



**MUTHOOT HOUSING FINANCE COMPANY LIMITED
(MHFCL)**

CIN: U65922KL2010PLC025624

**POLICY ON PRESERVATION OF DOCUMENTS, CUSTOMER
DOCUMENTS RETENTION AND DESTRUCTIONS OF
RECORDS.**

Recommended by

CEO

Approved by:

Board of Directors

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POLICY ON PRESERVATION OF DOCUMENTS

1. Legal Framework

The Policy on Preservation of Documents is in line with the provisions of Regulation 9 of Chapter III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 12 of the Prevention of Money Laundering Act, 2002 read with Rules 3, 4, 5 and 6 of the Rules notified by Notification No. 9/2005, dated 1st July, 2005 as amended by Notification No. 15/2005, dated 13th December, 2005, read along with Master Direction – Know Your Customer (KYC) Direction, 2016 as issued by the Reserve Bank of India (“RBI”) and as amended from time to time specifies that the Company shall maintain, preserve and report customer account information

Besides the above, as per applicable provisions of Companies Act, 2013 certain documents must be preserved permanently or up to a certain prescribed time.

Section 44AA of the Income Tax Act specifies that books of account and other specified documents shall be kept and maintained for a period of 6 years from the end of the relevant assessment year, i.e., for a total period of 7 previous years. Therefore, as per Income Tax Act requirement, the records shall be maintained for the period of 7 years

1a. Introduction- Customer Documents Retention and Destructions of Records.

Currently, most of the documents related to existing customers / applicants are retained at the locations and only all Disburse Dockets & file are being stored at P N Writers of India Limited. With the increase in volumes as also need to weed out undesired documents, it is essential that suitable Document Retention/Destruction policy is adopted. This note details the process to be followed for Retention/destruction of New /Existing Customers File & documents at PAN India branches and Rop’s both the locations. This policy sets the standards for managing, storing and preservation of documents of the New /Existing Customers File & documents at PAN India branches, ROP’s & Central office locations.

2. Purpose & Scope

This Policy is framed for the purpose of systematic identification, categorization, maintenance, review, retention and destruction of documents received or created during the course of business. The Policy contains guidelines to categorize documents that need to be maintained, how long these documents be retained and how and when those documents should be disposed of, if no longer needed.

Its core aspect is as follows:

- Nature and types of documents to be preserved/archived and retrieved
 - Duration and circumstances under which they must be preserved
 - Security and confidentiality of these records/documents
 - Mode of destruction including but not limited to electronic and physical
-
- “Documents” Documents shall mean all papers, records, files, books, electronic storage devices etc., and the like as required to be maintained under any law or regulation for the time being in force.
 - “**Rule 6 (Amended Ref No: RBI Circular A. P. (DIR Series) Circular No. 149)** “of the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 (hereinafter referred as “PMLA”) also provides for retention of records for a specified time.
 - “**Rule 3 “maintaining** proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
 - Retention of records in compliance with the Provisions of PMLA
 - The records referred to in Rule 3 of PMLA, as applicable to the Company including its subsidiaries, shall be maintained for a period of **Five years** from the date of the closure of the account between the client and the Company (list of such records are as per Annexure 3).
 - Rejected loan applicant’s KYC documents and other particulars furnished by the client shall be preserved for a period for five years from the date of rejection.
 - Audit trail of transactions of all accounts/documents, ledgers and records of transactions on the basis of which CTR, STR or CRR etc. have been filed with FIU will be preserved for Five years after the filing of report or till the disposal of court cases, if any, filed based on the report.

3. Definitions

“**Act**” means the Companies Act, 2013, Rules framed thereunder and any amendments thereto.

“Applicable Law” means any law, rules, circulars, guidelines or standards issued by Statutory and Regulatory Authorities under which the preservation of the Documents has been prescribed.

“Authorised Person” means any person duly assigned with the responsibility under Clause 7 of this policy.

“Board of Directors or Board” means the Board of Directors of MHFCL as constituted from time to time.

“Company” means Muthoot Housing Finance Company Limited (MHFCL) incorporated under the Companies Act, 1956 corresponding section of Companies Act 2013.

“Document(s)” refers to papers, notes, agreements, notices, advertisements, requisitions, orders, declarations, forms, correspondence, minutes, indices, registers and or any other record, required under or in order to comply with the requirements of any Applicable Law, whether issued, sent, received or kept in pursuance of the Act or under any other law for the time being in force or otherwise, maintained on paper or in Electronic Form and does not include multiple or identical copies.

“Electronic Form” means any contemporaneous electronic device such as computer, laptop, compact disc, floppy disc, space on electronic cloud, or any other form of storage and retrieval device, considered feasible, whether the same is in possession or control of the Company or otherwise the Company has control over access to it.

“Electronic Record(s)” means the electronic record as defined under Clause (t) of Sub Section (1) of Section 2 of the Information Technology Act, 2000.

“Maintenance” means keeping Documents, either physically or in Electronic Form.

“Preservation” means to keep in good order and to prevent from being altered, damaged or destroyed.

“PMLA Act” means the Prevention of Money Laundering Act, 2002 and any amendments thereto.

“Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Top Management” includes Managing/Whole Time Director, Chief Operating Officer, Chief Finance Officer, Company Secretary and Head of the Departments.

The words and phrases used in this Policy and not defined here shall derive their meaning from the Applicable Law.

4. Principle Responsibility of Employees for Preservation of Documents

All the Employees in the permanent rolls of the Company are responsible for taking into account the potential impacts on preservation of the documents in their work area and their decision to retain/preserve or destroy documents pertaining to their area.

5. Safety and Integrity of Records & Documents

The Company should design appropriate safety procedures to safeguard the documents and records and to enable a return to normal operating with minimal disruption. The Company should make appropriate provisions for the backup of its digital collections, including the provision of offsite security copies. The backup copies are actively maintained to ensure their continued viability. The Company should ensure that the digital collections and technical infrastructure required to manage and access them can be restored in the event of an emergency.

6. Classification of Documents to be preserved/retained

A. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Regulation 9 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides that the listed entity shall have a policy for preservation of documents, approved by its Board of Directors, classifying them in at least two categories as follows:

- i) Documents whose preservation is permanent in nature; and
- ii) Documents with preservation period of not less than 8 years after completion of the relevant transactions.

Based on the above, the Company has classified the documents for preservation during the course of its business, as given below:

- a. Documents whose preservation is permanent in nature. An indicative list is enclosed herewith as Annexure A.
- b. Documents with preservation period of not less than 8 years after completion of the relevant transactions. An indicative list is enclosed herewith as Annexure B.
- c. Categories of documents which may be destroyed as a normal administrative practice is enclosed herewith as Annexure C

B. As per Prevention of Money Laundering Act, 2002

In terms of section 12 of the Prevention of Money Laundering Act, 2002, the Company shall maintain a record of all transactions, the nature and value of which may be prescribed, whether such transactions comprise of a single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month.

As per Rule 3 of the Rules notified by Notification No. 9/2005, the Company shall maintain a record of:

- a) all cash transactions of the value of more than ₹ 10 lakhs or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ₹ 10 lakhs or its equivalent in foreign currency;
- c) all transactions involving receipts by non-profit organisations of value more than ₹ 10 lakhs, or its equivalent in foreign currency;
- d) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- e) all suspicious transactions whether or not made in cash.
- f) all cross border wire transfers of the value of more than ₹ 5 lakhs or its equivalent in foreign currency where either the origin or destination of fund is in India; and
- g) all purchase and sale by any person of immovable property valued at ₹ 50 lakhs or more that is registered by the reporting entity, as the case may be.

The above referred records shall contain all necessary information specified by the Regulator to permit reconstruction of individual transaction including the following information:-

- a) the nature of the transactions;
- b) the amount of the transaction and the currency in which it was denominated;
- c) the date on which the transaction was conducted; and
- d) the parties to the transaction.

The Company shall take appropriate steps to 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.

Further, the Company shall maintain for at least ten years from the date of cessation of transaction between the company and the client, all necessary records of transactions, both domestic or international, which shall permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

The Company shall ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data shall be made available to the competent authorities upon request.

7. Custody of the Documents

The Managing Director/Whole Time Director and Chief Executive Officer are severally authorised to assign such persons as they may deem fit, as the authorised person.

Subject to the Applicable Laws, the custody of the documents shall be with the Authorised Person. Where the Authorised Person tenders resignation or is transferred from one location of the Company to another, such Person shall hand over all the relevant documents, lock and key, access

control or password, or Compact Disc, other storage devices or such other Documents and devices in his possession under this Policy to such persons as may be decided by the Managing Director or Chief Executive Officer.

8. Modes of preservation

- a) The Documents may be preserved in
 - i) Physical form, or
 - ii) Electronic Form
- b) The Authorised person is expected to observe the compliance of statutory requirements as per applicable laws.
- c) The Functional Heads of the Company or delegate(s) one level below the Functional Head required to preserve the documents shall be the Authorised Person (defined herein) for that Function/Department who is generally expected to observe the compliance of preservation of Documents as per the requirements of Applicable law
- d) The preservation of Documents should be such as to ensure that there is no tampering, alteration, destruction or anything which endangers the content, authenticity, utility or accessibility of the Documents.
- e) The preservation of documents should be either at the premises occupied by the Company or with a third party service provider/ professional document keeping entity.
- f) The preserved Documents must be accessible at all reasonable times. Access may be controlled by Authorized Person, so as to ensure integrity of the Documents and prohibit unauthorized access.
- g) The preserved documents should be verified at regular intervals, whether the same is stored in Company's premises or third party service provider/ professional document keeping entity. The condition of the documents stored and the quantum of the documents stored shall be verified and reconciled by the Authorised Person at a regular interval of not more than 3 months.

9. Suspension of Record Disposal in the event of Litigation or Claims

In case the Company is served with any notice for request of documents or any employee becomes aware of a governmental investigation or commencement of any litigation against the Company, such employee shall inform the Top Management and any further disposal of documents shall be suspended until such time as the Top Management with the due advice from the legal counsel determine otherwise. The Top Management in such case shall inform all the employee by mail under "User list" of the need to retain the documents and suspension of disposal of the same.

10. Destruction of Documents

- a) Destruction as a normal administrative practice usually occurs because the records are duplicated, unimportant or for short term use only. This applies to both Physical and Electronic Documents.
- b) The temporary Documents, shall be destroyed after the relevant or prescribed period, by the Authorised Person in whose custody the Documents are stored, after the prior approval from the Managing Director/Chief Executive Officer or any other authority as required under the Applicable Law pursuant to which the Documents have been preserved.

11. Conversion of the form in which the Documents are preserved

- a) The physical Documents preserved may be converted, whenever required or felt necessary, into electronic form to ensure ease in maintenance of records and efficient utilization of space.
- c) This will be undertaken by the executives and staff, after obtaining prior approval from the Authorised Person. Physical Documents once digitised, may be destroyed, provided, record keeping of those documents are not mandated by law. Further document owner to take ownership of the proper digitisation of physical records, when physical records are converted into electronic form.

12. Periodical Review of the Policy by the Top Management

The policy should be reviewed periodically by the Risk Management Committee and amendments effected shall be subject to the approval of the Board. The Top Management may also review the policy on document retention to comply with any local, state, central legislations that may be promulgated from time to time.

13. Amendment

The Board authorize the Managing Director /Whole Time Director and Chief Executive Officer, severally to amend the indicative lists annexed to this policy as they may deem fit or from time to time. The Board has the power to amend the entire policy and the decision of the Board in this respect shall be final and binding.

ANNEXURE - A

**14. AN INDICATIVE LIST OF DOCUMENTS WHICH WILL BE PRESERVED
PERMANENTLY**

SECRETARIAL DEPARTMENT - (Authorised Person – Company Secretary)

- a. Certificates and Licenses granted by the Statutory Authorities
- b. Memorandum of Association & Articles of Association
- c. Minutes Books of Annual General Meeting, Board and its Sub Committees
- d. Common Seal
- e. Annual Reports
- f. Statutory Registers
- g. Register of Public Deposits
- h. Certificate issued by RBI / NHB
- i. Any other documents as may be mandated under applicable laws, rules, or regulations not specifically mentioned above

FINANCE & ACCOUNTS DEPARTMENT - (Authorised Person - Chief Financial Officer)

- a. Annual Audit Reports and Financial Statements, Tax and Vat Audit
- b. Fixed Asset Register
- c. Tax Litigation documents
- d. Records on CSR Projects (including amount budgeted, spent and balance if any) projects undertaken and progress thereon.
- e. Tax records
- j. Any other documents as may be mandated under applicable laws, rules, or regulations not specifically mentioned above

OPERATIONS DEPARTMENT(Authorised Person – Head Operations)

Contents of Clients Card files and Docket Cover folder

Card File contents

- Credit Checklist
- Application form
- KYC documents
- Income Proofs, Credit Check Copies
- Loan Closure Letters
- Employment/business profile
- Copy of Business Licenses
- CIBIL Report/ CRIF report
- PD Sheet
- CAM Sheet
- Final Recommendation approval mail
- Online PAN, Aadhaar Verification
- All Verification Reports viz. EV, RV, BV, etc.
- Sales Meeting report along with selfie & Residence Pictures in details
- Post sanction inspection reports, copies of notices sent to the borrowers for payment of EMIs, recall of loans in respect of Accounts where instalments are not received as per terms of sanction, and all other correspondence relating to recovery.
- Memorandum for Re-scheduling/ re-substitution of loan (wherever applicable)
- Memorandum proposing Legal action, Recovery under SARFAESI act, Waiver of Legal Action
- Notices under SARFAESI ACT, as applicable.

Docket contents:

Internal Documents

- Login Disbursement checklist

- Demand Promissory Note (DPN)
- Letter of Continuity
- Loan Agreement (LA)
- Loan agreement signing picture
- Letter of Request disbursement of loan
- Affidavit cum undertaking
- Letter of offer cum Acceptance
- Undertaking as per NHB requirement in plot loan cases.
- Vernacular declaration
- MOE
- Notice of intimation (Wherever Applicable)
- Letter of Guarantee (LG)-wherever applicable
- Insurance related paper (DOGH Form)

Property Documents

- LSR & TSR
- Search report with search receipt
- Original legal vetting report
- Papers relating to Equitable Mortgage / Registered Mortgage
- Power of Attorney
- Original title deeds to the property, as per Legal opinion, along with original chain Documents
- Title deeds of collateral of collateral securities
- Encumbrance certificates as per Legal scrutiny report
- Original copy of registration receipt from the sub-registrar –wherever applicable
- Society allotment letter & share certificates (wherever applicable)
- NOC from government /semi government organizations, Development authority Etc.)Societies, builder, agencies, etc.
- In construction cases: a) original approved plan b).Original estimates
- Any other documents as may be prescribed under applicable laws, rules, or regulations not specifically mentioned above

Typically, the nature of documents available at Branches/ ROP's /Central Office / P N winterers can be classified as under:

- A. Declined cases – Proposals logged in but rejected by Credit
- B. Sanctioned but undisbursed cases
- C. Disbursed cases
- D. Loan closed cases
- E. Receipts Books

A brief summary is enumerated below:

- A. Declined cases – The Applicant provided documents (i.e. KYC, income proof, etc.) to be retained for 5 years from rejection date and then destructed. In case any applicant claims these back, these to be returned duly obtaining his acknowledgement. Such acknowledgements to be retained at locations for next 5 years.
- B. Sanctioned but undisbursed cases - The suggested procedure is same as above. In addition, in case applicant's original property documents were collected, these MUST be returned with due acknowledgement. Such acknowledgements to be retained at locations for next - 5 years.
- C. Disbursed loans – For disbursed loans Dockets & files need to be sent out to P N Writers.
- D. Loan Closure cases – The files need to be preserved for 10 years post the loan account closure. These are proposed to be stored centrally at P N writers
- E. Receipts Books - The files need to be preserved for 5 years post the loan account closure. These are proposed to be stored centrally at P N writers

NOTES:

1. Files reported to Risk /Ho- Collection Legal need to be stored centrally with Corporate Legal team once they Work is finished the same is store with the vendor for next 10 years from the time of Risk /Ho- Collection Legal reporting. Further, in such cases, the documents cannot be returned to the applicant/ customer Prior Permission of the relevant Authority.

2. In case there is any dispute with any client/ applicant or complaint is filed by Applicant, the records should not be destructed till dispute resolution.
3. For all the closed loan cases, the destruction process will be undertaken jointly by ROP's- Credit & ROP's- Operations duly validating that no original documents are destructed in the process. All the details of such activity will be documented for future reference.
4. While shredding/ destructing the records as provided above, the Regional Operations Manager would be responsible for ensuring that such shredding/ destruction is completed under his/her supervision and desired record is maintained providing due trail over the documents shredded/ destroyed. The Record is to be maintained with following details:

Date of Shredding/ Destruction	Name of Applicant	Mode of Destruction (torn off/ burnt/ shredded)	Operations Employee Code	Operations Official Name	Operations Official Sign	ROM (Name and sign)

This record should always be available for review/ audit by Concurrent auditors/ HO Audit team.

Extract of this Record should be shared with HO-Operations at such communicated from time to time. Intervals as may be

The detailed procedures is enumerated in the sheet below:

Sr No.	Status	Scenario	Nature of Document	Process to be followed	Ownership

1	Declined Cases	Documents return requested by Customer	Basic Customer Documents	- In case any applicant(s) comes seeking return of docs provided by him, these to be returned to him after obtaining a REQUEST LETTER seeking return of docs and duly obtaining acknowledgement for having returned the docs. (under no circumstances, the MHFCL docs i.e. KYC, internal memos, etc., to be shared with the applicant)	Branch Operations Executive
				<p>- In case the Processing Fees is refunded to applicant, the applicant(s) acknowledgement for having received the PF refund, should also be preserved.</p> <p>- ABOVE letter/ applicant(s) acknowledgement needs to be preserved for 5 years.</p> <p>Maintain MIS for such cases and share with HO-Operations on a periodic basis</p>	
2	Sanction but Undisbursed Cases	Claimed by Customer	Card File	Treatment same as 1 above	Branch Operations Executive
				Original property documents, if submitted by client, to be RETURNED under client acknowledgement. THESE LETTERS with acknowledgement to be preserved separately at Branch for 5 years.	Branch Operations Executive/ credit
			Docket File	Client MHFCL agreement to be CANCELLED and DESTROYED simultaneously while shredding the client file copies (as indicated in 1 above).	

				Maintain MIS for such cases and share with HO-Operations on a periodic basis	
3	Disbursed Cases	Disbursement	Card file & Docket	3 months post disbursement Post Audit and Completion of Scanning, send the entire docket file to P N Writers for safekeeping.	ROP's Operations

**15. AN INDICATIVE LIST OF DOCUMENTS FOR WHICH WILL BE PRESERVED
FOR A PERIOD NOT LESS THAN 8 YEARS**

(After completion of the relevant transactions)

SECRETARIAL DEPARTMENT -

(Authorised Person - Company Secretary.)

- a. Register of debenture-holders
- b. Copies of Annual Return
- c. Instrument creating a charge or modification thereon
- d. Notice of Interest of Directors (MBP-1)
- e. Register of Buyback of Securities
- f. Register of Payment of Dividend
- g. Register of Directors Attendance
- h. Register of Postal Ballot & Proxies
- i. Register of Sweat Equity Shares & ESOP
- j. Register in respect of SEBI (Prohibition of Insider Trading) Regulations, 1999
- k. Any other documents as may be mandated under applicable laws, rules, or regulations not specifically mentioned above

FINANCE & ACCOUNTS DEPARTMENT - (Authorised Person - Chief Financial Officer)

- a. Accounts Payable/Receivable ledgers and schedules
- b. Investment Records
- c. Copies of Security Deposit receipts
- d. Employee Expense Reports
- e. Fixed Asset Purchase Orders and Bills for Fixed Assets addition

- f. Bank Guarantees
- g. Group Insurance Plans - Active Employees
- h. Insurance Policies for the Company
- i. Tax Challans, Receipts, Statements and other records
- j. Sales Tax Records
- k. Service Tax Records
- l. Any other documents as may be mandated under applicable laws, rules, or regulations not specifically mentioned above

HR DEPARTMENT - (Authorised Person – Head HR)

- a. Retirement and Pension Records
- b. Commission/Bonuses/Incentives/Awards
- c. Personnel files of employees
- d. Employee Medical Records
- e. Attendance Records
- f. Payroll Deductions
- g. Payroll Registers (Gross and Net)
- h. Attendance records, application forms, job or promotion records, performance evaluations, termination papers, test results, training and qualification records, and enquiry related papers
- i. Labour Distribution Cost Records including details regarding gratuity and retirement disbursements
- j. Any other documents as may be mandated under applicable laws, rules, or regulations not specifically mentioned above

16.Categories of documents which may be destroyed as a normal administrative practice

- Catalogues
- Copies of press cuttings, press statements or publicity material
- Letters of appreciation or sympathy
- Requests for copies of maps, plans, charts, advertising material (subject to clause on destruction of documents)
- Facsimiles where a photocopy has been made
- Telephone messages
- Drafts of reports, correspondence, speeches, notes, spread sheets, etc. (subject to clause on destruction of documents)
- Routine statistical and progress reports compiled and duplicated in other reports (subject to clause on destruction of documents)
- Any other documents as may be prescribed under applicable laws, rules, or regulations not specifically mentioned above