

# POLICY ON PRESERVATION OF DOCUMENTS

Version 5.0

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**Approved by:**

- Board of Directors on - 09-05-2018

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## 1 Purpose

Regulation 9 of Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein after referred to as “SEBI (LODR) Regulations” or “Regulations”, requires every listed company to have a policy on preservation of documents/records either in Physical Mode or Electronic Mode.

Further, Rule 6 of the Prevention of Money-laundering Act, 2002 (hereinafter referred as “PMLA”) and RBI’s Master Circular – ‘Know Your Customer’ (KYC) Guidelines – Anti Money Laundering Standards (AML) also provides for retention of records for a specified time.

The corporate records of the Company are the important assets for the Company and hence the Company seeks to access and manage its records effectively, and is obliged to create, maintain, preserve and dispose of records as per this Policy.

This Policy categorizes the records that whose preservation shall be permanent in nature and documents that will be preserved for specified period of time and outlines responsibilities to create, maintain and lawfully dispose of the records. It endorses the preservation of records in the Company’s Archives.

## 2 Definitions

- a) **“Company”** means Aye Finance Limited
- b) **“Board”** means the board of directors of the Company or its Committee.
- c) **“Documents”** as per section 2(36) of the Companies Act 2013 includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form. For the purpose of this Policy the term “Documents” shall mean statutory records, registers, returns, forms electronic storage devices etc., and the like etc. required to be maintained and preserved by the Company in physical or electronic form under the following regulations:
  - i. Companies Act, 1956/ Companies Act, 2013,
  - ii. Securities and Exchange Board of India Act, 1992,
  - iii. Prevention of Money-laundering Act 2002,
  - iv. RBI’s Master Circular – ‘Know Your Customer’ (KYC) Guidelines – Anti Money Laundering Standards (AML)
  - v. Any law or regulation for the time being in force.
- d) **“Listing Regulations”** means the Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015
- e) **“Preservation”** means to keep in good order and to prevent from being altered, damaged, or destroyed
- f) **“Policy”** means the ‘Policy on Preservation of Documents’ adopted by the company.
- g) **“Records”** means documentary evidence of past events or transactions.
- h) **“Digital Record(s)”** means the electronic record as defined under clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000.

Any other term not defined herein shall have the same meaning as ascribed to it under the Companies Act, 2013, Listing Agreement, Listing Regulations framed by the Securities Exchange Board of India, PMLA or any other relevant regulation/legislation applicable to the Company.

### 3 Objective

This Policy mechanism provides the comprehensive framework for preservation of documents for a specified period of time to achieve the following objectives:

- a) Effective corporate governance and risk management.
- b) Effective information management to support the work of the administrations and provision of continued access to it at times when needed.
- c) Systematic disposal/destruction of Company's non-current records that have outlived their administrative usefulness.
- d) Identification of the Company's records that are of continuing administrative and historical value to warrant their transfer to and preservation in the Company's Archives.

### 4 Value of Records

The Company understands the value of its records. Thus, attached to this Policy are the combinations of qualities that relate to their importance, usefulness, or quality. The following values are offered by the records:

- a) informational value – all information presented, whether written, pictorial or audio
- b) material value – intrinsic information about the records that can be retrieved from the material itself, such as age, provenance, history, software
- c) cultural value – encompasses a range of values such as political, religious, historical, ethical, aesthetic, and many other similar values.

As per this Policy, the Company shall preserve the qualities of all records as far as possible.

### 5 Scope of the Policy

For the purpose of achieving the above objectives, the documents covered as per this Policy have been divided into three categories

- A. The records or the documents that will be preserved permanently by the Company subject to the modifications, amendments, additions, deletions, or any changes made therein from time to time. Provided that all such modifications, amendments, additions, deletions in the documents shall also be preserved permanently by the Company.
- B. The records or the documents that will be preserved for the period of at least 8 years after completion of relevant transactions and not permanently. This Policy applies to the records maintained by the Company in any format or medium. Provided that any modifications, amendments, additions, or deletions in these documents shall also be preserved for a term not less than eight years. The records which are not required to be retained permanently shall be disposed of according to this Policy.
- C. The records or documents that will be preserved for the period of at least 5 years in compliance with the Provisions of PMLA and Master Circular – 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML).

## 6 Authority and Responsibility

Company Secretary shall be responsible for the preservation of the records in listed in the Annexure-A and Annexure-B according to the time frame prescribed in the Policy for their preservation.

Head- Operations shall be responsible for preservation all customer related records available in physical format and CTO for all such records in digital format. List of these records is in Annexure C.

All staff and management of the Company shall assist in implementing this Preservation Policy as appropriate to their roles and responsibilities.

## 7 Classification of Records

Based on the requirement and for the purpose of effective management, the period for which the records of the Company shall be maintained have been classified into three categories:

- i. Documents whose preservation shall be permanent in nature.
- ii. Documents whose preservation shall be at least 8 years.
- iii. Documents whose preservation shall be at least 5 years.

The classification of the documents has been made in the Annexures which forms part of this Policy.

While prescribing different time period for preservation of records, the following aspects have been taken into account:

- a) Compliance with statutory and regulatory requirements.
- b) Satisfaction of the needs of SEBI/RBI/MCA inspectors to have access to certain records.
- c) Satisfaction of the needs of internal and external auditors to have access to certain records.

The documents or records not covered by this Policy shall be maintained by the Company for the time period specified for their preservation under any statute or regulation by which they are governed.

## 8 Location of Records

As mandated by the Companies Act, 2013 or under any other statute, certain records shall be located at the registered office of the Company.

All customer related documents may be stored in company's offices in secure filing cabinets or may be stored with a record management agency.

The records for which no specific place has been specified under any statute shall be maintained at the corporate office of the Company or at any other place as may be approved by the management, from time to time.

## 9 Access and Authenticity

The preservation of the records of the Company is vital in order to ensure all current and future access to the records. Preservation is also concerned with ensuring the authenticity of records.

Since the records are maintained at different levels and departments in the Company, therefore Functional Heads should be authorized to ensure the preservation and access to the Records under their jurisdiction.

Classification, declassification, security, privacy and access to company's data is further governed by company's Data Governance Policy.

## 10 Destruction of Documents

The records referred to in **Annexure-A** of this Policy shall be maintained permanently.

Records should not be kept longer than is necessary and should be disposed of at the right time as unnecessary retention of records consumes time, space and equipment use, therefore disposal will aid efficiency. The records referred in **Annexure-B** shall be preserved for at least 8 years and thereafter as per the discretion of the management records may be disposed of in the manner prescribed by it.

The Company shall maintain a register of disposal of records in the custody of the Company's secretary, wherein the brief particulars of the records removed/disposed from the location after the expiry of its preservation period shall be entered. The register of preservation and disposal of records shall contain the following columns:

- a) Item Number
- b) Brief Particulars of the records preserved/ disposed of
- c) Date of creation of the record
- d) Date of removal from the register
- e) Whether preserved permanently or not, and
- f) Mode of destruction

This register of preservation and disposal of records shall be maintained permanently by the Company with the assistance of the company's secretary either in physical or electronic form.

The records referred in **Annexure C** shall be preserved for at least 5 years.

All customer related documents and other common documents as listed in Annexure C and Annexure-D may be destroyed after taking due approval from the respective Head of Department (Head-Operations for Physical records and CTO for Digital records).

A list of document and date of destruction of such destructed documents have to be maintained by the company secretary/ concerned department.

Calculation of retention period shall begin at the end of the calendar year in which the document was created. For all records pertaining to the identification of the customers and their address, 5 years shall begin at the end of the year in which the loan was closed.

The physical records have to be disposed of by shredding or otherwise making unreadable. For digital record(s) data should be destroyed by appropriate software, degaussing technology or other means of physical destruction where the information cannot be practically read or reconstructed.

## 11 Suspension of Record Disposal in Event of Litigation or Claims

In addition to the retention period specified, records relating to litigation matters are to be kept till the cases are finally disposed of. In the event of a litigation or an anticipated litigation related documents should be stored separately and retained for 5 years after the cases are fully disposed of. In case of dispute with tax authorities or government authorities, records and documents relating to dispute shall be preserved for 5 years after the settlement of dispute.

## 12 Record Appraisal

The Company shall at regular intervals carry out the appraisal of the records preserved as per this Policy. The purpose of the appraisal process is to ensure the records are examined at the appropriate time to determine whether or not they are worthy of archival preservation, whether they need to be retained for a longer period as they are still in use, or whether they should be destroyed.

## 13 Risk-based Approach

The Company adopts a risk-based approach in an endeavor to preserve the collection of its records. A preservation risk assessment for the whole collection shall be conducted and subsequently shall be reviewed periodically. The result of the risk assessment would be used to determine the urgency of preservation action: a low risk may simply indicate that the risk assessment should be recalculated at a future date, whereas a high risk will trigger immediate action.

## 14 Amendment

This policy may be amended or modified in whole or in part, at any time without assigning any reason, whatsoever with the approval of the Board.

## 15 Review Frequency

This policy shall be reviewed as an when required or at least once annually for incorporating regulatory updates and changes, if any.

Should there be any inconsistency between the terms of the Policy and the applicable law, the provisions of the applicable law shall prevail. Any amendments to the applicable law shall mutatis mutandis be deemed to have been incorporated in this Policy.

**Annexure- A Records to be preserved permanently**

Sl. No.	Document/Record
1	Certificate of Incorporation/ Commencement of Business
2	Memorandum & Articles of Association
3	Minute Books of General Meetings, Board and Committee Meetings as per Companies Act, 2013
4	License and Permissions
5	Register of Members
6	Index of Members
7	Agreements made by the Company with Stock Exchanges, Depositories, etc.
8	Records relating to Court Cases / CBI Cases / Police Cases/ Civil Suits/ Labor Court Cases/ Arbitration Cases.
9	Files relating to premises for instance Title Deeds/Lease Deeds of owned premises/land and building, etc. and related Ledger / Register
10	Authorization / licenses obtained from any statutory authority
11	Policies of the Company framed under various regulations
12	Register of preservation and disposal of records
13	Register of Power of attorneys, if any
14	Statutory register maintained by the Company under any regulation
15	Intellectual Property documents (Others)
16	Correspondences made with any statutory authority
17	Compliance Reports received from any statutory authority

**Annexure- B Records to be preserved for minimum period of eight years**

<b>Item No.</b>	<b>Records</b>
1	Instrument creating charge or modification (from the date of satisfaction of charge) as per Companies Act, 2013
2	Register of Inter Corporate Loans and Investments as per Companies Act, 2013
3	Annual Returns as per Companies Act, 2013
4	Annual financial statements including: - Annual accounts -Directors' report -Auditor's report
5	Vouchers / Voucher register and books of accounts as defined under subsection 13 of section 2 of the Companies Act, 2013
6	Income Tax Returns filed under Income Tax Act, 1961
7	All notices in form MBP – 1 received from Directors and KMPs along with any amendment thereto
8	Return of declaration in respect of beneficial interest in any share as per Companies Act, 2013
9	Copy of newspaper advertisement or publications
10	All agreement entered into by the Company from the date of its termination
11	All show cause notice or any other notice received from any statutory, government departments, Judicial or Quasi-judicial authority etc.

Annexure- C Records to be maintained under the Provisions of PMLA

To be maintained for a minimum of 5 (Five) years\* unless specified under any other Act or rules, for longer duration. after the business relationship between the client and the company has ended.

Item No.	Records
1	All records pertaining to the identification of the customers and their address (e.g., copies of documents like passports, identity cards, driving licenses, PAN card, utility bills, etc.) obtained while opening the account and during the course of business relationship, are properly preserved for <b>at least five years* after the business relationship is ended.</b>
2	All records of the transactions between the company and the customer from the date of transaction.
3	All record pertaining to or evidencing all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.
4	All record pertaining to or evidencing all series of cash transactions integrally connected to each other which have been individually valued below rupees ten 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 lakh.
5	All record pertaining to or evidencing all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions
6	All record pertaining to or evidencing all suspicious transactions whether or not made in cash
7	All documents/office records/memorandums pertaining to complex, unusual large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose and their purpose thereof should, as far as possible, be examined and the findings at branch as well as Principal Officer level should be properly recorded.

**Annexure- D Record Retention Schedule for Common Records**

S. No.	Record Description	Mode of Storage	No. of Years
1	Customer identification documents, KYC docs	Physical/ Digital	5*
2	Loan Application	Physical/ Digital	5*
3	Loan Sanction Letter	Physical	5*
4	Files of rejected loan proposals	Digital	5
5	Customer transaction details (CMS/ LMS)	Digital	5
6	Various Branch Registers (Cash, Key Movement etc.)	Physical	5

\* These records to be maintained for at least 5 years after the business relationship has ended with the customer.