

Know your customer Norms/
Anti-Money Laundering Standards

Approved by
Board of Directors in their meeting held on May 06, 2019, May 16, 2023

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1. BACKGROUND

a) Introduction

Bharti Telecom Limited ('BTL' or 'the Company') is an investment holding company. The Company is classified as a Core-Investment Company – Non-Deposit Taking Systemically Important (CIC-ND-SI) by RBI vide its certificate No. N-14.03465 dated January 15, 2019.

BTL is a promoter and an investment holding company of Bharti Airtel Limited ("Airtel"), a leading global telecommunications company with operations in 18 countries across Asia and Africa. Airtel ranks amongst the top 3 mobile service providers globally in terms of subscribers. The shares of Airtel are listed on the stock exchanges viz. NSE and BSE and forms part of both SENSEX and NIFTY index. The market capitalization¹ of Airtel is approx. Rs. 135,000 Crores. Accordingly, the market value of BTL's investment in Airtel on same date is approx. Rs. 67,510 Crores.

Bharti Group and Singtel Group are the major shareholders of BTL holding 98.97% of paid-up of its share capital. Bharti Group is one of India's leading conglomerates with diversified interests in telecom, insurance, real estate, agri and food, in addition to other ventures. Singtel Group, headquartered in Singapore has 140 years of operating experience and is one of the largest listed Singapore companies. The majority stake in Singtel is held by the Government of Singapore.

The sole business of BTL is to hold equity investment in Airtel which is strategic and long term in nature. At present, BTL does not have any NBFC operations also does not have any intent to carry out such activities/operations in future. BTL has obtained the registration as Non-Deposit taking Systemically Important Core Investment Company (CIC ND- SI) because of the requirements set out under the Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016 (CIC Directions), where a Non-Banking Financial Company which is a Core Investment Company, having total assets of not less than ₹100 crore and which has "raised or holds public funds" is required to obtain registration from RBI. Once borrowings were raised by BTL, it was technically covered under the above directions and thus had to apply for the registration as CIC ND-SI.

Since, the Company, during the currency of it borrowings, shall be governed by the CIC Directions and other applicable regulations/guidelines/circulars issued by RBI, it is technically required to have this policy for 'Know Your Client' in place in terms of Master Direction - Know Your Customer (KYC) Direction, 2016 as amended from time to time ("**MD KYC**"). This policy should be read in such limited context only, as there is no NBFC activities involved.

¹ As on May, 06, 2019.

b) Policy Objective

Objectives of the policy are as under:

1. To lay down criteria for Customer Identification.
2. To lay down the criteria for Customer Acceptance.
3. To establish procedure for monitoring suspicious transactions as may be applicable.
4. Risk Management.
5. To develop measures for educating employees and customers in regard with KYC and anti -money laundering in accordance with MD KYC and Prevention of Money-laundering Act, 2002 (“**PMLA**”).

c) Interpretation

If at any point a conflict of interpretation / information between this Policy and any Regulations, Rules, Guidelines, Notifications, Clarifications, Circulars, Master Circulars/ Directions by the Reserve Bank of India (“RBI”) or any other authority including but not limited to MD KYC arise then, interpretation of such Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Directions issued by RBI or such authority shall prevail.

2. CUSTOMER ACCEPTANCE POLICY (CAP)

- 2.1** Due Diligence for all customers shall be carried out to establish the identity, beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the business operations and/ or intends to use the services from the Company.
- 2.2** Where there is perceived non-cooperation of the customer in providing full and complete information, the Company shall cease to continue business with such person(s) / body corporate.
- 2.3** No loan account shall be opened in the fictitious / benami name or an anonymous basis. Circumstances, in which a customer is permitted to act on behalf of another person/ entity, should be clearly spelt out in conformity with the established law and practice of the Company.
- 2.4** Further, customers accepted, shall be verified by the way of tele-verification, contact point verification to establish the identity of the customer / ascertain the correctness of the address and other details. Documentary proof for tele-verification / contact point verification by any third party (agency) shall also be maintained.
The nature and extent of due diligence shall depend on the risk perceived by the Company.

2.5 Where there is a suspicion of money laundering or terrorist financing, and it appears that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.

3. CUSTOMER IDENTIFICATION PROCEDURE (CIP)

3.1 Due diligence shall be observed based on the risk profile of the customer. Accordingly, enhanced due diligence measures shall be placed in case of higher risk perception on a customer.

3.2 A duly filled and signed application containing details regarding the applicant (name, address, etc.) along with documents substantiating the clients' identity and legal existence shall be obtained. Also, wherever applicable, Beneficial Owner of the client as defined in MD KYC shall be identified on the basis of documents received.

3.3 Information/documents would be procured keeping in mind the respective risk category of customers. Additional Documentation shall be obtained from the customers with higher risk perception as may be deemed fit. This shall be done having regard but not limited to location (registered office address, correspondence address and other addresses as may be applicable), nature of business activity, repayment mode & repayment track record. Further, process for reviewing based on products / services extended, shall be followed.

4. MONITORING OF TRANSACTIONS

4.1 All transactions made in cash for the purpose of repayment shall be monitored and risk categorization shall be periodically reviewed and shall be carried out not less than once in six months.

Further, periodical updations of customer identification data (including photograph/s) shall be updated periodically. The periodicity of such updation should not be less than once in five years in case of low risk category customers and not less than once in two years in case of high and medium risk categories. Special Attention shall be paid to all complex, unusual large transactions /patterns which have no apparent economic or visible lawful purpose.

4.2 All cash transactions or a series of cash transactions of value of more than rupees ten lakhs or its equivalent in foreign currency within a period of one month & records shall be maintained by the company.

4.3 Repayments made through different / multiple bank accounts shall be monitored and records shall be maintained.

4.4 All necessary records arising out of transactions mentioned above shall be maintained for minimum of 10 (Ten) years and in situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, shall be retained until it is confirmed that the case has been closed.

5. RISK MANAGEMENT

5.1 The employees shall be adequately trained on KYC procedures on periodic basis. It shall be ensured that all the operating and management staff fully understand the responsibility under MD KYC and PMLA guidelines for strict due diligence and monitoring and reporting of transactions to the regulators.

5.2 It shall be ensured via internal audits and compliance functions that the policies and procedures adopted by the company shall be fully complied and adhered.

5.3 The Company shall not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list in terms of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005.

In case of match in the above cases, the Company shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act, 2005. A copy of the communication shall be sent to State Nodal Officer, where the account / transaction is held and to the RBI. The Company shall file an STR with FIU-IND covering all transactions in the accounts, covered above, carried through or attempted.

5.4 The Company shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc.

6. ONGOING EMPLOYEE TRAINING PROGRAMME ON KYC PROCEDURES AND CUSTOMER EDUCATION

The Company shall train the staff to handle situations while dealing with customers and endeavor to educate the customer about the objectives of KYC programme through specific literature/pamphlets.

Group-wide awareness/processes will be made for the purpose of discharging obligations under the provisions of Chapter IV of the PMLA

7. KYC FOR EXISTING ACCOUNTS

The MD KYC guidelines shall be applicable to all existing customers and transactions will be continuously monitored. In case of non-furnishing of information and / or non-cooperation by the customer, the management of the Company may consider to terminate the business relationship after issuing due notice to the customer.

8. INTRODUCTION OF NEW TECHNOLOGIES

BTL shall aim for introducing new technologies and systems for combating AML threats. This shall also include reengineering the existing systems to mitigate AML threats, if any.

9. APPLICABILITY TO BRANCHES OUTSIDE INDIA

The KYC measures / guidelines adopted shall be applicable to all the branches within and outside the country, as may be applicable in future. Also, prohibition in implementation of these guidelines in any country outside India due to the extent of local laws etc. shall be brought forward to the Reserve Bank of India.

10. MAINTENANCE OF PRESERVATION OF RECORDS

10.1 The customer documents (PAN, Passport, utility bills etc.) will be stored for 10 years after cessation of relationship.

10.2 In case of customers who are non-profit organisations, the details of such customers are registered on the DARPAN Portal of NITI Aayog. If the same are not registered, the Company 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 Company has ended or the account has been closed, whichever is later.

10.3 Customer documents will be maintained in a manner that allows data to be retrieved easily and quickly whenever required or asked by the competent authorities.

11. INFORMATION TO BE PRESERVED

BTL will maintain information in respect of transactions like nature of the transactions, amount of transactions, date on which the transactions was conducted and the parties to the transaction.

12. MAINTENANCE OF RECORDS OF TRANSACTIONS

Following transactions will be monitored and maintained:

- 12.1** All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
- 12.2** All series of cash transactions integrally connected to each other which have been individually valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds Rs 10 lakhs or its equivalent in foreign currency.
- 12.3** All suspicious /forged transaction that has taken place.

13. COMBATING FINANCING OF TERRORISM

BTL will ensure updation of the consolidated list of individuals and entities as when circulated by Reserve Bank of India and will ensure that all its new and existing customers will be checked against the list to ascertain that no individual or entities are part of the list circulated by Reserve Bank of India.

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

BTL will immediately report as per the law the full details of the suspicious transactions/ clients to FIU.

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