities.

iii) REs' responsibility to fulfil record management requirements.

Complete originator and beneficiary information relating to wire transfers shall be preserved by the REs involved in the wire transfer, in accordance with Section 46 of the Master Direction.

Risk Management

The Board of Directors of SWARA 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 the Company policies and procedures are implemented effectively.

Customers shall be categorised as low, medium, and high-risk category, based on the assessment and risk perception of SWARA. Broad principles may be laid down by the Company for risk-categorization of customers.

Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the customer's business and their location, geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for delivery of products/services, types of transaction undertaken – cash, cheque/monetary instruments, wire transfers, forex

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transactions, 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.

The risk categorisation of a customer and the specific reasons for such categorisation shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

There will be a risk profile prepared for each customer and enhanced due diligence measures will be applied on higher risk customers. SWARA should take steps to identify and assess their ML/FT risk for customers, countries, and geographical areas as also for products/ services/ transactions/delivery channels as prescribed.

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.

SWARA Board will directly evaluate and ensure adherence to the KYC policies and procedures, including legal and regulatory requirements.

SWARA 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. A periodical review of risk categorization of customer accounts will be carried out.

Introduction of New Technologies

SWARA pays special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that might favor anonymity and take measures, if needed, to prevent its use in money laundering schemes.

Appointment of Designated Director and Principal Officer

Following are the Company executives who have been appointed for these roles and responsibilities.

Role	Name	Designation	Responsibilities
Designated Director	**Mr. Dev Verma**	**Managing Director & CEO**	**• To ensure overall compliance with the obligations imposed under chapter IV of the PML Act and rules which include • Ensuring maintenance of records. • Ensuring access to information required by the Director, FIU-IND**
Principal Officer	**Mr. Sumit Ranjan**	**Chief Financial Officer**	**• Ensuring Compliance to Monitoring of Transactions. • Sharing and reporting information as required under the law/regulations.**

Maintenance and Preservation of records

SWARA has a system of maintaining proper record of transactions as required under Prevention of Money-Laundering Act and value of transactions, the procedure and manner of maintaining and verification and maintenance of records of the identity of the clients, as mentioned below:

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I. all cash transactions of the value of more than Rs.10 lakh or its equivalent in foreign currency.
II. all series of cash transactions integrally connected to each other which have been valued below Rs. 10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rs.10 lakh.
III. All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
IV. all suspicious transactions whether made in cash and in manner as mentioned in the Rules framed by Government of India under the Prevention of Money Laundering Act, 2002.

SWARA is required to maintain the following information in respect of the transactions referred above:

- the nature of the transactions.
- the amount of the transaction and the currency in which it was denominated.
- the date on which the transaction was conducted; and
- the parties to the transaction.

SWARA has an appropriate 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.

PROTECTION

The Company is committed to ensuring that no one faces any detrimental treatment as a result of refusing to take part in corruption or because of reporting concerns under this policy in good faith. Detrimental treatment includes dismissal, disciplinary action, threats, or unfavourable treatment connected with raising such concern.

In case an associate is subjected to such detrimental treatment, the matter is to be reported to the reporting manager or an appropriate member of the Human Resource Department.

RESPONSIBILITY

The Board of Directors has overall responsibility for ensuring the policy complies with the legal and ethical obligations and all comply with it. Management at all levels are responsible for ensuring that those reporting to them are aware of and understand the policy. The Principal Officer shall ensure, on an annual basis, that compliance to the policy is reported to the Board.

Also, Company is required to submit quarterly audit notes and compliance to the Audit Committee.

REVIEW

The Management will monitor the effectiveness and review the implementation of the policy considering its suitability, adequacy, and effectiveness. Any improvement identified will be incorporated. Associates can suggest ways to improve or implement the policy. Such suggestions and queries can be routed through the Principal Officer.

Also, Company is required to have concurrent/internal audit system to verify the compliance with KYC policies and procedures.

The necessary records of transactions, both domestic or international which permits reconstruction of individual transactions (including the amounts and types of currency involved if any) to provide, if necessary, evidence for prosecution of persons involved in criminal activity are maintained for at least ten years from the date of cessation of transaction between the Intec and the client.

All the records pertaining to the identification of the customer and his address (e.g., copies of documents like passports,

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identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during business relationship, are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data are made available to the competent authorities upon request.

SWARA has 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.

Reporting to Financial Intelligence Unit-India

In terms of the PMLA rules, the Company will report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021

The Company will ensure that the provisions of PMLA Rules framed and the Foreign Contribution and Regulation Act, 1976,wherever applicable, are adhered to strictly.

There are five reporting formats prescribed for a banking company viz.

i) Manual reporting of cash transactions
ii) Manual reporting of suspicious transactions
iii) Consolidated reporting of cash transactions by Principal Officer of the bank
iv) Electronic data structure for cash transaction reporting and
v) Electronic data structure for suspicious transaction reporting

NBFC's are required to adopt the format prescribed for banks with suitable modifications. It would be necessary to initiate urgent steps to ensure electronic filing of cash transaction reports (CTR). However manual reports need to befiled with FIU-IND.

Suspicion of money laundering/terrorist financing

Whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief thatthe customer does not, in fact, pose a low risk, SWARA should carry out full scale Customer Due Diligence (CDD) before opening an account.

Anti-Corruption and Business Integrity:

The Company must not commit (and the Company must ensure that no other Group Company or any agent or delegate commits) any Financial Crime or direct or knowingly permit any Person to commit any Financial Crime on its behalf.

The Company must procure that the Group:

a) upholds high standards of business integrity and honesty.

b) adopts and implements policies and practical procedures to prevent extortion, fraud, bribery, corruption, and financial crime in accordance with local law requirements and international best practice, including anti-corruption and anti-money laundering best practice, including:

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i) the adoption and periodic review of a code of ethics which must incorporate a whistleblower policy, the anti-bribery and corruption policy (including explanations and procedures) in the agreed form and other appropriate business integrity and legal compliance policies to ensure compliance with applicable Governance Laws (including prohibiting employees and contractors acting on the Group Company's behalf from promising, making or receiving gifts of substance in the course of business or making of payments as improper inducement to confer preferential treatment);

ii) employee training programmes; and

iii) appropriate due diligence procedures to evaluate the integrity and business history of Persons and entities with whom they wish to transact;

c) properly records, reports and reviews financial and tax information and adopt internationally recognised accounting standards satisfactory to the Investors;

d) establishes corporate governance practices appropriate to the size and nature of the business;

e) deals with regulators in an open and co-operative manner;

f) uses information received from its business partners only in the best interests of the business relationship and not for personal financial gain by any worker; and

g) ensures that employees and third parties providing material goods and services to any Group Company are contractually bound not to engage in any Financial Crime in the performance of employment or services on its behalf.

Anti Money Laundering/ Combating the Financing of Terrorism:

Neither the Company nor any of the Founders nor any of the Founder Nominee Directors shall, directly or indirectly, engage in Money Laundering or in breach of any applicable law, relating to Money Laundering. The Founders and the Founder Nominee Directors shall not and shall ensure that no employees, officers or agents of the Company shall be instructed to or be issued any directions by the Board or the management to engage in any form of Money Laundering or in breach of any applicable law, relating to Money Laundering.

The Company (which is a financial institution) or which provides regulated and/or unregulated financial services ("Financial Institution") shall adopt and implement and maintain know-your-customer, terrorist financing and anti-money laundering policies, procedures, and controls ("AML/KYC Policies"). The Company shall designate a senior employee as the AML Officer and shall notify the Investor no later than 30 days after the removal or replacement (for whatever reason) of the AML Officer.

The Company confirms that it is not an entity which (A) is sanctioned pursuant to United Nations Security Council resolutions issued under Chapter VII of the UN Charter; (B) is on the World Bank Listing of Ineligible Firms or (C) has been convicted, indicted, or subjected to any similar criminal sanction, by any court or governmental body of competent jurisdiction, for engaging in money laundering or financing of terrorism or any Sanctionable Practice. The Company shall inform the Investors promptly upon the occurrence of any of the foregoing actions being taken against the Company.

The Company confirms that none of its equity originates from Illicit Origin and undertakes to inform the Investors promptly if the Company becomes aware of its equity originating from Illicit Origin. "**Illicit Origin**" shall mean any serious offence sanctioned by more than one year imprisonment under French law and including but not limited to drug trafficking, fraud against the financial interests of the European Communities, Corruption, organised criminal activities or the financing of terrorism.

The Company confirms that no Sanctioned Persons are involved with the Company in any capacity and shall promptly

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inform the Investors upon becoming aware of any Sanctioned Person's involvement with the Company. "***Sanctioned Person***" means a person that is: (i) listed on a Sanctions List, or directly or indirectly owned, or otherwise controlled, by any one or more persons listed on a Sanctions List; (ii) located or resident in, or incorporated or organised under the laws of, a country, region or territory that is the subject of country-wide, region-wide or territory-wide Sanctions; or (iii) otherwise a subject of Sanctions. "***Sanctioning Body***" means any of the United Nations Security Council, the European Union, the United Kingdom (including Her Majesty's Treasury) and OFAC.

Neither the Company, nor persons who hold a significant managerial position in the Company, nor persons (other than international financial institutions) that own 10% (ten percent) or more in the aggregate, directly or indirectly, of the Company, and any operating subsidiaries of the Company (collectively, the "**AML/KYC Parties**" are owned by, or are, persons that have been convicted of fraud, corruption, or securities law violations, persons that have possible involvement in terrorism, persons that have been debarred from doing business with the United States Government or any international financial institution, and persons that are on a list of sanctioned persons (including but not limited to sanctions lists maintained by the United States Government or the United Nations Security Council).

The Company shall not use, the proceeds of the Investors' investment or any other federally appropriated funds to pay any Person for the purpose of influencing, or attempting to influence, (i) an officer or employee of any U.S. government agency, (ii) a member of the U.S. Congress, (iii) an officer or employee of the U.S. Congress, or (iv) an employee of a member of the U.S. Congress, or any other federal action, including the awarding of any federal contract, the making of any federal grant or loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If the Company has used or will use non-federally appropriated funds to pay any Person for the purpose of influencing, or attempting to influence, (i) an officer or employee of any U.S. government agency, (ii) a member of the U.S. Congress, (iii) an officer or employee of the U.S. Congress, or (iv) an employee of a member of the U.S. Congress, the Company shall disclose to the Investors the name of any registrant under the Federal Agency Anti-Lobbying Act, 31 U.S.C. § 1352, who has made lobbying contacts on behalf of the Company by promptly submitting to the Investors a Disclosure of Lobbying Activities[1]. If any material change to the disclosures in the Disclosure of Lobbying Activities occurs, then the Company shall submit to the Investors an updated Disclosure of Lobbying Activities no later than the last day of the calendar quarter in which the material change occurred.

None of the AML/KYC Parties has been convicted of fraud, corruption, or securities law violations, has possible involvement in terrorism, or has been debarred from doing business with the United States Government or any international financial institution.

The Company and its officers, directors, employees, and agents, have complied with applicable Corrupt Practices Laws in obtaining all Consents in respect of the business of the Company and have conducted and are conducting the business of the Company in compliance with applicable Corrupt Practices Laws.

The internal management, compliance policies and procedures, and accounting practices and controls of the Company are sufficient to (i) provide reasonable assurances of compliance with applicable Corrupt Practices Laws and the prevention of Prohibited Payments and (ii) ensure that the Company does not provide material or financial support for terrorism, drug trafficking, or human trafficking, or orders or otherwise directs serious or gross violations of human rights. The Company, nor any Person acting on behalf of the Company, has not made any Prohibited Payment.

The Company is in compliance with the applicable requirements of (i) the Anti-Money Laundering Laws, (ii) Sanctions, and (iii) all other applicable export control, anti-boycott and sanctions laws relating to its business and facilities.

The Company has taken or knowingly agreed to take actions within the past 3 (three) years, which demonstrate or otherwise evidence intent to comply with, further, or support any boycott in violation of 50 U.S.C. § 4842(a).

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No event has occurred, and no condition exists that is likely to result in the debarment or suspension of the Company from contracting with the U.S. government or any agency or instrumentality thereof, and the Company is neither now nor has been subject to any such debarment or suspension.

The Company is not an Inverted Domestic Corporation or is a Subsidiary of an Inverted Domestic Corporation.

The Company shall maintain, internal management, compliance policies and procedures, and accounting practices and controls that are sufficient to (i) provide reasonable assurances of compliance with applicable Corrupt Practices Laws and the prevention of Prohibited Payments, and (ii) ensure that no Fund Party or Portfolio Company provides material or financial support for terrorism, drug trafficking, or human trafficking, or orders or otherwise directs serious or gross violations of human rights.

Neither the Company nor any Person acting on behalf of a Portfolio Company shall make any Prohibited Payment.

The Company, or any person who holds a significant managerial position in the Company shall not have been Convicted of a Narcotics Offense or Drug Trafficking.

Sanctions: No Group Company shall, directly or indirectly, finance the activities of any Person or entity then on any list of specifically designated nationals or designated Persons or entities held by a Sanctioning Body (each as amended, supplemented or substituted from time to time) or who is in a country or territory which is subject to trade, economic or financial sanctions embargoes or travel bans imposed, administered or enforced by a Sanctioning Body, to the extent that the financing would currently be prohibited by a Sanctioning Body.

Prohibited Activities: The Company must not (and the Company must ensure that no other member of the Group will) carry on any activity on the Exclusion List. The Company shall not enter into any transaction with any client that is engaged in any activity listed under the Exclusion List. The Company ensures that it has a covenant in any loan or investment document entered into after the date of the Investors' investment in the Company prohibiting any client from engaging in any activity listed under the Exclusion List. If the Company becomes aware that any client has breached such covenant, the PCFI shall:

- promptly notify the Investors of the breach and require the relevant Client to undertake as appropriate, in the Investors' reasonable judgement, corrective measures to remedy the breach; and

- if the relevant Client does not implement such corrective measures, use commercially reasonable efforts to accelerate if a loan or dispose of the Client's investment on commercially reasonable terms, taking into account liquidity, market constraints and fiduciary responsibilities.

The Company shall not make the proceeds of any loan or other investment available to any client to finance (or re-finance) any of the Excluded Fossil Fuel Activities (as defined in Part B to Schedule X). The Company shall not make any loan or other facility or investment available to any client to finance (or re-finance) (i) power generation from any power plant the energy source of which, whether in whole or in part, is coal which delivers its power to the transmission or distribution grid or (ii) coal mining.

Investors' investment in the Company may not be used by to Company to purchase, lease, acquire or otherwise utilize solar panels that are (i) manufactured by entities that are the subject of Sanctions or a Withhold Release Order, or (ii) listed or manufactured by entities listed by the Forced Labor Enforcement Task Force as described under Section 2 of the U.S. Uyghur Forced Labor Prevention Act (Pub. L. 117-78).

Client Protection: The Company shall comply in all material respects with the Client Protection Laws. The Company undertakes to provide its clients with clear and comprehensive information on the characteristics of all financial services the clients seek. For example, the Company shall thoroughly inform its clients in good time before the signing of a loan agreement on the terms and conditions of the loan in a way easily understandable for the clients. The agreements shall further contain such information and shall be drafted in a manner the clients are able to understand. Furthermore, the

Company shall critically review each client's repayment capacities before signing a loan agreement and shall refrain from any form of unfair or even harmful debt collection practices.

Data Protection and Privacy: The Company shall institute, if applicable, and maintain through its ESG MS adequate and proportionate policies and procedures designed to protect the security of IT systems, and personal data and the rights of individuals to privacy.

Opportunities for Improvement: Each Group Company should consider the potential for positive environmental and social impact from their business activities and how these could also benefit the business, for example through cost savings, reduced staff turnover or improved stakeholder relations. These should include adopting, developing, offering, or marketing:

- products, services, skills, or employment opportunities that could benefit community stakeholders;
- a living wage that is sufficient to meet workers' needs; and
- resource efficient, greenhouse gas reducing or low carbon technologies or working practices.

Filing of Suspicious Transaction Report (STR)

SWARA should not open an account (or should consider closing an existing account) when it is unable to apply appropriate CDD measures. It was clarified that in the circumstances when an NBFC believes that it would no longer be satisfied that it knows the identity of the account holder, the Company should also file an STR with FIU-IND.

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KYC Checklist:

Entities:

1- KYC Documents for Individuals

Any two of the following documents in the name of the Individual needs to be obtained if the loan is in the name of an Individual (Main Applicant)

a) Ration card with Photo
b) Voter ID- It is a unique number issued by the Election Commission of India. It generally serves as identity proof, address proof, and age proof.
c) PAN Card- also known as PAN, is a unique 10-digit alpha-numeric identifier, issued by the government to all judicial entities identifiable under the Indian Income Tax act. PAN is one of the most important documents as unlike other documents it is not affected by a change of address.
d) Passport
e) Driving license
f) Bank passbook with photograph
g) Aadhar Card (UID) A unique 12-digit identity number assigned to every Indian. (masking initial eight numbers)
h) Company ID Card
Key points to keep in mind while verifying the document:
- The name of the applicant on the Identity should match the details on the system.
- Father's / Spouse name of the applicant should match.
- The photograph of the applicant should match with the live photo.

2-KYC Document for Proprietorship:

Any two of the following documents in the name of the proprietary concern needs to be obtained if the loan is in thename of Proprietorship Firm (Main Applicant)

a. Registration certificate
b. Certificate/license issued by the municipal authorities under Shop and Establishment Act.
c. Sales and income tax returns.
d. CST/VAT certificate.
e. Certificate/registration document issued by Sales Tax/GST/Professional Tax authorities.
f. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT / License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
g. Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
h. Utility bills such as electricity, water, and landline telephone bills.

3-KYC Document for Companies:

If main applicant is Company than One certified copy of each of the following documents shall be obtained:

a. Certificate of incorporation.
b. Memorandum and Articles of Association.
c. A resolution from the Board of Directors and power of attorney granted to its Director, Managers, Officers, or employees to transact on its behalf; and
d. An officially valid document in respect of Director, Managers, Officers, or employees holding an attorney to transact on its behalf.

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4-KYC Document for Partnership Firms:

If main applicant is Partnership firm than one certified copy of each of the following documents shall be obtained:

a. Registration certificate.
b. Partnership deed; and
c. An officially valid document in respect of the person holding an attorney to transact on its behalf.

5-KYC Document for Trusts and Foundations:

If main applicant is Trust and/or Foundations than One certified copy of each of the following documents shall beobtained:

a. Registration certificate.
b. Trust deed; and
c. An officially valid document in respect of the person holding a power of attorney to transact on its behalf.

Note:

I. Photograph of the applicant & Co-applicant is mandatory, however digitally captured photograph is acceptable.
II. The KYC documents/ Officially Valid documents (OVD) can be verified by the employees/ representatives/ service providers of SWARA.
III. The customers shall not be required to furnish an additional OVD, if the OVD submitted by the customer for KYC contains both proof of identity and proof of address.
IV. KYCs of all beneficial owners irrespective of the constitution shall be collected which means.

    a. Ownership of more than 25% shares in a company or
    b. More than 25% of ownership in other forms of entities (LLP / Partnership firms etc.).

Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

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KYC Document for Individuals/Directors/Partners/Proprietor/Trustee/Co borrower:

1.	ID Proof (any two)	i) Ration card with Photo j) Voter ID- It is a unique number issued by the Election Commission of India. It generally serves as identity proof, address proof, and age proof. k) PAN Card- also known as PAN, is a unique 10-digit alpha-numeric identifier, issued by the government to all judicial entities identifiable under the Indian Income Tax act. PAN is one of the most important documents as unlike other documents it is not affected by a change of address. l) Passport m) Driving license n) Bank passbook with photograph o) Aadhar Card (UID) A unique 12-digit identity number assigned to every Indian. (masking initial eight numbers) p) Company ID Card Key points to keep in mind while verifying the document: • Name of the applicant on the Identity should match the details on the system. • Father's / Spouse name of the applicant should match. • Photograph of the applicant should match with the live photo.
2	Current Residence Address Proof (any two)	a) Sale deed / registration certificate b) Utility bills – Electricity Bill (up to 6 months old) or Water Bill or Gas bill c) Rental / lease agreement d) Proof of Residence issued by Local Authorities (Municipal Corporation or Gram Panchayat) e) Voter ID (If the address mentioned is the current address) f) Ration card with Photo (If the address mentioned is the current address) g) Passport (If the address mentioned is the current address) h) Driving license (If the address mentioned is the current address) i) Aadhar (masking initial eight numbers) j) Bank Passbook with Photo k) Letter from employer (Govt.)

Customers, at their option, shall submit one of the OVDs for proof of identity and proof of address. In all scenariosPAN Card is compulsory.

Note:

1. Provided further that where 'simplified measures' are applied for verifying, for the limited purpose of, proof of address the following additional documents are deemed to be OVDs:

   a. Utility bill which is not more than Six months old of any service provider (electricity, telephone, broad band, piped gas, Water bill);
   b. Property or Municipal tax receipt.
   c. Bank account or Post Office savings bank account statement.

Any deviation in the documents can be accepted to be approved only by the Managing Director.

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