

KYC & PMLA Policy – TVS CREDIT SERVICES LIMITED (As approved by the Board of Directors on 21st March 2016) In compliance with the Circular issued by the RBI regarding 'Know Your Customer' guidelines & 'Anti-Money Laundering Standards' to be followed by all NBFCs, the following KYC & PMLA policy of the company has been adopted by the Board of Directors of the company.

KYC & PMLA Policy

In compliance with the Circular issued by the RBI regarding 'Know Your Customer' guidelines & 'Anti-Money Laundering Standards' to be followed by all NBFCs, the following KYC & PMLA policy of the company has been adopted by the Board of Directors of the company at the board meeting held on 21st April 2010. The same is being amended in line with RBI regulations issued from time to time.

"Know Your Customer" (KYC) & Prevention of Money Laundering Act (PMLA) Policy

Objectives :

To put in place systems and procedures to help control financial frauds, identify money laundering and suspicious activities and safeguarding the company from being unwittingly used for transfer or deposit of funds derived from criminal activity or for financing of terrorism;

To put in place systems and procedures for customer identification and verifying his / her identity and residential address; and

To monitor transactions of a suspicious nature.

Definition of Customer:

A person or entity that maintains an account and/ or has a business relationship with the company in respect of lending and investments and this includes individuals, companies, partnership firms, banks, mutual funds, Limited Liability Partnerships, unincorporated entities, trusts and / or overseas corporate bodies and in respect of its wind power business, its suppliers, vendors and consumers in any capacity, whether as an individual or otherwise as explained herein;

Beneficial owner(s) of the above said entities;

Professional intermediaries, such as stock brokers, agents, chartered accountants and solicitors as permitted under law; or

Any other person or entity connected with a financial transaction, which can pose significant reputational or other risks to the company.

Procedure for Customer Identification & Acceptance & other matters:

In respect of financial services, the activities of the Company mainly comprise of retail lending and hence here, the customer of the company can be broadly classified into the categories, as referred to in Para II (i) above.

Customer identification means identifying the customer and verifying his / her identity by using reliable and independent source of documents, data or information to ensure that the customer is not a fictitious person.

The company shall ensure that its customer is not a fictitious person by verifying the identity of the

customer through documentation and shall also carry out necessary checks, so as to ensure that the identity of the customer on the basis of the documents obtained does not match with any person with known criminal background or with banned entities, such as individual terrorists or terrorist organizations. The company shall periodically monitor its customer base with the RBI circulars and information providing such lists of terrorists or terrorist organizations.

The company may collect such documents and other information in respect of different categories of its customers depending on perceived risk and keeping in mind the requirements of Prevention of Money Laundering Act, 2002 and guidelines issued by the RBI from time to time. Besides risk perception, the nature of information / documents required would also depend on the type of the customer (individual, corporate etc.)

The company may prepare a profile for each new customer based on risk categorization. The customer profile may contain information relating to customer's identity, profile, social / financial status and nature and location of its business activity.

There are certain indicative guidelines issued by RBI from time to time for customer identification requirements with regard to matters, such as `Trust / Nominee or Fiduciary Accounts, Accounts of companies & firms, Client Accounts opened by professional intermediaries, Accounts of Politically Exposed Persons resident outside India and Accounts of non face-to-face customers and these guidelines may also be adhered to, to the extent applicable.

Politically exposed persons are individuals, who are or have been entrusted with prominent public functions in 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. Decision to deal with such persons as a customer shall be taken up at a senior management level and shall be subjected to enhanced monitoring.

While opening accounts as described above, the customer would be made aware that if at any point of time, the balances in all his/her accounts with the company (taken together) exceeds rupees fifty thousand (Rs.50,000) or total credit in the account exceeds rupees one lakh (Rs.1,00,000), no further transactions will be permitted until the full KYC procedures is completed.

The Company shall prepare a profile for each new customer during the credit appraisal 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 clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by TVSCSL. At the time of credit appraisal of the applicant the details are recorded along with his profile based on meeting with the applicant (by the TVSCSL representative) apart from collection of applicable document, this will be as per the Credit/ products norms as may be in practice. However, while preparing 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 account. The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or for any other purposes. Further TVSCSL shall allot an Unique Customer Identification

Number to each of its Customer.

As per KYC policy, for acceptance and identification, TVSCSL Customers shall be categorized based on perceived risk broadly into three categories – A, B & C. Category A includes high risk customers, Category B contain medium risk customers while Category C customers include low risk. None of the entities will be exempted from TVSCSL's KYC procedure, irrespective of the status and relationship with Company or promoter. The above requirement may be moderated according to the risk perception.

High Risk – (Category A): High risk customers typically includes:

Non – resident Customers

High net worth individuals without an occupation track record of more than 3 years

Trust, charitable organizations, non govt. organization (NGO), organizations receiving donations,

Companies having close family shareholding or beneficial ownership.

Firms with sleeping partners

Politically exposed persons (PEPs) of Indian/ foreign origin

Non face to face customers

Person with dubious reputation as per public information available.

Medium Risk – (Category B): Medium risk customers will include:

Salaried applicant with variable income/ unstructured income receiving Salary in cheque

Salaried applicant working with Private Limited Companies,

Self employed professionals other than HNIs,

Self employed customers with sound business and profitable track record for a reasonable period, and

High net worth individuals with occupation track record of more than 3 years

Low Risk – (Category C): Low risk individuals (other than high net worth) and entities whose identities and sources of wealth can be easily identified and all other person not covered under above two categories. Customer carrying low risk may include the following:

Salaried employees with well defined salary structures

People working with government owned companies, regulators and statutory bodies, etc.

People belonging to lower economic strata of the society whose accounts show small balances and low turnover

People working with Public Sector Units) People working with reputed Public Limited Companies and Multinational Companies In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, the Company will obtain senior management approval in such cases to continue the business relationship with such person, and also undertake enhanced monitoring as indicated and specified in Annexure I

Note :

TVSCSL shall periodically update Customer Identification Data after the transaction is entered. The

periodicity of updation of Customer Identification data shall be once in ten years for low risk category customers, at least every eight years for medium risk customers and at least two years in case of high risk category customers

Fresh photographs shall be obtained in case of minor customer on becoming major

(k) One or more of the following valid self-attested documents may be called for from the customers as proof of their identity and address:

Type of Customer Documents

In case of Individuals Identity proof: (Copy of one of the following)

Income Tax Pan Card

Passport

Voter's Identity Card

Driving License

Aadhar card (both manual and e-card)

Bank Pass Book with photo (Scheduled Bank)

Residence proof: (Copy of one of the following)

Latest Telephone bill

Latest Electricity bill

Registered rental/lease/sale agreement

Passport

Ration Card

Voter's Identity Card

Driving License

Latest Bank Account statement or Bank Pass Book of Scheduled Bank

Latest Credit Card statement

Latest Demat account statement

In case of Non-Individual Identity & Residence proof (Copies of the following)

Income Tax Pan Card

Incorporation Certificate & Memorandum & Articles of Association (Registration Certificate & Deed, in case of Partnership firm/Trust)

List of Directors/Partners/Trustees along with their residential addresses & copies of their PAN card or Passport.

Latest shareholding pattern, along with the list of major shareholders having more than 20% of holding in case of Company.

Latest telephone bill or electricity bill or Registered Rental/Lease /Sale agreement or Shops & Establishment Certificate

(j) In addition to verification through one or more of the above said documents, the company may also call for suitable introduction by a person known to the company/group companies.

Ceiling & Monitoring of Transactions

The company normally does not and would not have large cash transactions. However, if and when cash transactions of Rs.10 lakhs and above are undertaken, the company will keep proper record of all such cash transactions in a separate register maintained at its office.

The company shall monitor transactions of a suspicious nature on an ongoing basis for the purpose of reporting it to the appropriate authorities. The extent of monitoring by the Company will depend on the risk sensitivity of the account and special attention will be given to all complex unusually large transactions, which have no apparent economic or lawful purpose.

The company shall promptly report such high value cash transactions or transactions of a suspicious nature to the appropriate regulatory and investigating authorities.

Risk Management:

The company may categorize its customers into 'High Risk' & 'Others' according to risk perceived based on its experience and review it from time to time. The company may devise procedures for creating risk profiles of its existing and new customers and apply various Anti-Money Laundering measures keeping in view the risks involved in a financial transaction or a business relationship. The company's internal audit and compliance functions shall play an important role in evaluating and ensuring adherence to KYC policies and procedure, including legal and regulatory requirement. The internal audit machinery shall be at all points of time staffed adequately with individuals who are well versed in such policies and procedures. The company for this purpose, if required, may also engage independent risk management companies/agencies and solicit their independent opinion. The compliance in this regard is being and will continue to be put up before the Audit Committee/Board on a periodical basis.

Customer & Staff Education:

The company may have an ongoing employee training programme, so that staff members are adequately trained in KYC procedures, who in turn may also educate customer from time to time. The frontline lending and operating managers shall be fully equipped with the compliance requirements of KYC guidelines in respect of new customer acquisition and shall adhere to the Customer Identification & Acceptance procedure as above. The rationale of KYC guidelines shall be updated periodically to new staff members also on an ongoing basis. The company shall also prepare an information data file compiling all relevant particulars of its customers, which may be of a personal nature. The said data shall also comprise all related KYC information in respect of existing and past customers

Suspicious transactions shall be reported immediately to the principal officer of the company:

Name: K Sridhar

Designation: Company Secretary

Phone: 044 28286500

Email: sridhar.krishnaswamy@tvsccredit.com

The Senior Management of the company shall take necessary steps to advise their concerned staff about the importance of compliance with above KYC & PMLA norms for depositors and borrowers, as the case may be.

In addition to the guidelines given under the aforesaid Policy, the company may also stipulate other guidelines through its Investment Policy & other policy documents and the same are also to be adhered to.

Appointment of Designated Director

With the enactment of Prevention of Money Laundering (Amendment) Act, 2012 and amendment to Section 13 of the Act which provides for "Powers of Director to impose fine", the section 13(2) reads as under:

"If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may—

issue a warning in writing; or

direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or

direct such reporting entity or its designated director on the Board or any of its employees, to send reports at such interval as may be prescribed on the measures it is taking; or

by an order, levy a fine on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure."

In view of the above amendment, TVSCS has nominated Mr.G.Venkatraman, Chief Executive Officer as "Designated Director" to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012

Corporate Social Responsibility Policy – TVS CREDIT SERVICES LIMITED (As approved by the Board of Directors on 27th March 2015)

I. PREAMBLE

TVS Credit Services Limited (TVS CS) is engaged in the business of providing financial assistance / loan to its prospective customers for the purchase of Two wheeler (TVS), Auto (TVS), used Car and

Tractor.

The Company in accordance with the requirements under the Companies Act, 2013 ("Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules"), constituted a CSR Committee, which formulated Policy on Corporate Social Responsibility ("CSR Policy") and recommended the same to the Board of Directors of the Company ("Board") for its approval. The Board vide its resolution dated 27th March 2015 approved and adopted the CSR Policy with immediate effect.

This policy encompasses the Group's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare and sustainable development of the community at large through its social arm, namely SST.

This policy shall apply to all CSR initiatives and activities taken up not only at the various work-centres and locations of the Company but also in any other parts of the country, for benefit of the society.

II. CSR VISION

To be a catalyst in creating self-reliant villages and transforming communities by deploying skills and resources in key areas such as economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.

III. OBJECTIVES :

CSR Policy intends to:

(a) Strive for (i) economic development, (ii) healthcare (iii) quality education (iv) conservation of environment and (v) infrastructure development that positively impact the society at large, especially the weaker Sections of society and rural parts;

(b) Embrace responsibility for the Company's actions and encourage a positive impact through its activities on eradicating poverty, promoting education, enhancing employment skills, promoting environment sustainability, amongst others;

(c) Empower the people to ensure sustainable and permanent improvement in the lives of the people living in the villages;

(d) Protecting the national heritage, art and culture including restoration of places of public and historical importance; and

(e) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

IV. CSR PROJECTS OR PROGRAMS :

The Company shall implement the CSR Policy in accordance with the requirements under Section 135 of the Act and the Rules framed thereunder, and currently, the Company's CSR activities will focus on:

(a) **ECONOMIC DEVELOPMENT:** Empowering women through self help groups; promoting improved agriculture practices through adoption of scientific methods of agriculture; improve livestock management through organizing of regular veterinary camps in rural areas; improve employability by providing enhancing vocational skills and providing career counselling. Survival, protection and education of girl children will be given primary focus to improve child sex ratio.

(b) **EDUCATION:** Promoting education, including special education, especially among children, women and the differently abled, including by way of setting up of balwadis in rural areas; establishing village level adult education centres, contributing towards improving the infrastructure of schools by building additional classrooms and other infrastructure, providing study and play materials, building of toilets and ensuring adequate water supply. Providing special care to introduce digital technology in primary and secondary education for improving quality of education.

(c) **ENVIRONMENT:** Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, including by way of : (i) educating the public on effective solid waste management; (ii) construction and periodic cleaning of drains for free flow of liquid waste; (iii) undertaking afforestation measures and supporting conservation measures to protect forest areas and prevent forest fires; and (iv) construction of various water and soil conservation structures, including rain water harvesting systems to increase the groundwater level, reduce soil erosion and increase crop cultivation area.

(d) **HEALTH:** Reduction of infant mortality and maternal mortality rate; reduction of malnutrition among children; reduction of anaemia among women by conducting nutrition demonstration programmes and supply of iron and calcium supplements to women and especially people belonging to the weaker Section of society. Reduction of open defecation by individuals by construction of toilets and promoting awareness of the disadvantages of open defecation; and promoting access to safe drinking water.

(e) **HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation.

(f) **NATIONAL HERITAGE, ART AND CULTURE:** Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries and promoting and developing traditional arts and handicrafts.

The CSR activities shall be undertaken within the territory of the Republic of India, and the Company shall give preference to the local area/ areas around where it operates, for spending the amount earmarked for CSR activities.

CSR projects, programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities. Also, activities undertaken in pursuance of the normal course of business of the Company and any direct / indirect contributions to any political party shall not constitute CSR activities.

V. CSR COMMITTEE :

(a) CSR Committee shall consist of three or more directors of which, at least one will be an independent director, unless otherwise required under applicable law.

(b) The CSR Committee of the Company will be responsible for:

formulating and recommending to the Board , the CSR Policy;

identifying CSR activities to be undertaken in terms of the provisions of the Act and Rules thereunder, provided such activities are indicated in the CSR Policy;

recommending the annual budgeted expenditure to be incurred on CSR activities by the Company, to the Board for its approval;

Subject to the provisions of the Act, recommend the locations for carrying out CSR activities;

recommending to Board, modifications to the CSR policy, as and when required; and

regularly monitoring the implementation of the CSR policy

VI. BOARD:

The Board of the Company will be responsible for:

approving the CSR policy as formulated by the CSR Committee, with or without modifications;

considering the recommendations of the CSR Committee and providing appropriate instructions / directions to the CSR Committee when required;

preparing a budget of expenditure to be applied for CSR projects contemplated in the annual policy of the Company ;

ensuring that in each financial year the Company spends at least 2% of the average net profits of the Company, made during the 3 (three) preceding financial years, or such other amount as prescribed under the Act and Rules framed thereunder, in pursuance of its CSR Policy.

disclosing in the Report of the Board, the names of CSR Committee Members and ensure annual reporting of its CSR activities in the format as prescribed under the Act and the Rules framed thereunder.

Complying with the requirements of the Act and the Rules regarding corporate social responsibility.

VII. EVALUATION AND IMPLEMENTATION OF CSR ACTIVITIES:

(a) SST or such other entity through which the Company is permitted to undertake its CSR activities under the Act, will receive requests for funding of projects, from time to time. The board of Trustees of SST will evaluate the proposals so received, either internally or with the help of third parties.

(b) Projects will be prioritized by assessing their impact and the permissibility of such funding, in view of the Company's CSR Policy, and shall be forwarded with recommendations to the CSR Committee for approval and implementation. The CSR Committee will deliberate on the proposals and recommend the proposals for implementation to the Board.

(c) The Company will undertake the CSR activities identified and recommended by the CSR Committee, through SST or such other entity/organization as permitted under the Act and the Rules framed thereunder. In the event the CSR activities are identified by way of the external agencies (including the SST) the CSR Committee shall ensure that the requirements of the Act and the Rules shall be fulfilled.

(d) The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.

(e) The total expenditure incurred towards administrative activities including salary paid to the employees engaged in CSR activities should not exceed 5% of the total CSR expenditure attributable for the relevant financial year.

VIII. MONITORING PROCESS:

(a) The Company recognizes that monitoring is critical for assessment of the progress as regards timelines, budgetary expenditure and achievement of objects of the CSR Policy. Monitoring may be done periodically with the help of identified key performance indicators.

(b) Monitoring may be done in project mode by way of a continuous feedback mechanism or in such intervals as determined by the CSR Committee, and recourse shall always be available for mid-course correction in implementation, whenever required.

(c) Implementation and monitoring of the CSR activities will be overseen by the CSR Committee. The monitoring and evaluation may be assigned by the CSR Committee to an external agency including SST for the sake of objectivity and transparency.

(d) If the projects are being implemented by external agencies, the Company may in consultation with CSR Committee designate special executives for this purpose.

IX. GENERAL:

(a) The CSR Policy recommended by the CSR Committee and approved by the Board shall be displayed in the Company's website for public viewing.

(b) In case of any doubt with regard to any provision of this CSR Policy and also in respect of matters not covered herein, a reference should be made to the CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.

(c) All provisions of the CSR Policy would be subject to revision/amendment in accordance with the applicable laws.

(d) The Company reserves the right to modify, cancel, add, or amend this CSR Policy.