



# SWAGAT HIRE PURCHASE AND FINANCE COMPANY PRIVATE LIMITED

CIN No. U65921MH1994PTC077154

RBI License No. B-13.01566

Registered Office:- Flat No.601, Excellentia "E", Casa Bella, Dombivli East, Dist-Thane, Maharashtra - 421204

Corporate Office:- D-1398, 1st Floor, Sai Sagar Building, Near Kaleva Chauraha, Indira Nagar, Lucknow- 226016

Landline No. 0522-3128640

E-mail id:- compliance@swagat.mitrsewa.com

## KYC & AML / CFT Policy

### Know Your Customer, Anti-Money Laundering & Combating Financing of Terrorism

Version 1.0 | Effective Date: 03 Feb 2026 | Review: Annual

Policy Owner	Principal Nodal Officer (CEO)
Approved By	Board of Directors
Regulatory Reference	RBI Master Direction – KYC Directions, 2016 (as updated); Prevention of Money Laundering Act, 2002 (PMLA); PMLA (Maintenance of Records) Rules, 2005; FATF Recommendations; RBI SBR Directions, 2023 (Para 4.1.1)
PNO Designated	Dr. Prateek Singh
Effective Date	03 Feb 2026
Review Frequency	Annual / Upon material regulatory change

## 1. Introduction and Legal Basis

Swagat Hire Purchase and Finance Company (hereinafter "the Company") is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and is a "Reporting Entity" (RE) under the Prevention of Money Laundering Act, 2002 (PMLA). As a Reporting Entity, the Company has mandatory obligations under PMLA and the RBI Master Direction – Know Your Customer (KYC) Directions, 2016 (as amended).

This KYC & AML / CFT Policy ("Policy") has been formulated to ensure that the Company has a robust framework for identifying customers, preventing money laundering and terrorist financing, and meeting all statutory reporting obligations. It aligns with international standards established by the Financial Action Task Force (FATF).

**Important** This Policy is mandatory for all employees, agents, and outsourced staff of the Company. Any violation of this Policy may constitute a criminal offence under PMLA and may result in severe penalties, including imprisonment.

## 2. Objectives

- Establish robust Customer Due Diligence (CDD) procedures to verify the identity of all customers before establishing a business relationship.
- Prevent the Company's products and services from being misused for money laundering, terrorist financing, proliferation financing, or other financial crimes.
- Ensure timely and accurate filing of Suspicious Transaction Reports (STRs), Cash Transaction Reports (CTRs), and other mandatory reports with the Financial Intelligence Unit – India (FIU-IND).
- Implement a Risk-Based Approach (RBA) to KYC/AML compliance, applying Enhanced Due Diligence (EDD) proportionate to the risk profile of the customer.



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- Maintain adequate records of customer identification data and transaction records for the periods prescribed under PMLA.
- Ensure compliance with domestic and international sanctions obligations.
- Screen all customers against relevant sanctions lists and Politically Exposed Person (PEP) databases.

## 3. Scope

This Policy applies to:

- All new and existing customers, borrowers, guarantors, and beneficial owners.
- All employees involved in customer onboarding, credit, operations, and collections.
- All agents, DSAs, and other third parties who source customers or collect documents on the Company's behalf.
- All products and services offered by the Company including hire purchase, term loans, and working capital facilities.

Third parties collecting KYC documents on behalf of the Company are required to follow the same KYC standards. The Company remains fully responsible for the adequacy of KYC collected by or through agents.

## 4. Principal Nodal Officer (PNO)

The Company has designated Dr. Prateek Singh (Chief Executive Officer) as the Principal Nodal Officer (PNO) responsible for:

- Overall implementation and oversight of this KYC & AML Policy.
- Liaison with FIU-IND and other regulatory/law enforcement authorities.
- Filing of CTRs, STRs, and other prescribed reports with FIU-IND.
- Registration and maintenance of the Company's FIU-IND registration.
- Staff training on AML/KYC awareness and obligations.
- Reporting KYC/AML compliance status to the Board quarterly.

Details of the PNO shall be reported to FIU-IND and shall be updated within 15 days of any change.

## 5. Customer Acceptance Policy

### 5.1 Persons Who Cannot Be Onboarded

The Company shall NOT establish or continue a business relationship with:

- Anonymous persons, persons using fictitious names, or persons whose identity cannot be verified.
- Persons or entities appearing on UN Security Council Consolidated Sanctions List, OFAC List, or any sanctions list notified by Government of India / RBI.



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- Shell companies or entities without genuine business activity that are being used to obscure beneficial ownership.
- Persons known or suspected to be involved in criminal activities including drug trafficking, human trafficking, terrorism, or financial fraud.
- Entities whose ownership structure is unclear and beneficial owner cannot be identified after reasonable efforts.

## 5.2 Conditions for Customer Acceptance

- No account shall be opened / loan disbursed unless the full Customer Due Diligence (CDD) process is satisfactorily completed.
- Where KYC documents are incomplete, the loan application shall not be processed until complete documentation is received.
- KYC shall be conducted not only on the primary borrower but also on co-borrowers, guarantors, and beneficial owners.

## 6. Customer Due Diligence (CDD)

### 6.1 Standard CDD – Individual Customers

For individual customers, the following shall be verified:

#### (a) Identity Verification

One of the following Officially Valid Documents (OVDs) shall be obtained:

OVD	Serves as Identity Proof	Serves as Address Proof
Passport	Yes	Yes
Driving Licence	Yes	Yes (if current address shown)
Voter Identity Card (ECI)	Yes	Yes
Aadhaar Card (with written consent)	Yes	Yes
NREGA Job Card (State Govt. signed)	Yes	Yes
National Population Register Letter	Yes	Yes

Where the OVD does not contain the current address, a supplementary address proof shall be obtained: utility bill, bank statement, or employer's letter (not older than 2 months).

#### (b) Photograph

A recent passport-size photograph shall be obtained for every individual borrower.

#### (c) Income / Financial Capacity Documents

- Salaried individuals: Latest 3 months' salary slips, Form 16, bank statements (6 months).



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- Self-employed / Business: ITR (last 2 years), Audited/CA-certified financials (last 2 years), bank statements (12 months), GST registration (if applicable).
- Informal sector / other: Any credible documentary proof of income or earnings.

## 6.2 Standard CDD – Non-Individual Customers

For companies, partnerships, trusts, and other non-individual entities:

- Certificate of Incorporation / Registration.
- Memorandum and Articles of Association / Partnership Deed / Trust Deed.
- List of Directors / Partners / Trustees with their OVDs.
- PAN Card of the entity.
- Board Resolution authorising the borrowing and the person(s) authorised to execute documents.
- Beneficial Ownership Declaration (for entities with complex structures).
- Latest audited financial statements.
- GST Registration, MSME certificate (if applicable).

## 6.3 Beneficial Ownership (BO)

For all non-individual customers, the Company shall identify and verify the Beneficial Owner(s) defined as:

- For companies: natural person(s) who hold(s) more than 25% of shares or voting rights, or who exercises ultimate effective control.
- For partnerships: partner(s) controlling more than 15% of capital or profits.
- For trusts: the settlor, trustees, beneficiaries with 15%+ entitlement, and any person exercising ultimate effective control.

Where identification of BO is not possible (complex multi-layered structures), the Company shall escalate to the PNO and document the steps taken. Enhanced scrutiny shall be applied.

## 7. Customer Risk Categorisation (Risk-Based Approach)

All customers shall be assigned a risk category (Low / Medium / High) based on the following factors:

Risk Factor	Low Risk	Medium Risk	High Risk
Occupation	Salaried government / PSU employee	Salaried private sector; small business	Cash-intensive business; unverifiable income
Geography	Non-high-risk districts; Indian resident	Tier-2/3 city, self-employed	High-risk jurisdiction; Non-Resident; international exposure
Product	Standard vehicle / equipment hire purchase	Business loan; LAP	Unsecured loan; complex structure



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PEP Status	Not a PEP	N.A.	Domestic or Foreign PEP
Transaction Pattern	Consistent with profile	Minor variations	Unusual; inconsistent with profile
Source of Funds	Employment income	Business income	Unclear or unverifiable

Risk category shall be determined at onboarding and reviewed annually or on trigger events (e.g., adverse media, large transactions inconsistent with profile, change in business activity).

## 8. Enhanced Due Diligence (EDD)

Enhanced Due Diligence shall be applied to all High Risk customers, including but not limited to Politically Exposed Persons (PEPs), Non-Residents, High-Risk Businesses, and Trusts/NGOs:

- Declaration of source of funds and source of wealth.
- More detailed background checks and adverse media screening.
- Written approval from the PNO (or Board, for highest-risk cases) before establishing the business relationship.
- More frequent transaction monitoring (monthly rather than quarterly).
- More frequent KYC updation (every 2 years).

### PEP Specific Requirements

- Any customer identified as a Politically Exposed Person (domestic or foreign) shall require explicit approval from Senior Management (CEO) before relationship establishment.
- Ongoing enhanced monitoring shall be maintained throughout the relationship.
- Family members and close associates of PEPs shall be treated as PEPs for EDD purposes.

## 9. Periodic KYC Updation

KYC records shall be updated periodically as follows:

Risk Category	KYC Updation Frequency
High Risk Customers	Every 2 years
Medium Risk Customers	Every 8 years
Low Risk Customers	Every 10 years



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If an existing customer fails to provide updated KYC documents within 30 days of a written request, the Company shall restrict further credit drawdowns and/or enhanced monitoring, and may close the relationship after due notice in compliance with applicable law.

## 10. Transaction Monitoring

The Company shall monitor customer transactions for suspicious patterns, red flags, and unusual activity. Key red flag indicators include:

- Loan repayment using large cash amounts inconsistent with stated income.
- Early closure of loans using unexplained or unverifiable funds.
- Frequent changes in contact information, bank account details, or address without reasonable explanation.
- Multiple loan applications from the same address or phone number with different identities.
- Income or business activity inconsistent with the loan amount applied for.
- Third-party repayment of loans without clear justification.
- Borrower known to be under investigation by law enforcement.
- Transactions from high-risk geographic areas or jurisdictions on FATF / UN sanctions lists.
- Loan repayments and re-drawdowns in circular patterns suggesting possible layering.

Any transaction or customer behaviour that raises suspicion of money laundering, terrorist financing, or financial crime shall be reported internally to the PNO immediately.

## 11. Reporting Obligations

### 11.1 Cash Transaction Reports (CTRs)

- The Company shall file a CTR with FIU-IND for all cash transactions (including cash deposits, withdrawals, or exchange) aggregating to ₹10 lakh (₹10,00,000) or more in a single day.
- CTRs shall be filed monthly within 15 days of the end of the calendar month.
- All CTR data shall be maintained with supporting documentation.

### 11.2 Suspicious Transaction Reports (STRs)

- The Company shall file an STR with FIU-IND within 7 days of the PNO forming a reasonable suspicion that a transaction involves proceeds of crime, money laundering, or terrorist financing — regardless of the amount involved.
- Suspicion may arise from: customer behaviour, transaction patterns, adverse media, law enforcement alerts, or analysis of the customer's profile.
- The fact that an STR has been filed shall be kept strictly confidential. The customer shall NOT be informed (tipping-off prohibition under PMLA).
- A log of all STRs filed shall be maintained by the PNO.



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## 11.3 Non-Profit Organisation Transactions (NPOs)

- All transactions involving non-profit organisations, trusts, and NGOs shall be subjected to enhanced scrutiny.
- The Company shall verify the genuineness of NPO operations and their registration status before establishing any credit relationship.

## 11.4 Cross-Border Transactions

As the Company's business is primarily domestic, cross-border transactions are not currently anticipated. If such transactions arise, they shall be subject to FEMA compliance, RBI approvals where required, and enhanced KYC/AML scrutiny.

## 12. Sanctions Screening

- The Company shall screen all customers, beneficial owners, and guarantors against the following sanctions lists before establishing a business relationship and at least annually thereafter:
  - UN Security Council Consolidated Sanctions List (including UNSCR 1267 / 1989 Committees).
  - OFAC Specially Designated Nationals (SDN) List.
  - EU Consolidated Financial Sanctions List.
  - HM Treasury UK Financial Sanctions List.
  - Any list issued by the Government of India (Ministry of Home Affairs, UAPA notifications).
  - Any list notified by RBI from time to time.
- No business relationship shall be established or maintained with any person or entity appearing on any applicable sanctions list.
- Any match or potential match identified during screening shall be escalated to the PNO immediately for evaluation before proceeding.
- Records of all sanctions screening conducted shall be maintained.

## 13. Record Keeping

In compliance with PMLA, the Company shall maintain the following records:

Record Type	Minimum Retention Period	Storage
KYC documents (identity, address proofs) for all customers	5 years after cessation of business relationship	Physical and/or digital
Transaction records (loan ledger, repayment history)	5 years from date of transaction	Physical and/or digital



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CTRs filed with FIU-IND	5 years from date of filing	Digital (FIU-IND portal + Company records)
STRs filed with FIU-IND	5 years from date of filing	Digital (Strictly confidential)
Beneficial ownership records	5 years after cessation of relationship	Physical and/or digital
Internal suspicious activity investigation records	5 years	Confidential physical and digital
Staff training records	Duration of employment + 5 years	HR records

All records shall be maintained in a manner that enables: (a) reconstruction of individual transactions, (b) identification of customers, (c) provision of records to competent authorities on demand.

## 14. Staff Training

The Company shall conduct KYC/AML training for all relevant employees:

- Induction training: All new employees in customer-facing or operations roles shall complete KYC/AML training before independent customer dealings.
- Annual refresher training: All employees shall undergo at least annual refresher training on KYC/AML obligations, red flags, and reporting procedures.
- PNO-specific training: The PNO shall undergo specialised AML/CFT training at least once in 2 years.
- Training shall cover: KYC verification procedures, OVD requirements, red flag indicators, STR/CTR filing obligations, tipping-off prohibition, and the consequences of non-compliance.
- Training records (attendance, content, date) shall be maintained by the Company.

## 15. Confidentiality

All KYC information and records shall be kept strictly confidential. They shall not be shared with any person or entity except:

- RBI, FIU-IND, or any other competent authority in discharge of their regulatory or investigative functions.
- Courts, tribunals, or law enforcement agencies pursuant to a lawful order.
- With the prior written consent of the customer.

Employees shall sign confidentiality undertakings as part of their employment terms. Breach of confidentiality (including tipping-off a subject of an STR) may constitute a criminal offence.



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## 16. Policy Review

This Policy shall be reviewed at least once every year. An immediate review shall be triggered by:

- Material amendments to PMLA, RBI KYC Master Directions, or FATF Recommendations.
- Significant changes in the Company's business model or customer profile.
- Adverse findings from a regulatory inspection or internal audit.
- Issuance of new typologies or red flag guidance by FATF or FIU-IND.

All amendments shall require Board approval and shall be communicated to all relevant staff within 30 days.

**Adopted by the Board of Directors of Swagat Hire Purchase and Finance Company.**

Date of Adoption: 02 Feb 2026 | Version: 1.0

Principal Nodal Officer: Dr. Prateek Singh (CEO)

