



IIFL FINANCE

Know Your Customer (KYC) Documentation Policy

Version 6

Document review and approval

Revision history

Version	Date	Author	Reviewer	Approved by
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1. Purpose

The purpose of this document is to establish Know Your Customer (KYC) documentation policy for IIFL Finance Limited (IIFL). All the loans originated by IIFL would follow this KYC documentation policy. This policy is integral part of KYC & AML Policy of the Company.

Note: In case of any update in the documents submitted by the customer at the time of account establishment / thereafter, customers shall submit the updated documents to the Company within 30 days of the update to the documents for the purpose of updating the records at Company's end.

2. Background

All products of the Company have same KYC documentation policy defined in their respective manuals. In case of any change issued by regulator through circular, the required changes were required to be done separately in each manual.

Sr No.	KYC Documents			
For undertaking CDD (Customer Due Diligence), the Company shall obtain following documents mentioned under Category (1) & (2) both and such other documents may be required by it.				
	Document Particulars	Mandatory to provide Document in this category	Will be considered as Identity Proof	Will be considered as Address Proof
1)	PAN or the equivalent e document thereof or Form 60 (in case of PAN not available)	Yes	Not Acceptable	Not Acceptable
2)	The Aadhaar Number (Proof of possession of Aadhaar number) or any one of the Officially valid documents (OVD) or equivalent e documents given below for proof of identity and proof of address (in case offline verification is not possible):	Yes	Acceptable (Only if documents thereof contain the details of identity)	Acceptable
Category (2) mentioned above explained in detail				

This document will enable us to make changes in only one document which will be followed by all products/businesses and will standardize the KYC documentation policy throughout the organization.

3. Section I: - Individual

_ The Aadhaar number where he is desirous of receiving any benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act or where he decides to submit his Aadhaar number voluntarily to a bank or any RE notified under first proviso to sub-section (1) of section 11A of the PML Act;

Customer verification in case of Aadhaar number is obtained -

- I. Proof of possession of Aadhaar number (if offline verification is possible) is done by – eAadhaar/QR code embedded in Aadhaar Card or
- II. Proof of possession of Aadhaar number (OVD), Masked Aadhaar (if offline verification is not possible - RE Company shall carry out verification through digital KYC or
- III. any OVD (officially valid document) or the equivalent e documents thereof containing the details of identity and address

Note: The first 8 digits of the Aadhaar Number while storing physical copy or digitally obtained Aadhaar Card or e-Aadhaar must be masked/redacted. Masked Aadhaar may be obtained only if voluntarily offered by the customer.

“Officially Valid Document” would mean and include following Documents:	Will be considered as Identity Proof	Will be considered as Address Proof
Passport (OVD)	Acceptable	Acceptable
Driving Licence (OVD)	Acceptable	Acceptable
Proof of possession of Aadhaar number (To be submitted in such form as are issued by the Unique Identification Authority of India)	Acceptable	Acceptable
Voter ID card issued by the Election Commission of India (OVD)	Acceptable	Acceptable
Job card issued by NREGA duly signed by an officer of the State Government (OVD)	Acceptable	Acceptable
Letter issued by the National Population Register containing details of name and address (OVD)	Acceptable	Acceptable

In case where OVD is furnished which does not have current address following shall be obtained as Deemed OVD and will be considered for proof of address *		
Deemed OVD	Will be considered as Identity Proof	Will be considered as Address Proof
1. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill)	Not acceptable	Acceptable
2. Property or municipal tax receipt	Not acceptable	Acceptable
3. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address	Not acceptable	Acceptable
4. Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or Regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation	Not acceptable	Acceptable

*In the cases where customer is submitting deemed OVD as mentioned above for limited proof of address they will submit updated OVD within a period of 3 months of submitting the same.

*a certified copy of any of the deemed OVD to be obtained (Obtaining a certified copy by the Company shall mean comparing the copy of the document so produced by the Customer with the original and recording the same on the copy by the person authorised by the Company)

Where a person submits his Aadhaar Number for the purpose of proof of identity and / or address, it shall be ensured such person redacts or blacks-out his Aadhaar Number through appropriate means.

The acceptance, use and storage of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, the Aadhaar and Other Law (Amendment) Ordinance, 2019 and the regulations made thereunder, the RBI KYC Master directions and other circulars, notification, guidelines issued by the Reserve Bank of India in this regard.

KYC details / application form is required to be in line with prescribed format (CKYC template) for uploading data with Central KYC Record Registry

Submitting 'Officially Valid Documents' - Change in name on account of marriage or otherwise:

A document shall be deemed to an "officially valid document" even if there is a change in the name subsequent to its issuance, provided it is supported by a marriage certificate issued by the State Government or a Gazette notification, indicating such a change of name".

Accordingly, a copy of marriage certificate issued by the State Government or Gazette notification indicating change in name together with a certified copy of the 'officially valid document' (as indicated above) in the existing name of the person while establishing an account-based relationship or while undergoing periodic updation exercise may be accepted.

4. Section II: - Entity

Entity	KYC Document to be obtained for carrying CDD
Sole Proprietorship	Any two of the following documents or the equivalent e-documents thereof in the name of the proprietary concern needs to be obtained as a proof of business/activity if the loan is in the name of Proprietorship Firm (Main Applicant) (a) Registration certificate including Udyam Registration Certificate (URC) issued by the Government (b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act. (c) Sales and income tax returns. (d) CST/VAT/GST certificate (provisional/final). (e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities. (f) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT / Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute. (g) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities. (h) Utility bills (electricity, water, and landline telephone bills Additional documents (i) Bank account Statement of last six months in the name of the entity (not from a non-scheduled cooperative bank) alongwith positive Field investigation report. A copy of the following documents to be obtained: - Documents to be obtained from Proprietor – Documents to be obtained from “Individual Customers” i.e. (Please refer to documents to be obtained from “Individual Customers” for verifying identity and address) Where the Company is satisfied that it is not possible to furnish two such documents, the Company may accept only one of those documents as proof of business/activity; provided contact point verification has been undertaken and such other information and clarification has been collected which would be required to establish the existence of such firm, and the Company shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern. KYC Template / information in prescribed format for uploading data with Central KYC Record Registry Note: In case one document is collected as activity proof for proprietorship concerns instead of two; then Contact Point Verification (CPV) is mandatory and cannot be waived

Companies	Certified copy of each of the following documents or the equivalents e-documents shall be obtained: – Certificate of incorporation; – Memorandum and Articles of Association; – Permanent Account Number of the Company – A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; – Documents to be obtained from beneficial owner, managers, officers or employees holding an attorney to transact on behalf of IIFL – (Please refer to documents to be obtained from “Individual Customers” for verifying identity and address) – The names of the relevant persons holding senior management position; – The registered office and the principal place of its business, if it is different. – KYC Template / information in prescribed format for uploading data with Central KYC Record Registry
Partnership Firms	Certified copy of each of the following documents or the equivalents e-documents thereof shall be obtained: – Registration certificate; – Partnership deed; and – Permanent Account Number of the partnership firm – KYC Template / information in prescribed format for uploading data with Central KYC Record Registry and the names of all the partners and – address of the registered office, and the principal place of its business, if it is different. – Documents from beneficial owner - For documents to be obtained from beneficial owner, person holding an attorney to transact on behalf of the Partnership Firm – Please refer to documents to be obtained from “Individual Customers” for verifying identity and address

Trusts and Foundations	Certified copy of each of the following documents or the equivalents e documents shall be obtained: – Registration certificate; – Trust deed; and – Permanent Account Number or Form 60 of the trust – KYC Template / information in prescribed format for uploading data with Central KYC Record Registry and – the names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust – the address of the registered office of the trust; and – list of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorised to transact on behalf of the trust. – Documents form beneficial owner - Below documents to be obtained from beneficial owner, person holding an attorney to transact on behalf of the Trust – Please refer to documents to be obtained from “Individual Customers” for verifying identity and address
Unincorporated association or a body of individuals	certified copy of each of the following documents or the equivalents e – documents shall be obtained: – Resolution of the managing body of such association or body of individuals; – Power of attorney granted to him to transact on its behalf; – Permanent Account Number or Form 60 of the unincorporated association or a body of individuals – Documents from beneficial - For documents to be obtained from beneficial owner, person holding an attorney to transact on behalf of the unincorporated association / body of individuals — Please refer to documents to be obtained from “Individual Customers” for verifying identity and address – KYC Template / information in prescribed format for uploading data with Central KYC Record Registry. Such information as may be required by the Company to collectively establish the legal existence of such an association or body of individuals Explanation: Unregistered trusts/partnership firms shall be included under the term ‘unincorporated association’. Explanation: Term ‘body of individuals’ includes societies.
Juridical person not specifically covered in the earlier part such as societies, universities and local bodies like village panchayats	certified copy of each of the following documents or the equivalents e – documents shall be obtained: ☐ Document showing name of the person authorised to act on behalf of the entity; ☐ For documents to be obtained from person holding attorney to transact on behalf of the entity - Please refer to documents to be obtained from “Individual Customers” for verifying identity and address ☐ Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person. ☐ KYC Template / information as prescribed by the Reserve Bank of India for uploading data with Central KYC Record Registry ☐ Such other documents as may be prescribed from time to time

NOTE:

- I. Self-attested Photograph of the applicant & Co-applicant is mandatory, however digitally captured photograph is acceptable.
- II. The KYC documents/ Officially Valid documents can be verified by the employees/ / service providers *of IIFL.
- III. For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, Company shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:
 - a. Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
 - b. Adequate steps are taken by REs to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
 - c. The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act.
 - d. The third party shall not be based in a country or jurisdiction assessed as high risk.
 - e. The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.
- IV. KYCs of all beneficial owners shall be collected which means-
 - a. Ownership of more than 10% shares in a company or capital or profits of the company.
 - b. More than 10% of ownership in other forms of entities (LLP / Partnership firms, Trust etc).
 - c. More than 15% Where the customer is an unincorporated association or body of individuals.
 - a. Explanation: Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.
 - d. Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.
 - e. In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.
- V. Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of 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 IIFL employee officer of the Company as per the provisions contained in the Act
- VI. "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.

VII. 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 Company 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 for the purpose of this Master Direction.

All other regulatory changes in this regard will stand updated in the policy from time to time.

5. Others

5.1 Non-face-to-face customer onboarding

Non-face-to-face onboarding facilitates to establish relationship with the customer without meeting the customer physically or through V-CIP. Such non-face-to-face modes includes use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc.

5.2 Money Laundering and Terrorist Financing Risk Assessment by Company:

- a) The Company shall 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. 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, the Company shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with Company from time to time.
- b) The risk assessment by the Company shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Company. Further, the periodicity of risk assessment exercise will be determined by the Board or any committee of the Board of the Company to which power in this regard has been delegated, in alignment with the outcome of the risk assessment exercise. However, it will be reviewed at least annually.
- c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated and will be available to competent authorities and self-regulating bodies.
- d) The Company shall apply a Risk Based Approach (RBA) for mitigation and management of the risks (identified on their own or through national risk assessment) and should have Board approved policies, controls and procedures in this regard. The Company shall implement a CDD programme, having regard to the ML/TF risks identified and the size of business. Further, the Company shall monitor the implementation of the controls and enhance them if necessary.

- e) In terms of PML Rules, groups are required to implement group-wide policies for the purpose of discharging obligations under the provisions of Chapter IV of the PML Act, 2002. Accordingly, every company which is part of a group, shall implement group-wide programs against money laundering and terror financing, including group-wide policies for sharing information required for the purposes of client due diligence and money laundering and terror finance risk management and such programs shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

5.3 Politically exposed persons (PEP)

"Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions in India and /or foreign country including Heads of States/ Governments, Senior politicians, senior government/ judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc.

- a) The Company has appropriate risk management system for determining whether customer or beneficial owner is PEP. For opening an account with PEP senior management approval is required to be obtained. Also, if existing customer or beneficial owner becomes PEP then senior management approval is required for continued business relationship.
- b) Reasonable measures are taken by the Company for establishing the source of funds / wealth;
- c) All such accounts are subjected to enhanced monitoring on an on-going basis;
- d) These instructions shall also be applicable to family members or close associates of PEPs.

5.4 Record Management

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

- a) maintain all necessary records of transactions between the Company and the customer, both domestic and international, for at least five years from the date of transaction;
- b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
- c) make Swiftly available the identification records and transaction data to the competent authorities upon request;
- d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - i. the nature of the transactions;
 - ii. the amount of the transaction and the currency in which it was denominated;
 - iii. the date on which the transaction was conducted; and
 - iv. the parties to the transaction.
- f) evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;

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

Kindly note that the records referred to in rule 3 shall be maintained for a period of five (5) years from the date of cessation of transaction between the client and the Company.

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