

ASPIRE FINANCE PRIVATE LIMITED

CIN: U65929KA2022PTC167759

KNOW YOUR CUSTOMER POLICY

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Policy owner	Board of Directors
Approved by	Board of Directors

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1. PREAMBLE

The Reserve Bank of India (“**RBI**”) has issued the Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 16, 2016 as updated from time to time (“**KYC Master Directions**”) setting out the guidelines regarding Know Your Customer (“**KYC**”) standards for adherence by regulated entities such as Non-Banking Financial Companies (“**NBFC**”) , along with measures concerning Anti Money Laundering (“**AML**”) and Combating Financing of Terrorism (“**CFT**”). Aspire Finance Private Limited (“**Aspire Finance**” or the “**Company**”) being a Base Layer-Non-Deposit taking NBFC registered with the RBI has adopted this KYC policy (“**KYC Policy**”) in compliance with the KYC Master Directions.

2. OBJECTIVE, SCOPE, AND APPLICATION OF POLICY

The primary aim is to safeguard Aspire Finance from being exploited, whether deliberately or inadvertently, by criminal individuals or entities engaging in money laundering or terrorist financing activities. This includes establishing clear criteria for customer acceptance, risk management, customer identification procedures, implementing protocols to authenticate the genuine identification of both individuals and entities during account opening, setting up systems and procedures to monitor high-value transactions and any transactions showing suspicious patterns in accounts, devising methods for conducting thorough due diligence on customers, and reporting such transactions. Should any scenarios not explicitly addressed within this KYC Policy arise, the guidelines set out in the KYC Master Directions, or such other guidelines specified by the RBI shall be followed.

3. DEFINITION OF CUSTOMER OR LEGAL ENTITY (LE)

For the purpose of this KYC Policy, a 'Customer' means a person who is engaged in a financial transaction or activity with Aspire Finance and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting and includes:

- Individuals or entities maintaining an account and/or having a business relationship with Aspire Finance.
- Natural beneficial owners on whose behalf the account is maintained.
- Any other individuals or entities associated with a financial transaction that could pose significant reputation or other risks to Aspire Finance.

It is hereby clarified that a ‘Beneficial Owner’ where the Customer is a company is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means. Where the Customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person,

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has/have ownership of/entitlement to more than 10 (ten) percent of capital or profits of the partnership or who exercises control through other means. Where the Customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 (fifteen) percent of the property or capital or profits of the unincorporated association or body of individuals. Where the Customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10 (ten) percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

4. RISK ASSESSMENT

The Company will carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions, or delivery channels, etc. In assessing such risks, the Company will consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied.

While preparing the internal risk assessment, the Company will take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with it from time to time.

The Company shall ensure that its risk assessment is properly documented and is proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Company. The periodicity of risk assessment exercise will be determined by the board of directors of the company or such other committee of the board to which this power has been delegated. In any case, the risk assessment shall be done at least annually. The Company will make available the outcome of such exercise to competent authorities and self-regulating bodies.

5. CUSTOMER ACCEPTANCE POLICY

The Company will ensure that no account is opened by its Customers in anonymous or fictitious/benami name or where such account cannot be verified under the Customer Due Diligence ("CDD") measures as set out in this KYC Policy due to non-cooperation of the customer or non-reliability of the documents/information furnished by the Customer.

The Company will ensure that it will not have any transactions or any account-based relationship with a person who has not undergone the CDD measures as set out in this KYC Policy. The mandatory documents as communicated to the Customer must be provided by

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a person who intends to have an account-based relationship with the Company. Where the Company believes it requires additional information/documents to complete its CDD process, it may obtain such additional information/documents (*not specified in this KYC Policy*) with the explicit consent of the Customer. If an existing KYC compliant Customer of the Company desires to open another account with the Company, the Company may not conduct a fresh CDD on such Customer.

Where the identity of the Customer matches with any person or entity, whose name appears in the sanction lists prescribed by the RBI, the Company shall report such individuals/legal entities to Financial Intelligence Unit-India (“**FIU-IND**”) FIU-IND apart from advising Ministry of Home Affairs (MHA) as required under the Unlawful Activities (Prevention) (UAPA) Act, 1967. In the instance where the Company reasonably believes that undertaking the CDD process will tip-off a customer who it suspects to be undertaking money laundering or financing of terrorism, it shall file a suspicious transaction report with the FIU-IND instead of undertaking the CDD.

The Company shall, on a best-efforts basis ensure that this Customer Acceptance Policy does not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

6. CUSTOMER IDENTIFICATION PROCEDURES

Customer identification entails the process of recognizing and validating the identity of the Customer by utilizing dependable, independent source documents, data, or information. Aspire Finance will gather adequate information required to authenticate the identity of each new Customer, along with brief details regarding its promoters and management, whether they have a regular or occasional association, and the purpose of the intended business relationship. The stringency of these requirements may be adjusted based on the perceived level of risk. For instance, in the case of a publicly listed company, such as a specially listed company, it may not be necessary to identify all shareholders.

The Company will undertake identification of Customers in the following cases:

- (i) Commencement of an account-based relationship with the Customer;
- (ii) Carrying out any international money transfer operations for a person who is not an account holder of the Company;
- (iii) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained;

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7. CUSTOMER DUE DILIGENCE

Before entering into an account-based relationship with any Customer, the Company shall undertake the CDD process in line with the KYC Master Directions. For undertaking the CDD, the Company will obtain the following from an individual or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:

- (i) the Aadhaar number where the Customer voluntarily submits it; or
- (ii) any Officially Valid Document (“OVD”) or the equivalent e-document containing the details of his identity and address such as passport, the driving licence, Voter's Identity Card issued by the Election Commission of India, PAN etc.; or
- (iii) the KYC Identifier with an explicit consent to download records from the Central KYC Registry CKYCR; or
- (iv) such other documents including in respect of the nature of business and financial status of the Customer, or the equivalent e-documents thereof.

Once such information/OVDs are submitted to the Company, the Company shall undertake due diligence as per the KYC Master Directions.

For opening an account in the name of a sole proprietary firm, the Company shall undertake a CDD of the individual (proprietor). For doing so, the Company will collect any of the following documents among others in addition the information/documents mentioned above:

- (i) Udyam Registration Certificate;
- (ii) Certificate/licence issued by the municipal authorities under Shop and Establishment Act; or
- (iii) Sales and income tax returns;
- (iv) IEC etc.

The Company shall collect the documents as prescribed under the KYC Master Directions for the purpose of opening and an unincorporated association or a body of Individuals or a juridical person.

Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

Where an equivalent e-document is obtained from the Customer corresponding to the above documents, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000.

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8. ONGOING DUE DILIGENCE

The Company shall undertake on-going due diligence of Customers to ensure that their transactions are consistent with their knowledge about the Customers, Customers' business and risk profile, the source of funds / wealth.

The Company shall ensure that the extent of monitoring shall be aligned with the risk category of the Customer and that such risk categorization is done at least once in 6 months.

9. PERIODIC UPDATION OF KYC DOCUMENTS

Aspire Finance shall regularly review Customer identification data based on risk classification of Customers. The review process will focus on the status of accounts and any changes in promoters or key shareholders. The Company will obtain confirmation or self-declarations from Customers annually through digital channels or a letter from an authorized official of the Customer entity regarding any changes in KYC information. In the event of such changes, the Company will undertake the KYC process equivalent to onboarding a new borrower within 30 days of notification.

The frequency of KYC updates will vary based on the risk category: once every ten years for low-risk Customers, once every eight years for medium-risk Customers, and once every two years for high-risk customers. While KYC guidelines apply to all new Customers, existing customers will be subject to them based on materiality and risk.

10. ENHANCED DUE DILIGENCE

The Company shall undertake Enhanced Due Diligence (“**EDD**”) for Customers who are onboarded through non-face-to-face means. Nonface-to-face modes for the purpose of this section includes use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc., and nondigital modes such as obtaining copy of OVD certified by additional certifying authorities as allowed for NRIs and PIOs.

Where possible, the Company may provide Video based Customer Identification Process (“**V-CIP**”), as a first option to Customer for remote onboarding. The Company shall follow the prescribed standards and procedures for V-CIP as set out in the KYC Master Directions and such V-CIP shall be treated on par with face-to-face CIP.

In order to prevent frauds, the Company shall ensure that alternate mobile numbers are not linked post CDD with such accounts for transaction OTP, transaction updates, etc. Transactions shall be permitted only from the mobile number used for account opening. The Company shall undertake additional due diligence while dealing with requests for change of registered mobile number.

Apart from obtaining the current address proof, the Company will verify the current address through positive confirmation before allowing operations in the account. Positive confirmation shall be carried out by means such as address verification letter, contact point

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verification, deliverables, etc. Where PAN of the Customer is obtained, it shall in all instances verify the same with the verification facility of the issuing authority.

The Customers who are onboarded through non-face-to-face means shall be categorized as high-risk Customers and shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.

11. MONITORING AND REPORTING OF TRANSACTIONS

Aspire Finance will conduct transaction monitoring based on the risk profile of each account. The Company will strive to comprehend the typical and reasonable activity of Customers to identify transactions that deviate from the regular pattern. Special attention will be given to complex, unusually large transactions, and any unusual patterns lacking an apparent economic or lawful purpose. Factors such as the Customer's background, country of origin, fund sources, transaction types, and other risk elements will determine the extent of monitoring. Accounts with higher risk levels will undergo intensified monitoring. The Company will periodically review the risk categorization of transactions and Customers, considering the need for enhanced due diligence measures at least once every twelve months.

The Company will explore the option of validating new account opening applications with various publicly available watch lists, including those provided by the RBI. Following due diligence, any transactions deemed suspicious will be promptly reported by the Principal Officer to the Director of the Financial Intelligence Unit-India (FIU-IND).

To ensure comprehensive monitoring, reporting of all transactions, and sharing of necessary information for KYC compliance, the Board of the Company may appoint any Director, authorized Managing Director, or other duly authorized officer(s) as the Company's Principal Officer responsible for KYC/AML/CFT.

The Company shall follow the requirements as set out in the KYC Master Directions in monitoring and reporting of transactions.

12. PRINCIPAL OFFICERS FOR KYC/AML/CFT

The Company will appoint a Principal Officer who shall be responsible for KYC will operate independently and report directly to the respective Director/MD or to the Board of Directors of the Company. Their role and duties will encompass overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML/CFT issued periodically and obligations under the Prevention of Money Laundering Act, 2002, along with the Prevention of Money Laundering Rules 2005, and any subsequent amendments.

The required information from the Customers will be collected according to the formats prescribed by the RBI or the FIU-IND, regardless of whether the Company is the primary institution or there are other co-financing institutions involved. The Customer may be asked to periodically resubmit their KYC, as set out elsewhere in this KYC Policy based on Risk

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Category or in the event of any structural changes within the entity, including the introduction of new promoters with no prior relationship with the Company within 15 days of such changes being notified.

Customer information collected will be treated with confidentiality. The Company will ensure that the information requested from customers is relevant to the perceived risk, non-intrusive, and in accordance with the guidelines issued by the RBI in this regard. AFPL will also ensure that any remittance of funds, whether through demand drafts, mail/telegraphic transfers, or any other mode, for any amount, is conducted via cheques and not cash payments.

The Company shall also appoint a 'designated director' who will, along with the Principal Officer ensure overall compliance with the KYC Master Directions, the Prevention of Money Laundering Act, 2002 and rules thereunder.

The details of the Principal Officer and the Designated Director are mentioned below:

Principal Officer:

Name: Tushar Garimalla

Designation: Director

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Email ID: tushar@aspirefinance.in;

Mobile Number: 9535015003

Designated Director:

Name: Manoj Rathi

Designation: Director

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13. CLOSURE OF ACCOUNTS/TERMINATION OF FINANCING/BUSINESS RELATIONSHIP

In cases where the Company is unable to implement suitable KYC measures due to the non-provision of information and/or non-cooperation by the customer, AFPL will cease the

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Financing/Business Relationship after providing appropriate notice to the customer, elucidating the reasons for this decision. Such a determination will be made with the endorsement of the Chairman & Managing Director or Principal Officer of AFPL.

14. RISK MANAGEMENT:

Customers of Aspire Finance will be classified into three risk categories, denoted as A, B, and C, based on their perceived level of risk. The Company's KYC procedure applies to all entities without exception, regardless of their status or relationship with the Company or promoter. However, the application of these requirements may be adjusted according to the perceived risk level. The risk categorization of customers will be divided into the following tiers:

- Level A: High Risk

- Level B: Medium Risk

- Level C: Low Risk

- Level C: The following Customers will be classified as Level C risk customers:
 - Relationships with significant and well-established entities.
 - Relationships with regulated financial institutions located in, or with their headquarters in, jurisdictions or countries that have adopted equivalent standards. (If reliance is placed on the fact that the headquarters are in an FATF or equivalent country, its policies and procedures must be binding on the country branch or subsidiary concerned.)
 - Relationships with government departments (ministerial or non-ministerial) or their agencies, including their statutory corporations and private companies, except those originating from or located in high-risk countries (i.e., FATF non-compliant countries).
 - Relationships with registered public companies and their subsidiaries.
- Level B: The following customers will be classified as Level B risk customers:
 - All relationships not classified as Level C or Level A.
- Level A: The following customers will be classified as Level A risk customers based on the limited due diligence conducted at the time of sanction and as part of legal due diligence by the Company before the execution of the loan agreement, and based on the declaration submitted by the company as part of KYC documents:
 - Relationships with businesses vulnerable to Money Laundering (ML) risks, such as gambling, defense, money service bureaus, and dealers in high-value commodities (e.g., traders in precious metals, jewelers, and antique dealers).

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15. PEP POLICY

“Politically Exposed Persons” (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials. The Company does not transact with PEPs.

16. RISK MANAGEMENT COMMITTEE

The Principal Officer may submit periodic reports to the Risk Management Committee (RMC) if the need arises, particularly in cases involving high-risk situations that may require further guidance from the Committee. This allows the Committee to assess the risk associated with various customers based on the data collected by the project department.

Depending on the specific requirements, the services of an independent consultant with relevant knowledge and background on the subject matter may be sought. However, any categorization of such issues shall be treated as confidential and shall not be disclosed to any third party, regardless of their relationship with the Company, at any level of the organization.

17. CUSTOMER EDUCATION AND AWARENESS

The aforementioned policy, along with the necessary forms, will be made available on the Company’s website, www.aspirefinance.in, to inform customers about the objectives of the KYC/AML/CFT program.

18. EMPLOYEE’S TRAINING

The Company will implement a continuous employee training program to ensure that team members receive sufficient training in KYC/AML/CFT procedures. Training sessions will be tailored to the specific roles of frontline staff, compliance personnel, and officers/dealing staff handling new Customers. It is imperative that all staff members comprehend the reasoning behind the KYC policies and effectively execute them.

19. RECORDS MANAGEMENT

The Company shall maintain, preserve and report customer information in a manner compliant with the Prevention of Money Laundering Act, 2002 and rules thereunder. The Company shall 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. Further, the Company shall 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.

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The Company will 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.

20. UPDATION IN KYC POLICY OF COMPANY

The Board of the Company will have the authority to revise or adjust the KYC/AML/CFT Policy or any associated guidance notes of the company to align with the requirements, updates, or amendments issued by the RBI or other relevant statutory authorities from time to time.