



Navadhan Capital Private Limited

**KYC AML Policy**  
**v 1.0**

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Version	Proposed by	Approved by	Approval Date	Applicable Date
v1.0	Vijay Haswani – Head of Credit	Board of Directors	20-Aug-2020	20-Aug-20

**'KNOW YOUR CUSTOMER' (KYC) GUIDELINES – ANTI MONEY LAUNDERING (“AML”) POLICY**

With reference to the guidelines regarding 'Know Your Customer' norms issued by RBI (DBOD), in August 2002 and various guidelines issued in the subsequent years revisited in the context of the Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT), the policy on Know Your Customer (KYC) & Anti Money Laundering (AML) are formulated for the Company and approved by the Board.

Under these guidelines the Regulated Entities are advised to follow certain customer identification procedure for opening of accounts and monitoring transactions of suspicious nature for the purpose of reporting it to appropriate authority. Navadhan Capital Private Limited is committed to its strict compliance.

**1. Applicability**

This “Know Your Customer and Anti-Money Laundering Policy” (the Policy) will apply to Navadhan Capital Private Limited (“the Company”), its employees and its agents/ representatives.

This Policy will require the Company’s employees and its agents/ representatives to:

- Protect the Company from being used for any type of money laundering or terrorist funding activities;
- Comply with the applicable Anti-Money Laundering (AML) Laws and the Company’s KYC & AML Policy & Procedures in letter and spirit;
- Be alert and escalate suspicious activity and not knowingly provide advice or other assistance to individuals who attempt to violate Anti Money Laundering Laws or this Policy. Knowledge includes the concept of ‘willful blindness’ (failure to make appropriate inquiries when faced with suspicion of wrongdoing) and ‘conscious avoidance of knowledge’;
- Conduct themselves in accordance with the highest ethical standards; and
- Co-operate with the regulatory authorities and the Financial Intelligence Unit as per the applicable laws.

**1.1 Effective Date**

This Policy shall be effective from the date of approval of this policy

**1.2 Review of Policy**

The Policy shall be reviewed as and when required by the applicable rules and regulations.

**1.3 Implementation & Monitoring of Policy**

The Risk Management Committee (RMC) will monitor and supervise implementation of the Policy.

**1.4 Policy Approval**

The Policy and any significant changes therein shall be approved by the Board of Directors or the Risk Management Committee of the Company.

**2. Background:**

The Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT) standards have become the international benchmark for framing Anti Money Laundering and combating financing of terrorism policies by the regulatory authorities. Compliance with these standards both by the banks/financial institutions, has become necessary for international financial relationships. The Reserve Bank of India(RBI) has issued revised set of comprehensive 'Know Your Customer' Guidelines to all Non-Banking Financial Companies (NBFCs), Miscellaneous Non-Banking Companies and Residuary Non-Banking Companies in the context of the recommendations made by the Financial Action Task Force(FATF) and Anti Money Laundering (AML) standards and combating financing of terrorism policies by the regulatory authorities and advised all NBFCs to adopt the same with suitable modifications depending on the activity undertaken by them and ensure that a proper policy framework on KYC and AML measures are formulated and put in place with the approval of their respective Boards.

The term 'Money Laundering' refers to act of concealing or disguising origin and ownership of proceeds from criminal activities including drug trafficking, public corruption, terrorism, fraud, human trafficking and organized crime activities. 'Terrorist Financing' is the use of legally or illegally obtained funds to facilitate terrorist activities. 'Money Laundering' and 'Terrorist Financing' may involve a wide variety of financial products, services and transactions including lending & investment products, financing of equipment or other property that could be used to facilitate terrorism and other criminal activity.

Almost every crime with a profit motive can create proceeds that can be laundered. For example, fraud, theft, illegal drug sales, organized crime, bribery, corruption of government officials and human trafficking can create illegal funds that a criminal seeks to convert into legitimate property without raising suspicion. Tax evasion and violations of fiscal laws can also lead to money laundering.

Generally, the process of Money Laundering involves three stages, viz. (i) Placement; (ii) Layering; and (iii) Integration. As illegal funds move from the placement stage to the integration stage, it becomes increasingly harder to detect and trace back to the illegal source.

**Placement** is the point where illegal funds first enter the financial system. The deposit of illegal cash into an account or the purchase of money orders, cashier's checks or other financial product is made. Non-bank financial institutions, such as currency exchanges, money remitters, casinos, and check-cashing services can also be used for placement.

**Layering** After illegal funds have entered the financial system, layers are created by closing and opening accounts, purchasing and selling various financial products, transferring funds among financial institutions and across national borders. The criminal's goal is to create layers of transactions to make it difficult to trace the illegal origin of the funds.

**Integration** occurs when the criminal believes that there are sufficient number of layers hiding the origin of the illegal funds to safely invest the funds or apply them towards purchasing valuable property in the legitimate economy.

A financial institution or other business may be used at any point in the process of money laundering. The criminals and other anti-social elements keep coming-up with innovative means to launder money and no financial institution or business is immune from possible victimization.

To address issue of money laundering, the Government of India and other countries around the world have made money laundering a crime and prescribed regulatory requirements for compliance by the banks, financial companies/ institutions and other regulated/ reporting entities to prevent and detect money laundering.

To prevent money-laundering in India and to provide for confiscation of property derived from or involved in money-laundering and related matters, the Government of India enacted the Prevention of Money Laundering Act, 2002 (**PMLA**), as amended from time to time. Further, the PMLA and necessary Notifications/ Rules thereunder have been published and amended thereafter.

As per the Prevention of Money Laundering Act 2002, "**Offence of Money Laundering**" is defined as "*Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering.*"

Further, "**Proceeds of crime**" means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to scheduled offence or the value of any such property."

The PMLA and the Rules notified thereunder impose obligation on banking companies, financial institutions (which includes chit fund company, a co-operative bank, a non-banking financial company and a housing finance

institution) and other defined intermediaries to verify identity of clients, maintain records and furnish requisite information to Financial Intelligence Unit- India (FIU-IND). The PMLA defines money laundering offence and provides for the freezing, seizure and confiscation of the proceeds of crime.

The Reserve Bank of India (RBI) has prescribed the Reserve Bank of India {Know Your Customer (KYC)} Directions, 2016 ("RBI KYC Directions") in order to ensure compliance by every entity regulated by RBI ("Regulated Entity") with the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005.

In accordance with the RBI KYC Directions, the Company is required to have a Know Your Customer (KYC) Policy duly approved by its Board of Directors or any committee of the Board to which power may be delegated.

The KYC and AML Policy has been prepared considering the following key elements:

- a) To lay down the criteria for Customer Acceptance (CAP);
- b) Risk Management;
- c) To lay down criteria for Customer Identification Procedures (CIP);
- d) To establish procedures for monitoring of transactions as may be applicable;

### **3. Definitions:**

In these Guidelines, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:-

1. "Aadhaar number" means an identification number as defined under sub-section (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the 'Aadhaar Act';
2. "Act" and "Rules" means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto;
3. "Authentication" means the process as defined under sub-section (c) of section 2 of the Aadhaar Act;
4. Beneficial Owner (BO):
  - a) Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercise control through other means.

*Explanation - For the purpose of this sub-clause: -*

    - (i) "Controlling ownership interest" means ownership of/entitlement to more than 25 per cent of the shares or capital or profits of the company.
    - (ii) "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
  - b) Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership off entitlement to more than 15 per cent of capital or profits of the partnership.
  - c) Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership off entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.

*Explanation- Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.*
  - d) Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 15% or more interest in the trust and any

- other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
5. "Certified Copy of OVD" - Obtaining a certified copy by Company shall mean comparing the copy of officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the Company.
  6. "Central KYC Records Registry" (CKYCR) means an entity defined under Rule 2(1)(aa) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
  7. Customer means
    - a) "Customer" a person or entity that maintains an account and/or has a business relationship with the Company;
    - b) one on whose behalf the account is maintained (i.e. the beneficial owner); Under Government of India notification 'beneficial owner 'means the natural person who ultimately owns or controls a client and/or the persons on whose behalf a transaction is conducted, and includes a person who exercise ultimate effective control over a juridical person.
    - c) beneficiaries of transactions conducted by professional intermediaries, such as Chartered Accountants, Solicitors, etc. as permitted under the law, and
    - d) any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Company, say, a wire transfer or issue of a high value demand draft as a single transaction.
  8. "Customer Due Diligence" (CDD) means identifying and verifying the customer and the beneficial owner
  9. "Customer Identification" means undertaking the process of CDD.
  10. "Designated Director" means a person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include:
    - a) the Managing Director or a whole-time Director, duly authorized by the Board of Directors, if the RE is a company,
    - b) the Managing Partner, if the RE is a partnership firm,
    - c) the Proprietor, if the RE is a proprietorship concern,
    - d) the Managing Trustee, if the RE is a trust,
    - e) a person or individual, as the case may be, who controls and manages the affairs of the RE, if the RE is an unincorporated association or a body of individuals, and
    - f) a person who holds the position of senior management or equivalent designated as a 'Designated Director' in respect of Cooperative Banks and Regional Rural Banks.

Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.
  11. "FATCA" means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.
  12. "KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
  13. "Non-face-to-face customers" means customers who open accounts without visiting the branch/ offices of the Company or meeting the officials of the Company.
  14. "Officially Valid Document" (OVD) means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly

signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

Provided that

- a) where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b) where the OVD furnished by the customer does not have updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address: -
  - i. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
  - ii. property or Municipal tax receipt;
  - iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
  - iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;
- c) the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above

Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

15. "On-going Due Diligence" means regular monitoring of transactions in accounts to ensure that they are consistent with the customers' profile and source of funds.
16. "Periodic Updation" means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank of India.
17. "Person" has the same meaning as defined in the Act and includes:
  - a) an individual,
  - b) a Hindu undivided family,
  - c) a company,
  - d) a firm,
  - e) an association of persons or a body of individuals, whether incorporated or not,
  - f) every artificial juridical person, not falling within anyone of the above persons (a to e), and
  - g) any agency, office or branch owned or controlled by any of the above persons (a to f).
18. "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country e.g., Heads of States/Governments, senior politicians, senior government/ judicial/ military officers, senior executives of state- owned corporations, important political party officials, etc.
19. "Principal Officer" means an officer nominated by the Company, responsible for furnishing information as per rule 8 of the Rules.
20. "Suspicious Transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
  - a) gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
  - b) appears to be made in circumstances of unusual or unjustified complexity; or
  - c) appears to not have economic rationale or bona-fide purpose; or

d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.

21. "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
- opening of an account;
  - deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
  - the use of a safety deposit box or any other form of safe deposit;
  - entering into any fiduciary relationship;
  - any payment made or received, in whole or in part, for any contractual or other legal obligation; or
  - establishing or creating a legal person or legal arrangement.
22. "Wire transfer" means a transaction carried out, directly or through a chain of transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank.
23. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Prevention of Money Laundering Act and Prevention of Money Laundering (Maintenance of Records) Rules, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

#### **4. Customer Acceptance Policy (CAP)**

Navadhan shall have the following criteria for Customer Acceptance norms as under:

- No account(s) is opened in anonymous or fictitious/benami name(s);
- The Company will not open an account where it is unable to apply appropriate Customer Due Diligence (CDD) measures, i.e. where the Company is unable to verify the identity and /or obtain documents required as per the risk categorisation due to non-co-operation of the customer or non-reliability of the data/information furnished by the customer
- No transaction or account-based relationship will be undertaken without following the CDD procedure
- Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, the Company may consider closing the account or terminating the business relationship. However, the decision to close an existing account shall be taken at a reasonably senior level, after giving due notice to the customer explaining the reasons for such a decision
- The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, will be specified.
- 'Optional'/additional information, will be obtained with the explicit consent of the customer after the account is opened
- The Company will apply the CDD procedure at the UCIC (Unique Customer Identification Code) level. Thus, if an existing KYC compliant customer of company desires to open another account with us, there shall be no need for a fresh CDD exercise
- CDD procedure will be followed for all joint account holders while opening a joint account
- Circumstances, in which a customer is permitted to act on behalf of another person/entity, will be clearly spelt out in conformity with the established law and practices, as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in a fiduciary capacity. No account (Resident or Non-Resident) will be opened by a Power of Attorney holder. The Identity of the mandate /POA holder shall be established.
- Necessary checks before opening a new account to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual



terrorists or terrorist organizations, etc. For this purpose, the Company shall maintain lists of individuals or entities issued by RBI, United Nations Security Council, other regulatory & enforcement agencies, internal lists as the Company may decide from time to time. This will be done centrally through the system which maintains the list. Full details of accounts bearing resemblance with any of the individuals /entities will be immediately intimated to RBI and FIU-IND.

- Adequate due diligence is a fundamental requirement for establishing the identity of the customer. Identity generally means a set of attributes which together uniquely identify a natural person or legal entity. In order to avoid fictitious and fraudulent applications of the customers and to achieve a reasonable degree of satisfaction as to the identity of the customer, the Company will conduct appropriate due diligence.
- The nature and extent of basic due diligence measures to be conducted at the time of establishment of account opening/ relationship, would depend upon the risk category of the customers and involve collection and recording of information by using reliable independent documents, data or any other information. This may include identification and verification of the applicant and wherever relevant, ascertaining of occupational details, legal status, ownership and control structure and any additional information in line with the assessment of the risks posed by the applicant and the applicant's expected use of the Company's products and services from an AML perspective.
- The Company may rely on third party verification subject to the conditions prescribed by the RBI, the PMLA and the Rules thereunder in this regard.
- For non-face-to-face customers, appropriate due diligence measures (including certification requirements of documents, if any) will be devised for identification and verification of such customers.
- Relationship/ opening of accounts shall be established and the beneficiary of the relationship/ account shall also be identified.
- The information collected from the customer shall be kept confidential.
- Appropriate Enhanced Due Diligence (EDD) measures shall be adopted for high risk customers from AML perspective, especially those for whom the sources of funds are not clear, transactions carried through correspondent accounts and customers who are Politically Exposed Persons (PEPs) and their family members/close relatives.
- In respect of unusual or suspicious transactions/applications or when the customer moves from a low risk to a high-risk profile, appropriate EDD measures shall be adopted.

The aspects mentioned in the CAP would be reckoned while evolving the KYC/AML procedures for various types of customers and products. However, while developing the KYC/CDD procedures, the Company will ensure that its procedures do not become too restrictive or pose significant difficulties in availing its services by deserving general public, especially the financially and socially disadvantaged sections of society.

The adoption of the Customer Acceptance Policy and its implementation shall not result in denial of Company's services to general public, especially to those, who are financially or socially disadvantaged.

## **5. RISK MANAGEMENT**

For Risk Management, the Company shall have a risk-based approach which includes the following:

- a) Customers shall be categorized as low, medium and high-risk category, based on the assessment and risk perception of the Company officials;
- b) Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.
- c) The customers will be monitored on regular basis with built in mechanism for tracking irregular behavior for risk management and suitable timely corrective action.

While preparing the customer profile, Company will seek only such information from the customer which is relevant to the risk category and is not intrusive. The customer profile is a confidential document and details contained therein are not divulged for cross selling or any other purposes.

**High and Medium Risk from AML perspective-** A customer that is likely to pose a higher than average risk may be categorized high or medium risk depending on background, nature & location of customer, his/ her profile, scale of customer's volume, his/ her financials and social status etc. Due diligence measures will be applied based on the risk assessment. The Company shall apply enhanced due diligence measures (i.e. ascertaining in detail the necessity and purpose of opening the account, nature of the business/profession of the customer, the source of funds etc.) for higher risk customers, especially those for whom the sources of funds are not clear.

**a) Indicative list of High-Risk Customers**

- i) Individuals and entities in various United Nations' Security Council Resolutions (UNSCRs) such as UN 1267 etc.;
- ii) Individuals or entities listed in the schedule to the order under section 51A of the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of prevention of, and for coping with terrorist activities;
- iii) Individuals and entities in watch lists issued by Interpol and other similar international organizations;
- iv) Customers with dubious reputation as per public information available or commercially available watch lists;
- v) Individuals and entities specifically identified by regulators, FIU and other competent authorities as high-risk;
- vi) Customers conducting their business relationship or transactions in unusual circumstances, such as significant and unexplained geographic distance between the institution and the location of the customer, frequent and unexplained movement of accounts to different institutions, etc.;
- vii) Politically exposed persons (PEPs), customers who are close relatives of PEPs and accounts of which a PEP is the ultimate beneficial owner;
- viii) Non-face-to-face customers;
- ix) Complex business ownership structures, which can make it easier to conceal underlying beneficiaries, where there is no legitimate commercial rationale;
- x) Shell companies which have no physical presence in branch locations. The existence simply of a local agent or low-level staff does not constitute physical presence;
- xi) Accounts for "gatekeepers" such as accountants, lawyers, or other professionals for their clients where the identity of the underlying client is not disclosed;
- xii) Client Accounts managed by professional service providers such as law firms, accountants, agents, brokers, fund managers, trustees, custodians etc.;
- xiii) Trusts, charities, NGOs/ unregulated clubs and organizations receiving donations;
- xiv) Gambling/gaming including "Junket Operators" arranging gambling tours;
- xv) Jewelers and Bullion Dealers;
- xvi) Dealers in high value or precious goods (e.g. gem and precious metals dealers, art and antique dealers and auction houses, estate agents and real estate brokers);
- xvii) Customers engaged in a business which is associated with higher levels of corruption (e.g., arms manufacturers, dealers and intermediaries);
- xviii) Customers engaged in industries that might relate to nuclear proliferation activities or explosives;
- xix) Customers that may appear to be Multi-level marketing companies etc.
- xx) Firms with 'sleeping partners'

However, NPOs/NGOs promoted by United Nations or its agencies may be classified as low risk customer.

**b) Indicative list of Medium Risk Customers**

- i) Stock brokerage;
- ii) Import / Export;
- iii) Gas Station;
- iv) Car / Boat / Plane Dealership;
- v) Electronics (wholesale);
- vi) Travel agency;
- vii) Telemarketers;
- viii) Providers of telecommunications service, internet café, International direct dialing (IDD) call service

- ix) High net worth individuals;
- x) Companies having close family shareholding or beneficial ownership;

**Low Risk from AML perspective**- All other customers (other than High and Medium Risk category) whose identities and sources of wealth can be easily identified and by and large conform to the known customer profile, may be categorized as low risk. In such cases, only the basic requirements of verifying the identity and location of the customer are to be met. Illustrative examples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, employees of Government departments & Government owned companies, regulators and statutory bodies, etc.

Before opening accounts of PEP in –principle **clearance should be obtained from the Risk Head** or opening of such accounts shall be authorized by an officer not below the level of Head- Operations, if clearance from Risk Head is not obtained.

## 6. Customer Identification Procedure (CIP)

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. Sufficient information necessary to establish, to the Company's satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of relationship should be obtained. Being satisfied means that the Company to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.

Besides risk perception, the nature of information/documents required would also depend on the type of customer (individual, corporate etc.). For customers who are natural persons, the Branch should obtain sufficient identification data to verify the identity of the customer, his/her address/location, and also his/her recent photograph. For customers who are legal persons or entities, the Branch should verify:

- i) The legal status of the legal person/entity through proper and relevant documents;
- ii) Any person purporting to act on behalf of the legal person/entity is so authorized, and identify and verify the identity of that person;
- iii) Understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person. The Branch should take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is/are.
- iv) Whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, Bank/branch should carry out full scale Customer Due Diligence (CDD) before opening an account.
- v) Company should not open an account (or should consider closing an existing account) when it is unable to apply appropriate CDD measures. In the circumstances when in an existing account a Branch believes that it would no longer be satisfied that it knows the true identity of the account holder, the Company should also file Suspicious Transaction Report with FIU-IND.

Some close relatives, e.g. wife, son, daughter and parents etc. who live with their husband, father/mother, son etc as the case may be, are finding it difficult to open account as the utility bills required for address verification are not in their name. It has been clarified by RBI that in such cases, Company can obtain an identity document and a utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) wanting to open an account is a relative and is staying with

him/her. The Bank can use any supplementary evidence such as a letter received through post for further verification of address.

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, Company, shall at its option, rely on CDD done by a third party, subject to the following conditions:

- (a) Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
- (b) Adequate steps are taken by Company to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
- (c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the Prevention of Money-Laundering Act.
- (d) The third party shall not be based in a country or jurisdiction assessed as high risk.
- (e) The ultimate responsibility for CDD, including done by a third party and undertaking enhanced due diligence measures, as applicable, shall rest with Company.

While undertaking customer identification, the Company will ensure that:

- (a) Decision-making functions of determining compliance with KYC norms shall not be outsourced.
- (b) The customers shall not be required to furnish an additional OVD, if the OVD submitted for KYC contains proof of identity as well as proof of address.
- (c) The customers will not be required to furnish separate proof of address for permanent and current addresses, if these are different. In case the proof of address furnished by the customer is the address where the customer is currently residing, a declaration shall be taken from the customer about her/his local address on which all correspondence will be made by the Company.
- (d) The local address for correspondence, for which their proof of address is not available, shall be verified through 'positive confirmation' such as cheque books, ATM cards, telephonic conversation, positive address verification etc.

In case of change in the address mentioned on the 'proof of address', fresh proof of address should be obtained within a period of six months.

An indicative list of the nature and type of documents/ information that may be relied upon for customer identification is provided in the 'Annexure A' of this Policy. The documents to be accepted by the Company for customer identification will be based on the regulatory prescriptions from time to time and may be implemented/ revised after approval from the Principal Officer and the Head of Risk/ Credit function.

## **7. CUSTOMER DUE DILIGENCE (CDD) PROCEDURE**

### **A. CDD Procedure in case of Individuals**

- a) While undertaking CDD, Company shall obtain the following information from an individual while establishing an account-based relationship with an 'individual' or dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:
  - (i) certified copy of an OVD containing details of identity and address, and one recent photograph; and
  - (ii) the Permanent Account Number (PAN) or Form No. 60 as defined in Income- tax Rules, 1962, as amended from time to time.

*Explanation: Where the customer is submitting Aadhaar, Company shall be guided by directions issued by Unique Identification Authority of India from time to time.*

- b) A customer already having an account-based relationship with the Company, shall submit his Permanent Account Number or Form No.60, on such date as may be notified by the Central Government, failing which the account shall temporarily cease to be operational till the time the Permanent Account Number or Form No. 60 is submitted by the customer:

Provided that before temporarily ceasing operations for an account, the Company shall give the customer an accessible notice and a reasonable opportunity to be heard.

*Explanation: - For the purpose of this clause, "temporary ceasing of operations" in relation to an account means the temporary suspension of all transactions or activities in relation to that account by the Company till such time the customer complies with the provisions of this clause;*

*In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.*

- c) If a customer having an existing account-based relationship with the Company gives in writing to the company that he/ she does not want to submit his/her Permanent Account Number or Form No.60, as the case may be, the customer's account with the Company shall be closed and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer. The Company shall duly inform the customer about this provision while opening the account.

#### **B. CDD Measures for Sole Proprietary Firms**

For opening an account in the name of a sole proprietary firm, identification information as mentioned under Section A in respect of the individual (proprietor) shall be obtained.

In addition to the above, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained:

- (a) Registration certificate
- (b) Certificate/license issued by the municipal authorities under Shop and Establishment Act
- (c) Sales and income tax returns
- (d) Certificate/registration document issued by Sales Tax/Service Tax/ Professional Tax authorities
- (e) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DCFT/License/ certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute
- (f) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax authorities
- (g) Utility bills such as electricity, water, and landline telephone bills

In cases where the Company is satisfied that it is not possible to furnish two such documents, the Company may, at its discretion, accept only one of those documents as proof of business/activity.

Provided the Company shall undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

#### **C. CDD Measures for Legal Entities**

- i) For opening an account of a **company**, one certified copy of each of the following documents shall be obtained:
- (a) Certificate of incorporation;
  - (b) Memorandum and Articles of Association;
  - (c) Permanent Account Number of the company;
  - (d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf;
  - (e) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.

- ii) For opening an account of a **partnership firm**, one certified copy of each of the following documents shall be obtained:
  - (a) Registration certificate;
  - (b) Partnership deed;
  - (c) Permanent Account Number of the partnership firm;
  - (d) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
  
- iii) For opening an account of a **trust**, one certified copy of each of the following documents shall be obtained:
  - (a) Registration certificate;
  - (b) Trust deed;
  - (c) Permanent Account Number or Form No.60 of the trust;
  - (d) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf-
  
- iv) For opening an account of an **unincorporated association or a body of individuals**, one certified copy of each of the following documents shall be obtained:
  - (a) resolution of the managing body of such association or body of individuals;
  - (b) Permanent Account Number or Form No.60 of the unincorporated association or a body of individuals;
  - (c) power of attorney granted to transact on its behalf;
  - (d) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf identification information as mentioned under
  - (e) Such information as may be required by the Company to collectively establish the legal existence of such an association or body of individuals.

*Explanation - Unregistered trusts/partnership firms shall be included under the term 'unincorporated association' and the term 'body of individuals, includes societies.*

- v) For opening accounts of **juridical persons** not specifically covered in the earlier part, such as Government or its Departments, societies, universities and local bodies like village panchayats, one certified copy of the following documents shall be obtained:
  - (a) Document showing name of the person authorized to act on behalf of the entity;
  - (b) PAN/ OVD for proof of identity and address in respect of the person holding an attorney to transact on its behalf and
  - (c) Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person.

**Selling Third party products-** The Company, if acting as agents while selling third party products as per regulations in force from time to time, will comply with the following aspects:

- a) The identity and address of the walk-in customer shall be verified for the transactions above rupees fifty thousand;
- b) Transaction details of sale of third-party products and related records shall be maintained.
- c) Monitoring of transactions for any suspicious activity will be done.
- d) transactions involving rupees fifty thousand and above shall be undertaken only by:
  - i. debit to customers' account or against cheques; and
  - ii. obtaining and verifying the PAN given by the account based as well as walk-in customers.

#### **D. CDD Measures for Identification of Beneficial Owner**

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of Rule 9(3) of the Rules to verify his/her identity shall be undertaken keeping in view the following:

- (a) Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.
- (b) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined, in such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

#### E. Simplified Due Diligence for Self Help Groups (SHGs)

- (a) KYC verification of all the members of SHG as per the CDD procedure mentioned in the Policy shall not be required while opening the savings bank account of the SHG.
- (b) KYC verification as per the CDD procedure mentioned in the Policy of all the office bearers shall suffice.
- (c) No separate KYC verification as per the CDD procedure mentioned in the Policy of the members or office bearers shall be necessary at the time of credit linking of SHGs

#### F. Enhanced Due Diligence Measures

**Accounts of Non-face-to-face customers:** The Company will include additional procedures i.e., certification of all the documents presented, calling for additional documents and the first payment to be affected through the customer's KYC-complied account with another regulated entity for enhanced due diligence of non-face to face customers.

#### Accounts of Politically Exposed Persons (PEPs):

- (i) Company will have the option of establishing a relationship with PEPs provided that:
  - (a) sufficient information including information about the sources of funds, accounts of family members and close relatives is gathered on the PEP;
  - (b) the identity of the person shall have been verified before accepting the PEP
  - (c) the decision to open an account for a PEP is taken at a senior level in accordance with Company's Customer Acceptance Policy;
  - (d) all such accounts are subjected to enhanced monitoring on an on-going basis;
  - (e) The CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.
- (ii) These instructions shall also be applicable to accounts where a PEP is the beneficial owner.
- (iii) In the event of an **existing customer or the beneficial owner of an existing account subsequently becoming PEP; such account should be subjected to Customer Due Diligence measures (CDD)** as applicable to customers of PEP category including enhanced monitoring.

#### Customer's accounts opened by Professional Intermediaries:

Company shall ensure while opening customer's accounts through professional intermediaries, that:

- (a) Customer shall be identified when client account is opened by a professional intermediary on behalf of a single client
- (b) Company shall have option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds
- (c) Company shall not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the Company
- (d) All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled at the level of Company, and there are 'subaccounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of the Company, Company shall look for the beneficial owners
- (e) Company shall, at its discretion, rely on the CDD done by an intermediary, provided that the intermediary is a regulated and supervised entity and has adequate systems in place to comply with the KYC requirements of the customers
- (f) The ultimate responsibility for knowing the customer lies with the Company

## G. ONGOING DUE DILIGENCE

Ongoing monitoring is an essential element of effective KYC procedures. The Company shall conduct on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds. The Company shall identify transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Company shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.

### Review of risk Profiling:

Branches should periodically update customer identification data after the account is opened. 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. Fresh photographs should be taken after five years in all categories (except in those cases where photograph is exempted)

## H. Periodic Updation

Periodic KYC updation shall be carried out as per the following procedure:

- a) Certified copy of OVD containing identity and address shall be obtained at the time of periodic updation from individuals except those who are categorized as 'low risk'. In case of low risk customers when there is no change in status with respect to their identities and addresses, a self-certification to that effect shall be obtained.
- b) In case of Legal entities, Company shall review the documents sought at the time of opening of account and obtain fresh certified copies.
- c) Company may not insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication unless there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. Normally, OVD / Consent forwarded by the customer through mail/ post, etc., shall be acceptable.
- d) Company shall ensure to provide acknowledgment with date of having performed KYC updation.
- e) The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.

## 8. MAINTENANCE OF RECORDS OF TRANSACTIONS:

**Record-keeping requirements-** The Company shall introduce a system of maintaining proper record of transactions required under PMLA as mentioned below:

- a) all cash transactions of the value of more than Rs.10 lakh or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below Rs.10 lakh 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 or its equivalent in foreign
- c) 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 or a document has taken place facilitating the transactions;
- d) all suspicious transactions whether or not made in cash; and
- e) records pertaining to identification of the customer and his/her address; and
- f) should allow data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

**Records to contain the specified information-** The records should contain 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.

### Maintenance and Preservation of records

- a) maintain for at least 5 years from the date of transaction between the Company and the client, all necessary records of transactions referred in para above;



- b) maintain for at least 5 years from the date of transaction between the Company and the client, all necessary records of transactions which will permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity;
- c) records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN card etc.) obtained while opening the account and during the course of business relationship would continue to be preserved for at least 5 years after the business relationship is ended;
- d) records may be maintained either in hard or soft format.

#### **FURNISHING OF INFORMATION TO THE DIRECTOR, FINANCIAL INTELLIGENCE UNIT – INDIA (FIU- IND):**

In accordance with the requirements under PMLA, the Company will furnish the following reports, as and when required, to the Director, Financial Intelligence Unit-India (FIU-IND):

- a) **Cash Transaction Report (CTR)**- If any such transactions detected, Cash Transaction Report (CTR) for each month by 15<sup>th</sup> of the succeeding month.
- b) **Counterfeit Currency Report (CCR)**- All such cash transactions where forged or counterfeit Indian currency notes have been used as genuine as Counterfeit Currency Report (CCR) for each month by 15<sup>th</sup> of the succeeding month.
- c) **Suspicious Transactions Reporting (STR)**- The Company will endeavour to put in place automated systems for monitoring transactions to identify potentially suspicious activity. Such triggers will be investigated and any suspicious activity will be reported to FIU-IND.

The Company will file the Suspicious Transaction Report (STR) to FIU-IND within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. However, in accordance with the regulatory requirements, the Company will not put any restriction on operations in the accounts where an STR has been filed. An indicative list of suspicious transactions as given as Annexure B.

**Confidentiality and Prohibition against disclosing Suspicious Activity Investigations and Reports-** The Company will maintain utmost confidentiality in investigating suspicious activities and while reporting CTR/ CCR/ STR to the FIU-IND/ higher authorities. However, the Company may share the information pertaining to the customers with the statutory/ regulatory bodies and other organizations such as banks, credit bureaus, income tax authorities, local government authorities etc.

#### **REPORTING REQUIREMENT UNDER FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARDS (CRS)**

If applicable to the Company, it will adhere to the provisions of Income Tax Rules 114F, 114G and 114H. If the Company becomes a Reporting Financial Institution as defined in Income Tax Rule 114F, it will take the following requisite steps for complying with the reporting requirements:

- i. Register on the related e-filing portal of Income Tax Department as a Reporting Financial Institution;
- ii. Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to;
- iii. Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H;
- iv. Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.;
- v. Constitute a "High Level Monitoring Committee" under the Designated Director or any other equivalent functionary to ensure compliance;

- vi. Ensure compliance with updated instructions/ rules/ guidance notes/ Press releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time.

**RESPONSIBILITIES OF THE SENIOR MANAGEMENT**

- a) **Designated Director**- The Company shall nominate a “Designated Director” to ensure compliance with the obligations prescribed by the PMLA and the Rules thereunder. The “Designated Director” can be a person who holds the position of senior management or equivalent. However, it shall be ensured that the Principal Officer is not nominated as the “Designated Director”.
- b) **Principal Officer**- An official (having knowledge, sufficient independence, authority, time and resources to manage and mitigate the AML risks of the business) shall be designated as the Principal Officer of the Company. The Principal Officer will responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/ regulations.
- c) **Key Responsibilities of the senior management**
  - i) Ensuring overall compliance with regulatory guidelines on KYC/ AML issued from time to time and obligations under PMLA.
  - ii) Proper implementation of the company’s KYC & AML policy and procedures.

**OTHER MEASURES****Independent Evaluation**

To provide reasonable assurance that its KYC and AML procedures are functioning effectively, an audit of its KYC and AML processes will be covered under Internal Audit of the Company. The audit findings and compliance thereof will be put up before the Audit Committee of the Board on quarterly intervals till closure of audit findings.

**Secrecy Obligations and Sharing of Information:**

- (i) Company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the lender and customer.
- (ii) While considering the requests for data/information from Government and other agencies, Company shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in transactions.

**Sharing KYC information with Central KYC Records Registry (CKYCR)**

The Company will capture the KYC information for sharing with the CKYCR in the manner as prescribed in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, under the prescribed KYC templates for ‘individuals’ and ‘Legal Entities’ as applicable. Further, the Company will upload the KYC data pertaining to all types of prescribed accounts with CKYCR, as and when required, in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

**Hiring of Employees and Employee training**

- (a) Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.
- (b) On-going employee training programme shall be put in place so that the members of staff are adequately trained in KYC/AML Measures policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in KYC/AML Measures policies of Company, regulation and related issues shall be ensured.

**Selling Third party products:**

Company acting as agents while selling third party products shall comply with the applicable laws/regulations, including system capabilities for capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers.

### **Customer Education**

The implementation of KYC procedures requires Company to demand certain information from customers, which may be of personal nature, or which has hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. Company's front line staff will therefore personally discuss this with customers and if required, Company will also prepare specific literature/ pamphlets, etc. so as to educate the customer on the objectives of the KYC program.

### **Introduction of New Technologies**

Company will pay special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that might favour anonymity, and take measures, if needed, to prevent its use in money laundering schemes.

## Annexure-A

**INDICATIVE LIST OF CUSTOMER IDENTIFICATION DOCUMENTS**

Features	Documents
Accounts of individuals Proof of Identity/ Address	<p>Copy of any one of the following along with PAN Card:</p> <ul style="list-style-type: none"> <li>i) Passport (Not Expired)</li> <li>ii) proof of possession of Aadhaar number</li> <li>iii) Voter's Identity Card issued by Election Commission</li> <li>iv) Driving License (Not Expired)</li> <li>v) Job Card issued by NREGA duly signed by an officer of the State Govt.</li> <li>vi) Letter issued by the National Population Register containing details of name and address</li> </ul> <p>Where '<b>simplified measures</b>' are applied for verifying the identity of customers the following documents shall be deemed to be 'officially valid documents:</p> <ul style="list-style-type: none"> <li>i) identity card with applicant's Photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;</li> <li>ii) letter issued by a gazetted officer, with a duly attested photograph of the person</li> </ul> <p>Where 'simplified measures' are applied for verifying for the limited purpose of proof of address the following additional documents are deemed to be OVDs:</p> <ul style="list-style-type: none"> <li>i) Utility bill which is not more than two months old of any service provider (electricity, telephone, postpaid mobile phone, piped gas, water bill);</li> <li>ii) Property or Municipal Tax receipt;</li> <li>iii) Bank account or Post Office savings bank account statement;</li> <li>iv) Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;</li> <li>v) Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies. Similarly, leave and license agreements with such employers allotting official accommodation; and</li> <li>vi) Documents issued by Government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India</li> </ul>
<b>Accounts of Companies</b>	<ul style="list-style-type: none"> <li>i) Certificate of incorporation;</li> <li>ii) Memorandum and Articles of Association;</li> <li>iii) PAN Card</li> <li>iv) A resolution from the Board of Directors and power of attorney granted to managers, officers or employees to transact on its behalf; and</li> <li>v) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.</li> </ul>
<b>Accounts of Partnership firms</b>	<ul style="list-style-type: none"> <li>i) Registration certificate;</li> <li>ii) Partnership deed;</li> <li>iii) PAN Card and</li> <li>iv) An officially valid document in respect of the person holding an attorney to transact on its behalf.</li> </ul>
<b>Accounts of Trusts and foundations</b>	<ul style="list-style-type: none"> <li>i) Registration certificate;</li> <li>ii) Trust deed;</li> <li>iii) PAN Card and</li> </ul>

	iv) An officially valid document in respect of the person holding a power of attorney to transact on its behalf
<b>Accounts of unincorporated association or a body of individuals</b>	<p>i) Resolution of the managing body of such association or body of individuals;</p> <p>ii) Power of attorney granted to him to transact on its behalf;</p> <p>iii) PAN Card</p> <p>iv) An officially valid document in respect of the person holding an attorney to transact on its behalf; and</p> <p>v) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.</p>
<b>Accounts of Proprietorship Concerns</b> Proof of the name, address and activity of the concern	<p>Apart from Customer identification procedure as applicable to the proprietor any two of the following documents in the name of the proprietary concern would suffice:</p> <ul style="list-style-type: none"> <li>• Registration certificate (in the case of a registered concern)</li> <li>• Certificate/licence issued by the Municipal authorities under Shop &amp; Establishment Act,</li> <li>• Sales and income tax returns</li> <li>• CST/VAT certificate</li> <li>• Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities</li> <li>• Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute. The complete Income Tax return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax Authorities.</li> </ul> <p>However, in cases where the Company is satisfied that, for any proposal, the proprietary concern is not possible to furnish two such documents, the Company will have the discretion to accept only one of those documents as activity proof. In such cases, the Company, however, will undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.</p>
<b>Juridical persons not specifically covered</b>	<p>i. Document showing name of the person authorised to act on behalf of the entity</p> <p>ii. An officially valid document in respect of the person holding a power of attorney to transact on its behalf</p>

## Annexure-B

**ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS:**

- 1) Legal structure of client has been altered numerous times (name changes, transfer of ownership, change of corporate seat)
- 2) Unnecessarily complex client structure
- 3) Individual or classes of transactions that take place outside the established business profile, and expected activities/ transaction unclear
- 4) Customer is reluctant to provide information, data, documents;
- 5) Submission of false documents, data, purpose of loan, details of accounts;
- 6) Refuses to furnish details of source of funds by which initial contribution is made, sources of funds are doubtful etc.;
- 7) Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
- 8) Approaches a branch/ office of Company, which is away from the customer's residential or business address provided in the loan application, when there is a branch/ office nearer to the given address;
- 9) Unable to explain or satisfy the numerous transfers in account/ multiple accounts;
- 10) Initial contribution made through unrelated third-party accounts without proper justification;
- 11) Availing a top-up loan and/ or equity loan, without proper justification of the end use of the loan amount;
- 12) Suggesting dubious means for the sanction of loan;
- 13) Where transactions do not make economic sense;
- 14) Unusual financial transactions with unknown source
- 15) Payments received from un-associated or unknown third parties and payments for fees in cash where this would not be a typical method of payment
- 16) There are reasonable doubts over the real beneficiary of the loan;
- 17) Encashment of loan amount by opening a fictitious bank account;
- 18) Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;
- 19) Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
- 20) Multiple funding of the same property/dwelling unit;
- 21) Request for payment made in favour of a third party who has no relation to the transaction;
- 22) Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated
- 23) Multiple funding / financing involving NCO / Charitable Organisation / Small/ Medium Establishments (SMEs) / Self Help Groups (SHCs) / Micro Finance Groups (MFCs)
- 24) Frequent requests for change of address;
- 25) Overpayment of instalments with a request to refund the overpaid amount
- 26) Investment in real estate at a higher/lower price than expected
- 27) Clients incorporated in countries that permit bearer shares