

I. 'KNOW YOUR CUSTOMER' (KYC) POLICY & ANTI MONEY LAUNDERING (AML) POLICY

1. INTRODUCTION:

This Policy shall be known as KYC Policy & AML Policy and shall be applicable to all branches and offices of MUTHOOT HOUSING FINANCE LIMITED MHFL. The Policy shall be adhered to in letter and spirit and there shall be no incidents of non-compliance of this Policy.

The Policy has been classified into the following sections:

- A.** Customer Acceptance Policy (CAP)
- B.** Customer Identification Procedure (CIP)
- C.** Monitoring of Transactions
- D.** Risk Management
- E.** Customer Education
- F.** Introduction of New Technologies
- G.** Applicability to branches and Subsidiaries outside India
- H.** Appointment of Principal Officer
- I.** Maintenance of record of Transactions
- J.** Records to contain the specified information
- K.** Maintenance and Preservation of records
- L.** Reporting to Financial Intelligence Unit – India.
- M.** Review Clause: The KYC & PMLA Policy to be reviewed every Three(3) years.

A. Customer Acceptance Policy (CAP):

- a. The CAP is to lay down criteria for acceptance of a customer based on the relative risk associated on his profession, income group and the documentation details required for acceptance of the customer. For this purpose, the customers may be classified as Salaried, Professional, and Self Employed, wherein the lowest risk is associated with the salaried segment and the highest risk with Self Employed. To illustrate, Low Risk customers would be salaried employees with well defined salary structure, persons working with Government departments or Govt. owned companies. The category of high risk customers would be:
 - Non-Resident customers, High net worth individuals Politically exposed persons of foreign origin .Non-face to face customers Persons with questionable reputation as per public information.
- b. Records have to created for the customer's identity, social / financial status, nature, location and information of the customer's profession.
- c. It shall be ensured that:
 - No transactions with fictitious / anonymous names are entered with MHFL loan transactions.
 - Parameters of risk perception are defined in terms of the location of the customer and mode of payments.
 - Documentation requirements and other information are collected for different categories of persons as required under PMLA.

- No transaction of business where it is unable to verify identity of the customer.
- In cases where a customer is represented by another person, to satisfy that the same is genuine.
- Necessary checks are adopted before accepting customer to ensure that the customer identity does not match with any person of known criminal background / banned entities such as individual terrorists or terrorist organization.
- The customer profile created from the information would be confidential in nature and details shall not be divulged for cross-selling purpose or any other purpose, except as required by law.

B. Customer Identification Procedure:

- a. The identity of the individual customer shall be verified from independent and genuine sources along with recent coloured passport sized photograph to be kept on record. The customer shall also put his signature across the photograph. The place of residence and of work place of the customer must be verified by employees authorized in this regard, and found to be as per information provided. There shall be a direct customer interaction with an official of MHFL at the time the customer is accepted by MHFL
- b. The following documents / information shall be obtained for establishing the identity of the customer:
 - Name of the customer to be verified from any one of the following:
Passport/PAN card/Voters identity/Driving Licensee/Employment identity card (after satisfying with the reliability), school leaving certificate
 - Correct Permanent address to be verified from any one of the following:
Telephone Bill/Bank Account statement/Electricity Bill/Ration card/Letter from employer (after satisfying with reliability), Leave and license agreement.

C. Monitoring of Transactions:

MHFL shall monitor and maintain records for:

- a. All cash transactions of the value of more than Rs 5 lakhs.
- b. All series of cash transactions connected to each other within one month aggregating to more than Rs 5 lakhs.
- c. All cash transactions where forged or counterfeit currency notes have been used / where any forgery of a valuable security has taken place.

D. Risk Management:

The KYC Policy implementation shall be periodically reviewed by the Internal Audit and Compliance function with regard to the adherence to the Policy. Further, the Compliance function shall provide an independent evaluation of the existing policies and procedures of MHFL including legal and regulatory requirements with a view to ensure proper implementation. It shall also be ensured that the Internal Audit and Compliance function is adequately staffed with employees who are well-versed with this Policy. It shall also be

ensured that the Internal Audit shall verify the implementation of this Policy at all areas of MHFL's functioning and comment on the lapses, if any, in this regard. The compliance in this regard shall be put up before the Audit Committee of the Board at quarterly intervals.

E. Customer Education

In case there is any initial resistance from the customer with regard to any details called for as required under this Policy, the customer, during the customer interaction session, shall be explained as to the reason as to why details have been called for by the employee.

F. Introduction of New Technologies

Although, at present all payments received by in the form of cash / account payee cheques, MHFL shall pay special attention to any money laundering threats that may arise from new or developing technologies including any on-line transactions that might favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes.

G. Applicability to branches and subsidiaries outside India.

As the company does not have any branches or subsidiaries outside India the same will not be applicable to our Company.

H. Appointment of Principal Officer.

The Board hereby proposes Shri Maneesh Srivastava Chief Executive Officer as the Principal Officer who would be based out of the Corporate Office of the Company. He will be responsible for monitoring and Reporting of all transactions and sharing of information as required under the Law. He will also liaison with the enforcement agencies, HFC's and Other institutions involved in fight against money laundering & combating financing of terrorism.

I. Maintenance of records of Transactions

MHFL shall maintain records of nature and amount of transaction, date of transaction and the parties to the transaction in respect of the followings:

- a. All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
- b. All series of cash transactions connected to each other within one month aggregating to more than Rs 10 lakhs or its equivalent in foreign currency.
- c. All transactions involving receipts by non-profit organizations of Rs.10 lakhs or its equivalent in foreign currency.
- d. All cash transactions where forged or counterfeit currency notes have been used / where any forgery of a valuable security has taken place .e. All suspicious transactions whether or not made in cash as mentioned in the Rule 3(1) (D)
- f. Proper records in the branches will be maintained of all the cash transactions (deposits and withdrawals) of Rs 10 lakhs and above. The internal monitoring system will have inbuilt procedure for reporting of such transactions and those of suspicious nature whether made in cash or otherwise, to controlling/head office on a fortnightly basis.

J. Records to contain the specified information

As required by Rule 3 of PMLA Rules records maintained by the Company contain the following:

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

K. Maintenance and Preservation of Records

- a. MHFL shall maintain and preserve records of all transactions mentioned in Clause (a) of Sub-section(1) of Section 12 read with Rule 3 of the PML Rules is required to be maintained, for a period of at least ten years from the date of the transaction between the clients and the housing finance company.
- b. MHFL shall maintain all records of the identity of all the clients of the housing finance company for a period of ten years from the date cessation of transactions between the clients and the housing finance company.

L. Reporting to Financial Intelligence Unit – India.

As per Section 12 of PMLA the Principal Officer will report information of transactions referred to in Clause (a) of sub-section (1) of the section 12 read with Rule 3 of the PML Rules relating to cash and suspicious transactions to the Director, Financial Intelligence Unit -India (FIU-IND). Further provided that if the Principal Officer has reasons to Believe that a single transaction or series of transactions integrally connected to each other have been valued below the prescribed value to so to defeat the provisions of this section shall be reported to the Director within the prescribed time. The information to be furnished at the following address : Director, FIU – IND, Financial Intelligence Unit – India, 6th Floor, Hotel Samrat , Chanakyapuri , New Delhi –110021.

M: Review Clause: The KYC & PMLA Policy to be reviewed every Three (3) years.