



VARTHANA FINANCE PRIVATE LIMITED

KYC and AML Policy
Varthana Finance Private Limited
BR26
Approved by the Board on May 13, 2026

Registered Office:

Varasiddhi, 3rd Floor, 5 BC-110 Service Road, 3rd Block, HRBR Layout, Bangalore - 560 043

 School Loan: 080-68455700 | Student Loan: 080-68455777  care@varthana.com

 www.varthana.com | CIN: U65923KA1984PTC096528





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Know Your Customer Policy and Anti-Money Laundering Measures
Varthana Finance Private Limited
(Varthana or the “Company”)

1. PREAMBLE

This policy is updated based on the Reserve Bank of India (RBI), **Know Your Customer Directions, 2025 for NBFCs vide** RBI/DOR/2025-26/361 DOR.AML.REC.No.280/14.01.003/2025-26) **dated 28th Nov 2025** and updated from time to time. *The applicability under these Directions is in line with the regulatory structure for NBFCs as set out in Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025.*

In the context of the recommendations made by the Financial Action Task Force (FATF) and Anti Money Laundering (AML) standards and Combating Financing of Terrorism (CFT) policies, as these are being used as the International Benchmark for framing the stated policies, by the regulatory authorities. In view of the same, Varthana has adopted the said KYC guidelines with suitable modifications depending on the activity undertaken by it. The Company has ensured that a proper policy framework on KYC and AML measures is formulated and put in place in line with the prescribed RBI guidelines, duly approved by its Board of Directors.

2. OBJECTIVES, SCOPE & APPLICATION OF THE POLICY

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures shall also enable the Company to know and understand its Customers and its financial dealings better which in turn will help it to manage its risks prudently. Thus, the KYC policy has been framed by the Company for the following purposes:

- To enable Varthana to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently.
- To comply with applicable laws and regulatory guidelines.
- To ensure that the concerned staff are adequately trained in KYC/AML/CFT procedures. This KYC Policy is applicable to all branches/offices of Varthana and is to be read in conjunction with related operational guidelines issued from time to time.
- Video based Customer Identification Process (V-CIP) a method of customer identification by any Varthana official by undertaking seamless, secure, real-time, consent based audio-visual interaction with the customer to obtain identification information including the documents required for Customer Due Diligence (CDD) purpose, and to ascertain the veracity of the information furnished by the customer.
- To prevent criminal elements from using Varthana for money laundering or terrorist financing activities

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- (f) To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.

3. DEFINITIONS

- (a) For the purpose of Varthana's KYC policy a 'Customer' means a person as defined under KYC policy of RBI (and any amendment from time to time by RBI) which, in the Company's context is as under:-
- (i) The main applicant, i.e. the Trust or Society or other form of corporate entity running the school, tutorial, play school, college or another kind of educational or skilling organization.
 - (ii) An individual applying for a personal loan for education/coaching/skilling of self or a family member (termed as 'Student Loan').
 - (iii) Any co-applicant of the loan who may or may not be an office bearer in the Trust or Society or a parent/family member of an individual seeking a student loan.
 - (iv) Any guarantors to the loan acting so on behalf of the applicants to the loan.
 - (v) Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest (10% of shares/capital/profit) or who exercise control through other means.
 - (vi) 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, has/have ownership of/entitlement to more than 10% of capital or profits of the partnership or who exercises control through other means.
- "control" shall include the right to control the management or policy decision.
- (vii) 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% of the property or capital or profits of the unincorporated association or body of individuals.
 - (viii) 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% 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.
- (b) OVD (Original Verified Document) means the passport, the driving license, proof of possession of Aadhar Number, voter's identity card issued by Election Commission of India, the Job card that NREGA issues and an Officer of State Government duly signs and the letter that National Population Register issues containing details of name and address.
- (c) Digital KYC means that an authorized officer of Varthana captures a live photo of the customer and

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officially valid document or the proof of possession of Aadhar (where offline verification cannot be carried out), along with the latitude and longitude of the location where such live photo is being taken, as per the provisions contained in the Act.

- (d) RE means Regulated Entity and LE means Legal Entity
- (e) Central KYC Records Registry (CKYCR) means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
- (f) 'Digital Signature' shall have the same meaning as assigned to it in clause (p) of sub-section (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).
- (g) 'Certified Copy' – The NBFC obtaining the certified copy shall mean comparing the copy of the proof of possession of Aadhaar number (where offline verification cannot be carried out) or the officially valid document produced by the customer with the original, and an authorised officer of the NBFC shall record the comparison on the copy as per the provisions contained in the Act. Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, the NBFC may alternatively obtain the original certified copy, certified by any one of the following:
- Authorised officials of overseas branches of Scheduled Commercial Banks registered in India,
 - Branches of overseas banks with whom Indian banks have relationships,
 - Notary Public abroad,
 - Court Magistrate
 - Judge,
 - Indian Embassy / Consulate General in the country where the non-resident customer resides
- (h) "Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.
- (i) "Offline verification" shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016).
- (j) "Non-face-to-face customers" means customers who open accounts without visiting the branch/offices of the REs or meeting the officials of REs.
- (k) "On-going Due Diligence" means regular monitoring of transactions in accounts to ensure that those are consistent with RE's knowledge about the customers, customers' business and risk profile, the source of funds / wealth.
- (l) "Periodic Updation" means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at

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periodicity prescribed by the Reserve Bank.

- (m) “Video based Customer Identification Process (V-CIP)”: an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the RE by undertaking seamless, secure, live, informed- consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated on par with face-to-face CIP.
- (n) ‘Non-profit organisations (NPO)’ means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under section 8 of the Companies Act, 2013 (18 of 2013).
- (o) ‘FATCA’ means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- (p) ‘Suspicious transaction’ means a ‘transaction’ listed in Annexure III A and illustrative list provided in Annexure III B, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith.

4. CUSTOMER ACCEPTANCE POLICY (CAP)

- a) Varthana’s Customer Acceptance Policy is an integral part of the Credit Policy being followed to scrutinize applications. It prescribes the documents to be provided by each applicant/co-applicant including instructions like self-attestation. It also lays down the due diligence process and the credit parameters to look at while approving the loan.
- b) For the purpose of the KYC, the following are taken into consideration:
 - i) No loan account is to be opened in anonymous or fictitious/benami name(s)/entity (ies)
 - ii) Customer Due Diligence (CDD) process to be followed for each application without which loan is not to be disbursed. The Loan account process will be stopped if the CDD process is not satisfactory either on account of non-cooperation of the customer or non-reliability of documents/information furnished by the customer.
 - iii) Customers are to be specified about the mandatory KYC/CDD information required to verify identity, financial profile and risk profile prior to the loan being eligible for processing.
 - iv) Optional or additional information to be taken only after explicit approval of the client. Self-attestation on such documents will be construed as consented. If the document is shared by the customer digitally, receipt from registered email ID or registered mobile number will be construed as consented.

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- v) CDD process to be applied for all applicants and co-applicants.
 - vi) KYC details will be maintained at Cust-ID (UCIC) level. Accordingly, if the same customer is taking another loan or acting as a guarantor/co applicant and the KYC is in order, there shall be no need for a fresh KYC exercise.
 - vii) Any individual acting on behalf of an entity (trust or society, for instance) to have the proper authority to represent the entity
 - viii) Applicants will be checked against published databases like RBI's sanctions list, terrorist organizations, credit bureau verification, willful defaulters list and other such databases on a periodicity as specified by regulations from time to time.
 - ix) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
 - x) Where an equivalent e-document is obtained from the customer, Varthana shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
 - xi) Where GST details are available, the GST number shall be verified from the search/verification facility of the issuing authority.
- c) As a part of its mission, Varthana focusses on schools that provide affordable education. Often such schools are financially excluded and it is Varthana's endeavor to ensure that such entities have access to finance. This is in line with the RBI directive to not deny access to clients who are either socially or financially disadvantaged. Similarly for Student Loans (and any other line of business that may be launched), the company shall ensure that no financially or socially disadvantaged applicants are denied the facilities, subject to CDD credit parameters being met.

If a suspicion of money laundering or terrorist financing is formed and there is reasonable belief that the CDD process may tip off the customer, the CDD process will not be pursued, instead, an STR will be filed with FIU-IND.

5. CUSTOMER IDENTIFICATION PROCEDURES (CIP)

(For detailed guidelines on Digital KYC norms, please refer to Annexure IV)

- a. Customer identification means identifying the customer and verifying his/her identity and address by using reliable, independent source documents, data or information. Varthana shall verify and obtain supporting documentation for establishing identity and address of all new clients before the loan is disbursed. Unique Customer Identification Code (UCIC) - CustID - shall be allotted while entering into new relationships with the individual customers. Customer identification guidelines and list of acceptable proofs of identity are given in Annexure I & II respectively.
- b. Customer Identification exercise will be undertaken in the following cases:
 - i) Commencement of an account based relationship with customer

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- ii) When there is a doubt about the authenticity or adequacy of the customer identification data
- iii) Selling third party products/service as agents for more than Rs 50,000/-
- c. Currently Varthana does not permit identification verification to be done by an outsourced third party.
- d. If the document provided establishes both identity and address, then additional documentary proof will not be required to be collected.
- e. If current and permanent address is different and proof for the current address has been provided, a self- declaration of the permanent address will be acceptable.
- f. In case of absence of address proof, address may be verified by positive confirmation such as acknowledgement of receipt of letter or physical verification of place of stay.
- g. In case of change of address by the client after the loan has been disbursed, the new address proof is to be collected within six months.

VIDEO - CUSTOMER IDENTIFICATION PROCEDURES (VCIP)

The company may undertake a Live Video customer identification process to be carried out by officers of the company as per norms prescribed by RBI from time to time. Guidelines are as under:

- 1) Entity level compliance with RBI guidelines on minimum baseline cyber security and resilience framework.
- 2) Technology frameworks should be housed in their own premises.
- 3) VCIP connection and interaction shall originate from its own secured network domain.
- 4) If a cloud deployment model is used, ownership of data will rest with Varthana and no data shall remain with any third party assisting the VCIP.
- 5) Data between the customer device and hosting point of the VCIP hosting point shall be encrypted end to end.
- 6) Customer consent shall be recorded in an auditable and alteration proof manner.
- 7) Face liveness, spoof detection, face matching technology would be the basic preconditions.
- 8) AI may be used to ensure robust operations of the VCIP solution.
- 9) Tech upgrades to be carried out regularly based on experience of detected/attempted/near miss cases of forged identity.
- 10) Detected cases of forged identities shall be reported as cyber events under extant regulatory guidelines.
- 11) Necessary tests like VAPT, security audit to be carried out on the VCIP infrastructure to check on robustness and end to end encryption by empanelled auditors of CERT-in. These tests to be carried out before rollout and periodically thereafter.
- 12) Workflow for VCIP shall be designed and adhered to.
- 13) The process will be operated only by Varthana employees (hereinafter referred to as operator) who have been successfully trained on the VCIP process.
- 14) Liveness check to be carried out and detect any fraudulent manipulation or suspicious conduct of the customer and act upon it.

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- 15) If disruption of any sort results in multiple video files being created the VCIP shall be initiated.
- 16) Sequence and type of questions will be varied to ensure that the interactions are in real time and not pre-recorded.
- 17) If there is any evidence that the customer is being prompted the loan application shall be rejected.
- 18) The operator shall record the audio-video as well as photograph of the customer and obtain the identification information using any one of the following:
 - a) OTP based Aadhar eKYC authentication
 - b) Offline verification of Aadhar for identification
 - c) KYC record downloaded from CKYCR using the KYC identifier provided by the customer
 - d) Equivalent e-document of OVD including documents issued through DigiLocker
- 19) In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, the XML file or QR code generation date is not older than three working days from the date of carrying out V-CIP
- 20) There will not be a gap of more than 3 days between the receipt of document validation and the VCIP.
- 21) If the address of the customer is different from that indicated in the OVD, suitable records of the current address shall be captured, as per the existing requirement. It shall be ensured that the economic and financial profile/information submitted by the customer is also confirmed from the customer undertaking the VCIP in a suitable manner.
- 22) The operator shall capture a clear image of the PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority including through DigiLocker.
- 23) The operator shall ensure that the photograph of the customer in the Aadhaar/OVD and PAN/e-PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e-PAN shall match with the details provided by the customer.
- 24) All accounts opened through V-CIP is operational only after subjecting them to concurrent audit to ensure the integrity of process and its acceptability of its outcome
- 25) The entire data and recordings of V-CIP shall be stored in a system / systems located in India. It will ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp that affords easy historical data search.
- 26) The activity log along with the credentials of the official performing the V-CIP shall be preserved.

6. CDD PROCEDURE AND SHARING KYC INFORMATION WITH CENTRAL KYC RECORDS REGISTRY(CKYCR)

CDD procedure for individuals

Obtain:

1. Aadhar number or KYC Identifier Number
2. If CKYC number is available and provided by the customer Varthana to retrieve 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-

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- (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) Varthana 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.

3. PAN or equivalent or form 97 (ITR 2025)
4. Other documents in respect of nature of business and financial status of the individual or the equivalent e-documents
5. OVD if Aadhar verification cannot be done or if address has changed
 - Online verification of Aadhar number to be carried out using eKYC authentication facility of Unique Identification Authority of India
 - If offline verification can be carried out, the same shall be carried out
 - If any e-document has been provided as an OVD alternative, digital signature shall be verified as per the provisions of Information Technology Act 2000 (21 of 2000) and take a live photo
 - Where KYC Identifier number has been provided, KYC records will be retrieved online from CKYCR
 - Copy of the Aadhar document shall be stored in such a manner that all digits except the last 4 are redacted (blacked out).
 - If non face to face Aadhar OTP based eKYC procedure is done, the term loan amount shall not exceed Rs 60,000 in a year. Further a declaration shall be taken from the customer that no other account has been opened nor will be opened using OTP based eKYC in a non face to face mode. CKYCR too shall be updated accordingly. V-CIP may be used for conversion of such existing accounts that were opened using non face to face eKYC.
- a. Varthana shall capture customer's KYC records and upload onto CKYCR within 10 (ten) days of commencement of an account-based relationship with the customer.
- b. Varthana shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be.
- c. Once KYC Identifier is generated by CKYCR, Varthana shall ensure that the same is communicated to the individual/LE as the case may be by digital means/letters/registered email. (In case the customer has an existing KYC identifier with CKYCR then no intimation will be sent to the customer).
- d. Whenever Varthana obtains additional or updated information from any customer, Varthana 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.

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CKYCR shall thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding the updation of the KYC record of the said customer. Once CKYCR informs any Regulated Entity regarding an update in the KYC record of an existing customer, the Varthana shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by Varthana.

CDD procedure for Trusts

For opening an account of a trust, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:

- (a) Registration certificate
- (b) Trust deed
- (c) Permanent Account Number or Form No.97 of the trust
- (d) Documents, as specified in 6,Annexure II of this policy, relating to beneficial owner, managers, officers or employees, as the case may be, holding a power of attorney to transact on its behalf.
- (e) Documents, as specified in Annexure II of this policy relating to the beneficiaries, trustees, settlor and authors of the trust
- (f) The address of the registered office of the trust; and
- (g) List of trustees and documents, as specified in, Annexure II of this policy for those discharging the role as trustee and authorized to transact on behalf of the trust.

CDD procedure for Unincorporated Association (e.g. unregistered trusts) or body of individuals (e.g. societies)

Certified copies or equivalent e-documents of the following shall be obtained:

- (a) Resolution of the managing body of such association or body of individuals
- (b) Permanent Account Number or Form No. 97 of the unincorporated association or a body of individuals
- (c) Power of attorney granted to transact on its behalf
- (d) Documents, as specified in Annexure II of this policy, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
- (e) Such information, as may be required to collectively establish the legal existence of such an association or body of individuals.

Enhanced Due Diligence procedure.

Enhanced Due Diligence (EDD) for non-face-to-face customer onboarding (other than Accounts opened using Aadhaar OTP based e-KYC: Non-face-to-face onboarding facilitates Varthana to establish a relationship with the customer without meeting the customer physically or through V-CIP. Such non-face-to-face modes for the purpose of this paragraph include use of digital channels such as CKYCR,

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DigiLocker, equivalent e-document, etc., and non- digital modes such as obtaining copy of OVD certified by additional certifying authorities as allowed for NRIs and PIOs. Varthana shall undertake the following EDD measures for non-face-to-face customer onboarding other than [Accounts opened using Aadhaar OTP based e-KYC, in non-face-to-face mode.](#)

- (a) Varthana shall provide the V-CIP as the first option to the customer for remote onboarding. In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc.
- (b) Varthana put in place a SOP approved by MD&CEO/Wholetime Director delineating a robust process of due diligence for dealing with requests for change of registered mobile number.
- (c) Apart from obtaining the current address proof, the Varthana shall verify the current address through positive confirmation before allowing operations in the account. Varthana may carry out the positive confirmation by means of such as address verification letter, contact point verification, deliverables, etc.
- (d) Varthana shall obtain PAN from the customer and the PAN shall be verified from the verification facility of the issuing authority.
- (e) Varthana shall categorise such customers as high-risk customers and shall subject accounts opened in non-face-to-face mode to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.

7. RISK MANAGEMENT

The Company relies on a Board approved Credit Policy to manage risk which inter alia defines the credit assessment parameters, assessment procedure, eligibility calculation, security assessment and creation, documentation, deviation and risk mitigation options.

- A. The Company shall prepare a profile for each new customer during sourcing based on risk categorization as mentioned in this policy. The customer profile shall contain the information relating to the customer's identity, social/financial status, nature of business activity, information about his business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by Varthana. At the time of sourcing of the applicant the details of the trust / society / entity/student loan customers are recorded along with the customer's profile based on a meeting by a Varthana representative with the authorized representative of the trust / society / entity/individuals/ and the co-applicants to the loan apart from collection of applicable documents which will be as per the products norms as may be in practice. However, while preparing the customer profile, the Company shall seek only such information from the customer which is relevant to the risk category and is not intrusive. Any other information from the customer should be sought separately with his/her consent and after opening the loan account. The customer profile will be a confidential document and not be revealed to customer **to avoid tipping off** and details contained therein shall not be divulged for cross selling or for any other purposes.

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B. RBI-MD on KYC/AML inserted the following new para on 28th April 23

“Broad principles may be laid down by the Regulated Entities for risk-categorisation of customers.”

Varthana will no longer be classifying all its school customers (trusts or societies) as high risk by default. There are some unique characteristics that differentiate trusts/societies running educational institutes as against other kinds. Such entities are a very visible part of the community, serving the community and interacting with parents on a day to day basis. Further, they also hire teachers and non-teaching staff, all from the same community they serve. They have predictable cash flows from a well-defined customer base (parents) against a service they provide (education) as a consideration. Further, all such schools are required to be registered with the state level board of education and are subject to regular inspections. It may also be noted that in the past decade of dealing with schools, the company has rarely come across instances where the school customers had suspicious transactions or money laundering. Accordingly, the school customers will be classified as Medium Risk upon the relationship being commenced unless the parameters for classifying as high risk are being met. It is important to note that the compliance and governance requirements for trusts and societies are less rigorous than the norms for entities registered with the RoC under MCA. For this reason, the company feels it inappropriate to classify trusts/societies as Low Risk and hence the default categorization shall be kept as Medium Risk.

- I) Parameters for classifying borrower as High Risk :
 - Trusts/Societies Borrower/s for non-educational purposes
 - the Borrower/s /Office Bearers having political exposure (PEPs), NRI status, Banned organizations by various Regulators, non-face-to-face customers, including as co-borrower/ Guarantor.
 - other account holder/s declared as Fraud, Willful defaulters, non-cooperative borrower/s and red flagged account holders.
 - Non-face-to-face customers without Video KYC.

- II) Medium Risk Category:
 - Trusts/Societies for educational purpose
 - Self -employed and salaried customers in the informal sectors where income is not reflecting in the bank statements
 - All Borrower/s not falling either in Low or in High category.
 - All the student loans which are booked under cash salary program & Loan amount exceeding Rs.2 lakhs.

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III) Low Risk Category:

- Customers with income being reflected in bank statements - self-employed and salaried in the formal sector since there would be a consistent and verifiable source of income.
- Sole Proprietors
- Student Loan borrower/s not included in the Medium Risk category.

3. Periodical Review of Risk Categorisation:

Risk categorization of customers from KYC/AML perspective shall have to be carried out once in six months. The information available with Varthana is limited in respect of Borrower/s, as the accounts of these customers are Loan accounts not running accounts. The end-use and the method of repayment will be a major ingredient for reviewing periodically the Risk category of the Borrower. Upon Review of Risk categorization, the Risk category may change upwards and also lower in certain cases. Based on the categorization arrived, the applicable due diligence / higher or enhanced due diligence measures shall be put in place.

The methodology for periodical review of Risk Categorization can be framed in the form of SOP approved by MD&CEO/Whole Time Director and the same may be modified from time to time as necessitated.

4. One-time Re-classification of existing Customers as per the Risk Based Approach:

Upon approval of this policy by the board, the company will undertake a one-time reclassification of the school loan customers and reclassify them as Medium Risk except for the following:

- the Borrower/s having political exposure (PEPs), NRI status, Banned organizations by various Regulators, non-face-to-face customers.
- other account holder/s declared as Fraud, Willful defaulters, non-cooperative borrower/s and red flagged account holders.
- Cash repayments exceeding 25% of total re-payments during the review period January 2024 to June 2024.
- Cash lumpsum on any single occasion exceeding Rs.2,00,000 during the review period January 2024 to July 2024.

4. Periodic Updation:

Full KYC exercise will be done every two years for high-risk individuals and entities, at least every ten

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years for low risk and at least every eight years for medium risk individuals and entities, taking into account whether and when Customer Due Diligence measures have previously been undertaken and the adequacy of data obtained.

Guidelines for periodic updation of KYC for individual & non individual customer:

Individual Customers:

a) 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 Varthana, customer's mobile number registered with the Varthana, through whatsapp, digital channels, letter etc.

b) 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 Varthana, customer's mobile number registered with the Varthana, digital channels, letter etc.

The declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.

Varthana at its option, may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, for the purpose of proof of address, declared by the customer at the time of periodic up-dation.

c) Minor to Major:

In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD standards. Wherever required, Varthana may carry out fresh KYC of such customers i.e., customers for whom account was opened when they were minor, on their becoming a major.

Aadhaar OTP based e-KYC in non-face to face mode may be used for periodic up-dation. Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. It shall be ensured that the mobile number for Aadhaar authentication is the same as the one available with them in the customer's profile, in order to prevent any fraud.

Customers other than individuals:

a) 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 Varthana, digital channels, letter from an official authorized by the LE in this regard, board resolution etc.

Varthana 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.

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b) Change in KYC information:

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

Simplified procedure

- Ensure to update Account based relation as per Broad Parameters and not on bulk categorization of Risk.
- Ensure updation at UCIC level and not on account level to eliminate the need for customers to undergo multiple KYC updation.
- Collect documents at any branch not necessarily through the home Branch.
- Facilitate customers to communicate the change of address through email, in case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from -id registered with us (such as online banking / internet banking, mobile application), 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.

Additional measures: In addition to the above, Varthana shall ensure that –

a) The KYC documents of the customer as per the current CDD standards are available. This is applicable even if there is no change in customer information but the documents available with Varthana are not as per the current CDD standards.

In case the validity of the CDD documents available with Varthana has expired at the time of periodic updation of KYC, the KYC process equivalent to that applicable for on-boarding a new customer shall be undertaken.

b) Customer's PAN details will be verified from the database of the issuing authority at the time of periodic updation of KYC.

c) An 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 periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the Varthana and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

d) Periodic Updation of KYC can be done at any branch of Varthana.

e) Varthana shall adopt a risk-based approach for mitigation and management of the risks (identified on its own or through national risk assessment). The same is monitored through RCSA (Risk and Control Self-Assessment.)

f) Varthana shall ensure with respect to updation /periodic updation of KYC that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high-risk.

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g) Varthana shall ensure that their internal KYC policy and processes on updation / periodic updation of KYC are transparent and adverse actions against the customers will be avoided, unless warranted by specific regulatory requirements.

h) In case of existing customers, Varthana shall obtain the Permanent Account Number or equivalent e-document thereof or **Form No. 97**, by such date as may be notified by the Central Government, failing which, shall temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or **Form No. 97** is submitted by the customer.

Provided that before temporarily ceasing operations for an account, shall give the customer an accessible notice and a reasonable opportunity to be heard. Further, permitted to continued operation of accounts for customers who are unable to provide Permanent Account Number or equivalent e-document thereof or Form No. 97 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes. Such accounts shall, however, be subject to enhanced monitoring.

Provided further that if a customer having an existing account-based relationship with us and gives in writing that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.97 shall close the account and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.

Explanation For in relation an account shall mean the temporary suspension of all transactions or activities in relation to that account till such time the customer complies with the provisions of this Section. In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

- i. Procedure with effect from 1st Jan 2026 for sending Due Notices for Periodic Updation of KYC: The Varthana shall intimate its customers, in advance, to update their KYC. Prior to the due date of periodic updation of KYC, Varthana shall give at least three advance intimations, including at least one intimation by letter, at appropriate intervals to its customers through available communication options / channels for complying with the requirement of periodic updation of KYC. Subsequent to the due date, Varthana shall give at least three reminders, including at least one reminder by letter, at appropriate intervals, to such customers who have still not complied with the requirements, despite advance intimations. The letter of intimation / reminder may, inter alia, contain easy-to-understand instructions for updating KYC, escalation mechanism for seeking help, if required, and the consequences, if any, of failure to update their KYC in time. Issue of such advance intimation / reminder shall be duly recorded in the IT system against each customer for audit trail.

8. MONITORING OF TRANSACTIONS

Ongoing monitoring is an essential element of effective KYC procedures and prevention of money laundering. Monitoring of transactions and its extent will be conducted taking into consideration the risk profile and risk sensitivity of the account.

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The Company's primary mode of collections from the customers is through banking channels. Further as per the Section 269ST of the Income Tax Act, 1961, the Company cannot receive an amount of Rs. 200,000/- and above from a customer in a single day OR for a single transaction OR for transactions relating to one event or occasion. The Company, subject to the clarification as provided by the Central Board of Direct Taxes as per its circular no. 22 dated 3rd July, 2017 may circulate to its collections department such communications, where in, for exceptional cases such as for an overdue customer cash can be collected up to the threshold limits subject to such conditions/stipulations as may be laid down from time to time in line relevant provisions of Income Tax Act and rules made thereunder.

The Company shall monitor transactions that are inconsistent with the normal and expected activity of the client which have no apparent economic rationale or legitimate purpose, such as:

- Large sums of money (over Rs 10 lac) being paid in cash towards the loan repayment account
- Large payments (Over Rs 10 lac) being made by unrelated parties towards the loan account
- Discovery of counterfeit notes when cash payment is made
- Any suspicious transaction/cash transaction observed/reported will be reported to FIU-IND as per specified timelines.

Please refer to Annexure III A and III B for more details.

Accounts of Politically Exposed Persons (PEPs)

Varthana shall have the option of establishing a relationship with PEPs provided that:

- (a) Sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;
- (b) The identity of the person shall have been verified before accepting the PEP as a customer;
- (c) The decision to open an account for a PEP is taken by Credit Committee;
- (d) All such accounts are subjected to enhanced monitoring on an on-going basis;
- (e) In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;
- (f) The CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

These instructions shall also be applicable to accounts where a PEP is the beneficial owner and also to family members and close associates of PEP

9. TRAINING

Varthana shall have training on KYC for all relevant staff members at the time of induction and also at regular intervals so that the members of the staff are adequately trained in KYC/ AML/ CFT procedures. Training requirements shall have different focuses for front line staff, compliance staff and officer/ staff dealing with

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new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

10. INTERNAL CONTROL SYSTEMS FOR KYC POLICY COMPLIANCE

- A. The Company's Internal Audit and Compliance functions will evaluate and ensure adherence to the KYC policies and procedures. As a general rule, the compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. Internal Auditors will review the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance status in this regard shall be put up before the Board or any Committee of the Board along with their normal reporting frequency. Audit notes and compliance reports will be submitted to the Audit Committee on a quarterly basis.
- B. For the purpose of KYC compliance 'Senior Management' would include the Chief Operating Officer, Head
– Credit, Head – Operations and Head – Collections. The Senior Management will be responsible for implementation of the KYC policy, monitoring and training of the staff.
- C. Decision making functions of determining compliance with KYC norms shall not be outsourced.

11. MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT

(a) Varthana shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise once a year to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, geographic areas, products, services, transactions or delivery channels. The assessment process 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, Varthana shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with Varthana from time to time.

(b) The risk assessment shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of Varthana. Currently the assessment is carried out once a year, however the Board of Varthana may decide the frequency of such assessment depending on the outcome and overall level of risk.

(c) The outcome of the exercise shall be put up to the Risk Committee, the report will be made available to competent authorities/regulators when demanded.

(d) Varthana shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and will have Board approved policies, controls and procedures in this regard. Varthana will

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monitor implementation of controls and enhance them as & when required.

12. APPOINTMENT OF DESIGNATED DIRECTOR AND PRINCIPAL OFFICER

- A. The details of Designated Director for the purpose of the KYC Policy are as under:
Name: Steven Edwin Hardgrave
Designation **Whole-time Director and Executive Vice Chairman**
- B. The details of Principal Officer for the purpose of the KYC Policy are as under: Name: Brajesh Mishra
Designation: **Managing Director and CEO**

13. RECORD KEEPING

- (a) Records of all transactions shall be maintained for at least five years from the date of the transaction
- (b) Preserve identification and address, obtained while opening the account and during the course of business relationship for at least five years after the relationship has ended in a way that that allows swift retrieval for sharing with competent authorities on demand
- (c) Internal record keeping systems to comply with Rule 3 of PML Rules, 2005 and maintain details that can help in reconstruction of transactions (including the nature of the transaction; the amount of the transaction and the currency in which it was denominated; the date on which the transaction was conducted; and parties to the transaction.
- (d) evolve a system for proper maintenance and preservation of account information in a manner that allows Varthana to retrieve data easily and quickly whenever required or when competent authorities request it;

Explanation: For the purpose of this paragraph, the expressions 'records pertaining to the identification', 'identification records', etc., shall include updated records of the identification data, account files, business correspondence, and results of any analysis undertaken.

The NBFC shall ensure that in case of customers who are non-profit organisations, the NBFC registers details of such customers on the DARPAN Portal of NITI Aayog. If they are not registered, the NBFC shall register the details on the DARPAN Portal. The NBFC shall also maintain such registration records for a period of five years after the business relationship between the customer and the NBFC has ended or the account has been closed, whichever is later

14. REPORTING TO FINANCIAL INTELLIGENCE UNIT (FIU) – INDIA

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The Principal Officer /Alternate Principal Officer shall report information relating to cash and suspicious transactions, if detected, to the Director, Financial Intelligence Unit India (FIU-IND) as advised in terms of the PMLA rules, in the prescribed formats as designed and circulated by RBI/FIU.

Electronic submissions to be done in prescribed formats on <https://fiuindia.gov.in>

The company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be. In this regard, KYC and FATCA/CRS Form(s) prepared and amended by Company from time to time shall be used for obtaining the KYC and FATCA/CRS information.

15. GENERAL

A) Customer Education

Varthana shall educate the Customer on the objectives of the KYC programme so that the customer understands and appreciates the purpose of collecting such information. The customer facing staff shall be specially trained to handle such situations while dealing with customers.

B) Introduction of new technologies

Varthana shall pay special attention to any money laundering threats that may arise from new or developing technologies including online transactions that may favour anonymity and take measures, if needed, to prevent their use in money laundering. Varthana shall further ensure that any remittance of funds to its customers is effected by way of demand draft, mail / telegraphic transfer, cheque, account transfer or any other mode and not by cash.

C) Closure of Accounts/Termination of Financing/Business Relationship

Where Varthana is unable to apply appropriate KYC measures due to non-furnishing of information and/or non- co-operation by the customer, Varthana shall terminate Financing / Business Relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions shall be taken with the approval of key managerial persons authorized for the purpose.

D) KYC for the Existing Accounts

While the KYC guidelines will apply to all new customers, the same would be applied to the existing customers on the basis of materiality and risk. However, transactions with existing customers would be continuously monitored for any unusual pattern in the operation of the accounts.

E) Updation in KYC Policy of Company

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The policy shall be kept updated to be in line with any new directives issued by RBI. Any updation shall follow the prescribed procedure of the revised policy being presented to the Audit Committee followed by approval of the Board of Directors.

ANNEXURE I

CUSTOMER IDENTIFICATION REQUIREMENTS (INDICATIVE GUIDELINES)

1. Accounts of Politically Exposed Persons (PEPs)

Politically exposed persons are individuals who are or have been entrusted with prominent public functions by a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government / judicial / military officers, senior executives of state-owned corporations, important political party officials, etc.

A Politically Exposed Person (PEP) is an individual with a prominent public post or a public function. Members of Parliament, State Assemblies, Judges, Governors and senior government officers would come within the PEP category along with their close relatives (people in direct contact).

The PEPs fall under the category of high-risk customers by the financial institutions and thus need additional KYC.

According to Financial Action Task Force (FATF), a PEP is:

- A person who is or has been in the executive, legislative, military, administrative or judicial branch of the government
- A senior post holder in a renowned political party
- A personal in direct contact or relation to such person- spouse, mother, father, brother, sister or child
- A publicly known or entrusted person, personnel or associate
- A senior person of any commercial organization, business or entity owned by the government

Branch/office shall gather sufficient information on any person / customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Branch/office shall verify the identity of the person and seek information about the sources of funds before accepting the PEP as a Customer. The decision to provide financial services to an account for PEP shall be taken at a senior level and shall be subjected to monitoring on an ongoing basis. The above norms may also be applied to the accounts of the family members or close relatives of PEPs who are co-applicants or guarantors to the loan.

2. Accounts of non-face-to-face customers

In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, there must be specific and adequate procedures to mitigate the higher risk involved. Certification of all the

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documents presented may be insisted upon and, if necessary, additional documents may be called for.

3. Accounts opened using OTP based e-KYC, in non-face-to-face mode

Only term loans would be sanctioned, the aggregate amount sanctioned shall not exceed rupees sixty thousand in a year. The tenure of such a term loan will not exceed 12 months unless full CIP is carried out during the loan repayment period.

4. Trust / Nominee or Fiduciary Accounts

Branch / offices shall determine whether the customer is acting on behalf of another person as trustee / nominee or any other intermediary. If so, they shall insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. Varthana shall take reasonable precautions to verify the identity of the trustees and the settlers of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries, beneficial owner, managers, officers or employees, as the case may be, holding a power of attorney to transact on its behalf and signatories. Beneficiaries shall be identified when they are defined.

5. Accounts of companies, Unincorporated Association or Body of Individuals and firms

Branch / office need to be vigilant against business entities being used by individuals as a front for maintaining accounts with NBFCs. Branch / office may examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it shall not be necessary to identify all the shareholders.

ANNEXURE II

Customer Identification Procedure Features to be verified and Documents that may be obtained from

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	identifying the partners and the persons holding the Power of
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	<p>Attorney and their addresses</p> <p>(vi) Telephone bill in the name of firm/partners</p>
<p>Trust & Society (Applicant & Co – Applicant)</p> <p>– Names of trustees, members, beneficiaries, signatories, beneficial owner, officers or employees, as the case may be, holding a power of attorney to transact on its behalf</p> <p>– Names and addresses of the founder, the managers / directors & the beneficiaries</p> <p>– Telephone</p>	<p>(i) Certificate of registration, if registered</p> <p>(ii) Trust Deed or Society by-laws as applicable</p> <p>(iii) Resolution/Letter of authority to transact business on its behalf</p> <p>(iv) Pan Card of Trust / Society</p> <p>(v) Resolution of the managing body of the foundation/association</p> <p>(vi) Telephone bill</p>
<p>Unincorporated Association, un-registered Trusts, or Body of Individuals– (If applicable) their beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.</p>	<p>(i) Resolution of the managing body of such association or body of individuals</p> <p>(ii) <i>PAN or Form 97 of Unincorporated Association or Body of Individual</i></p> <p>(iii) Letter of authority granted to him to transact on its behalf</p> <p>(iv) An officially valid document in respect of the person holding an attorney to transact on its behalf</p> <p>(v) And such other information as may be required by the Company to collectively establish the legal existence of such as association or body of individuals.</p>

* In case PAN is not submitted then along with Form 97 certified copy of an OVD containing details of identity and address and one recent photograph shall be obtained.

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*'Officially valid document' is defined to mean the passport, the driving license, the permanent account number card, the Voter's Identity Card issued by the Election Commission of India or any other document as may be required by the Company.

ANNEXURE III A

Broad categories of reason for suspicion and examples of suspicious transactions for Non-Banking Financial Companies are indicated as under:

Identity of client

- False identification documents
- Identification documents which could not be verified within reasonable time
- Accounts opened with names very close to other established business entities

Background of client

- Suspicious background or links with known criminals

Multiple accounts

- Large number of accounts having a common account holder, introducer or authorized

Signatory with no rationale

- Unexplained transfers between multiple accounts with no rationale

Activity in accounts

- Unusual activity compared with past transactions- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business

Nature of transactions

- Unusual or unjustified complexity
- No economic rationale or bona fide purpose
- Frequent purchases of drafts or other negotiable instruments with cash
- Nature of transactions inconsistent with what would be expected from declared business

Value of transactions

- Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- Value inconsistent with the client's apparent financial standing

Other:

- (a) Large and complex transactions including RTGS transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.

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- (b) Transactions which exceed the thresholds prescribed for specific categories of accounts.
- (c) High account turnover inconsistent with the size of the balance maintained.
- (d) Deposit of third-party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.

ANNEXURE III B

Illustrative list of Suspicious Transactions

- Reluctant to part with information, data and documents
- Submission of false documents, purpose of loan and detail of accounts
- Reluctance to furnish details of source of funds of initial contribution
- Reluctance to meet in person, representing through power of attorney
- Approaching a distant branch away from own address
- Maintaining multiple accounts without explanation
- Payment of initial contribution through unrelated third-party account
- Suggesting dubious means for sanction of loan
- Where transactions do not make economic sense
- Where doubt about beneficial ownership
- Encashment of loan through a fictitious bank account
- Sale consideration quoted higher or lower than prevailing area prices
- Request for payment in favour of third party with no relation to transaction
- Usage of loan amount for purposes other than stipulated in connivance with vendors, or agent
- Multiple funding involving NGO, Charitable organization, small and medium establishments, self-help groups, micro finance groups, etc.
- Frequent request for change of address
- Over-payment of instalments with a request to refund the overpaid amount
- Approvals/sanctions from authorities are proved to be fake

ANNEXURE IV

Verbatim reproduction of Digital KYC process as laid down by RBI in its KYC Master Directions. (RE means Regulated Entity and in this context, it refers to Varthana)

Digital KYC Process

“Digital KYC” means the capturing live photo of the customer and officially valid document or the proof of

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possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the RE as per the provisions contained in the Act.

- A) The RE shall develop an application for digital KYC process which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the REs.
- B) The access of the Application shall be controlled by the REs and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password or Live OTP or Time OTP controlled mechanism given by REs to its authorized officials.
- C) The customer, for the purpose of KYC, shall visit the location of the authorized official of the RE or vice-versa. The original OVD shall be in possession of the customer.
- D) The RE must ensure that the Live photograph of the customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the RE shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by REs) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.
- E) The Application of the RE shall have the feature that only live photographs of the customer are captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing a live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.
- F) Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), shall be captured vertically from above and water-marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.
- G) The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.
- H) Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/eAadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.
- I) Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to the customer's own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/her own mobile number, then the mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any

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case, the mobile number of authorized officers registered with the RE shall not be used for customer signature. The RE must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.

- J) The authorized officer shall provide a declaration about the capturing of the live photograph of the customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the RE. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.
- K) Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the RE, and also generate the transaction-id/reference-id number of the process. The authorized officer shall intimate the details regarding transaction-id/reference-id number to the customer for future reference.
- L) The authorized officer of the RE shall check and verify that:- (i) information available in the picture of the document is matching with the information entered by the authorized officer in CAF. (ii) live photograph of the customer matches with the photo available in the document.; and (iii) all of the necessary details in CAF including mandatory field are filled properly.;
- M) On Successful verification, the CAF shall be digitally signed by an authorized officer of the RE who will take a print of CAF, get signatures/thumb-impression of the customer at appropriate place, then scan and upload the same in the system. Original hard copy may be returned to the customer.

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VERSION CONTROL

Know Your Customer Policy and Anti-Money Laundering Measures Policy Version Tracker:

Version	Particulars of Creation / Revisions	Audit Committee Approval Date	Board Adoption date
Version 1.0	Know Your Customer Policy and Anti-Money Laundering Measures Policy – Original	November 08, 2016	November 09, 2016
Version 1.1	Know Your Customer Policy and Anti-Money Laundering Measures Policy – Reviewed	August 14, 2019	August 14, 2019
Version 1.2	Know Your Customer Policy and Anti-Money Laundering Measures Policy – Updated	May 18, 2021	May 19, 2021
Version 1.2	Annual Review-No changes	May 17, 2022	May 18, 2022
Version 1.3	Updation of Customer Acceptance Policy, Guidelines for periodic updation of KYC for individual & non individual customer, Change in customer identification requirement, Money Laundering and Terrorist Financing Risk Assessment, CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)	February 13,2023	February 14,2023
BR23	Annual review; Updated to reflect changes made in RBI master directions updated as on May 4, 2023.	May 16, 2023	May 17, 2023
BR24	Annual review: updated to reflect changes made in RBI Master Directions updated as on October 17, 2023 & January 4, 2024.	May 14, 2024	May 15, 2024

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BR24.1	Introduction of Risk Based Approach for risk categorization and periodic risk assessment of borrower/s as per RBI Master Directions January 4, 2024 , upload of ckyc records period reduced from 15 days to 10 days as per RBI policy. Delegation for approval of SOP for periodic Risk categorization guidelines by CEO/COO. A para included under additional measures as per amendment 2020 and updated simplified procedure for KYC updation.	Aug 13, 2024	Aug 14, 2024
BR25	Few Definitions added. Updated CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR) as per amended KYC update dated 6 th Nov 24	May 13, 2025	May 14, 2025
BR26	Policy fully re-aligned based on RBI KYC (NBFCs) Directions 2025 dated 28 th Nov 2025	May 12, 2026	May 12, 2026

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