



## **Sammaan Finserve Limited**

**(Formerly known as Indiabulls Commercial Credit Limited)**

## **Policy on 'Know Your Customer' (KYC)** **and** **Anti-Money Laundering (AML) Measures**

**(Reviewed and Approved by Board at its meeting held on December 23, 2024)**

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## **1 Introduction & Objectives**

As per RBI guidelines on KYC policy mentioned in their master circular reference number RBI/2019-20/138 DOR.AML.BC.No.27/14.01.001/2019-20, Sammaan Finserve Limited (formerly known as Indiabulls Commercial Credit Limited) (hereinafter referred to as “SFL”) and its group companies are required to have board approved KYC policy for lending / credit operations / financial dealings in line with extant guidelines framed therein. In view of the same, SFL has adopted the said KYC guidelines with suitable modifications depending on the activity undertaken by it. The objective of KYC guidelines is to prevent SFL (hereinafter referred to as the Company) and the group companies from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures shall also enable the Company to know and understand its Customers and its financial dealings better, which in turn will help it to manage its risks prudently. Thus, the KYC policy has been framed by the Company for the following purposes:

- To prevent criminal elements from using SFL for money laundering activities
- To enable SFL to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently
- To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
- To comply with applicable laws and regulatory guidelines.
- To ensure that the concerned staff are adequately trained in KYC/AML/CFT procedures

## **2 Target Audience**

The members of the Board, Treasury Department, Finance Department, Taxation Department, Secretarial Department and Operations Department shall be the primary audience for this document. A copy of this policy shall be posted on the web-site of the Company.

## **3 Applicability & Validity of the Policy**

The policy will become applicable from such date as approved by the Board of Directors. The policy needs to be updated periodically, at least on annual basis. Any change in policy by way of additions and amendments due to changes in laws, regulations, shall be implemented immediately with a report to Board of Directors subsequently. It may be noted that KYC – AML policy as stated in this document shall prevail over anything else contained in any other document / process/ circular/ letter/ instruction in this regard (KYC-AML). This policy shall be applicable to all verticals/ products of the Company and the group companies whether existing or to be rolled out in future.

## **4 Definition:**

“Customer” means a person who is engaged in a financial transaction or activity with a Regulated Entity (RE) and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting. Sammaan Finserve Limited (formerly known as Indiabulls Commercial Credit Limited) (“SFL”) is a registered NBFC-NDSI and hence a regulated entities (RE). As per the activities of the SFL following persons/entities are to be reckoned as customers

- (i) Borrowers, includes, individual, firms, trust or company, co-borrower, guarantor of a borrower.
- (ii) DSAs, Collection agent, registered with SFL
- (iii) Empaneled brokers, law firms, technical consultants, soft/hard wire supports or any other similar service providers ,
- (iv) Individual legal/technical consultants engaged by the company
- (v) Investors, shareholders.

## 5 Key Elements of the Policy

The Company hereunder framing its KYC policies incorporating the following four key elements:

- (i) Customer Acceptance Policy;
- (ii) Customer Identification Procedures;
- (iii) Monitoring of Transactions; and
- (iv) Risk Management

### 5.1 Customer Acceptance Policy

The Customer Acceptance Policy of SFL is aimed at ensuring that explicit guidelines are in place on the following aspects of customer relationship with the Company: -

- No account is opened in anonymous or fictitious/benami name(s).
- No account shall be allowed to open whose name is appearing in negative list maintained by the Company or in the list of individual and entities circulated from time to time by the UN-Anti terrorists action task force and as well as regulatory bodies in India
- Parameters of risk perception are clearly defined in terms of the location of customer and his clients and mode of payments, volume of turnover, social and financial status, etc. to enable categorization of customers into low, medium and high risk (NBFCs may choose any suitable nomenclature, viz. level I, level II, level III etc.); customers requiring very high level of monitoring, e.g. Politically Exposed Persons may, if considered necessary, be categorised even higher. For acceptance and identification, customers are categorized broadly into low risk, medium risk, and high-risk categories: -
  - (i) **Low risk customers:** For the purpose of this policy will be individuals and entities whose identities and sources of wealth can be easily identified, have structured income and transactions in whose accounts by and large conform to the known profile. Illustrative examples of low risk customers could be:
    - (a) Salaried applicants with salary paid by cheque or bank transfer
    - (b) People belonging to government departments,
    - (c) People working with government owned companies, regulators and statutory bodies etc.
    - (d) People belonging to lower economic strata of the society whose accounts show small balances and low turnover, accordingly borrowers with new or existing exposure up to Rs. 10 Lacs may be categorized as Low Risk.
    - (e) People working with Public Sector Units
    - (f) People working with reputed Public Limited companies & Multinational Companies.
    - (g) Self Employed professionals other than HNIs
    - (h) Applicants with annual income Up to Rs.1 Cr
    - (i) Salaried applicants with loan amount up to 5 Cr
    - (j) Self Employed applicants with loan amount up to 10 Cr
  - (ii) **Medium Risk customers** would include:
    - (a) Salaried applicants looking for a Non Housing Loan.
    - (b) Non Resident Salaried Applicants
    - (c) High Net worth Individuals with occupational track record of more than 3 years.
    - (d) Salaried Applicants with Loan amount greater than Rs.5 Cr, up to 25 Cr/ Self Employed applicants with Loan amount greater than Rs.10 Cr.& up to Rs.25 Cr.
    - (e) Applicants with Annual Income Greater than 1 Cr but up to Rs.5 Cr
    - (f) Companies having close family shareholding or beneficial ownership on loan structure

(iii) **High risk customers** that are likely to pose a higher than average risk to us may be categorized high risk customers depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc. The Company will examine the case in details based on the risk assessment as per our credit risk policy and guidelines of operations manual. Examples of high-risk customers requiring higher due diligence may include:

- (a) Applicants with annual appraised income above Rs. 5 Crore
- (b) Non -resident Customers other than salaried
- (c) Trusts, charities, NGOs and organizations receiving public donations.
- (d) Companies having close family shareholding or beneficial ownership not on loan with KYC.
- (e) Applicants with Loan amount greater than Rs. 25 Crore
- (f) Non-Individual applicants into Real Estate (\*), Jewellery or Bullion business.
- (g) Politically exposed persons (PEPs) of foreign origin,
- (h) Non-face to face customers
- (i) Individual related to Director/promoter of the group/associate companies
- (j) Those with dubious reputation as per available public information, etc.

\*\* Enhanced Due-diligence measures are adopted for Commercial/Corporate/Builder Loan segment customers and Income and Loan amount limits would not be applicable to such customers for categorization.

Commercial Credit Loans Criteria

<b>Profile*</b>	Builder - With Project Cash flow	Medium
	Builder –Others	High risk
	Other businesses except bullion trading	Medium

- Not to open an account or close an existing account where the Company is unable to apply appropriate customer due diligence (CDD) measures, i.e. the Company is unable to verify the identity and /or obtain documents required as per the risk categorization due to non-co-operation of the customer or non-reliability of the data/information furnished to the Company. The company shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
- Documentation requirements and other information will be collected in respect of different categories of customers depending on perceived risk and guidelines issued from time to time; Declaration will be taken from the customer that the proceedings/transactions are not in violation of the PML Act, 2002 and RBI regulations in this regard.
- Circumstances in which, a customer is permitted to act on behalf of another person/ entity, Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be in conformity with the established law and practices, and the customer should be able to explain satisfactorily the reason/ occasion why an account is required to be operated by a mandate holder or where an account may be opened by an intermediary in a fiduciary capacity
- The Company shall have in place a standard customer identification procedure and the same should be adhered to before opening an account. Necessary checks before opening a new account are to be ensured so 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 available from Circulars, etc.
- Some relaxation for the purpose of obtaining current proof of address can be provided to the customer belonging to the financially or socially backward section of the society.

- The Company will prepare a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy and as per credit risk policy. The customer profile will contain information relating to the customer's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by the Company. However, while preparing customer profile, the Company will seek only such information from the customer which is relevant to the risk category and is not intrusive. Information obtained from the customer shall not be misused, any other information from the customer should be sought separately with his/her consent and after opening the account. The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or any other purposes.
- CDD Procedure is followed for all the joint account holders, while opening a joint account. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation is specified in upcoming section of this policy.
- Optional/additional information is to be obtained with the explicit consent of the customer once the account is opened.
- If an existing KYC compliant customer desires to open another account us, there is no need for a fresh CDD exercise. The company shall apply the CDD procedure at the UCIC level. If an existing KYC compliant customer desires to open another account or avail any other product or service from the company, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
- Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.

#### **5.1.1 Customer Identification Procedure**

Customer Identification means undertaking the process of CDD i.e. identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information as identified by board. Sufficient information needs to be obtained to the satisfaction level which is necessary to establish the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of business relationship. Satisfaction means to be able 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. Customer Identification Procedure to be carried out at different stages: -

- (a) Commencement of an account-based relationship with the customer.
- (b) When there is a doubt about the authenticity/veracity or the adequacy of the customer identification data it has obtained customer identification data.
- (c) Selling third party products as agents, selling their own products and any other product for more than rupees fifty thousand.

The company may rely on CDD done by a third party for verifying the identity of customers at the time of commencement of an account-based relationship, subject to the following conditions:

- (a) Records or the information of the customer due diligence carried out by the third party is obtained within immediately from the third party or from the Central KYC Records Registry.
- (b) Adequate steps are taken by the 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 the company.

Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989/2253 ISIL (Da'esh) & Al-Qaida Sanctions List and Taliban Sanction List pursuant to Security council resolution 1988(2011) and UNSCR 1718 Sanctions List and Other UNSCRs.

In terms of the RBI Circular dated 24.03.2021, All NBFC's have been instructed for strict compliance with respect to Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 i.e. to not to have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC) and other UNSCRs circulated by RBI and also to follow the procedure laid down in in the Unlawful Activities (Prevention) Act, 1967, (UAPA) Order dated March 14, 2019.

In order to ensure compliance with the above mentioned guidelines, below mentioned procedure shall be followed:-

- The UNSC Sanctions Lists and lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, shall be verified on a daily basis and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account for meticulous compliance.
- To maintain an updated list of aforesaid individual/entities in electronic form.
- All new customers' application to be checked with the above mentioned list for matches if any.
- For all existing customers, screening to be done on periodic basis.
- In case any match found, same to be screened further and necessary reporting to be done by Fraud Control Unit and to inform the particulars of such customer to FIU-IND, UAPA Nodal Officer of the State/UT and to Ministry of Home Affairs (MHA).
- Also to file a Suspicious Transaction Report (STR) with FIU-IND in the prescribed format.
- No financial transaction to be permitted once match is established beyond doubt.
- The company shall undertake countermeasures when called upon to do so by any international or intergovernmental organization of which India is a member and accepted by the Central Government

In terms of provision to rule 9 of the PML Rules, the relaxation, in verifying the identity of the client within a reasonable time after opening the account/ execution of the transaction, stands withdrawn. Also, as directed in Rule 9 the officials shall identify the beneficial owner and take all reasonable steps to verify his identity. As required in this Rule the officials have to exercise ongoing due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the customer, his business and risk profile and the source of funds / wealth.

The company to take adequate measure for compliance with the Order dated September 1, 2023, titled- "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)", issued by the Ministry of Finance, Government of India, w.r.t. requirements and actions to be taken by the stakeholders for freezing / unfreezing of accounts, financial assets, etc., of individuals / entities designated under the list as specified under Section 12A of the WMD Act, 2005. :-

- I. The company shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.



- II. The company shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc.
- III. In case of match in the above cases, the company shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act, 2005. A copy of the communication shall be sent to State Nodal Officer, where the account / transaction is held and to the RBI. REs shall file an STR with FIU-IND covering all transactions in the accounts, covered above, carried through or attempted.
- IV. REs may refer to the designated list, as amended from time to time, available on the portal of FIU-India.
- V. In case there are reasons to believe beyond doubt, that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, 2005, REs shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
- VI. In case an order to freeze assets under Section 12A is received by the REs from the CNO, REs shall, without delay, take necessary action to comply with the Order.
- VII. The process of unfreezing of funds, etc., shall be carried out as per paragraph 7 of the Order. Accordingly, copy of application received from an individual/entity regarding unfreezing shall be forwarded by RE along with full details of the asset frozen, as given by the applicant, to the CNO by email, FAX and by post, within two working days.

Therefore, the Customer Identification Policy approved by the Board has to be strictly adhered to at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when the Company has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

The Company needs to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. Rule 9 of the PML Rules and RBI and RBI directives provide for the documents/information to be obtained for identifying various types of customers i.e. individuals, companies, partnership firms, trusts, unincorporated association or a body of individuals and juridical persons. All staff and officials of SFL are advised to take note of the provisions of the above rule and ensure compliance.

Customer identification requirements keeping in view the provisions of the said rule are given in the policy for guidance of the officials.

A list of the nature and type of documents/information that may be relied upon for customer identification is given in the Annex-I. Officials have to follow these guidelines based on their experience of dealing with such persons/entities, normal prudence and the legal requirements as prescribed here and as amended from time to time by regulators and laws.

The company may undertake V-CIP (Video based Customer Identification Process) to carry out:-

- (i) CDD in case of new customer on-boarding for individual customers, proprietor in case of proprietorship firm, authorized signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers. Provided that in case of CDD of a proprietorship firm, REs shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Section 28, apart from undertaking CDD of the proprietor.
- (ii) Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e-KYC authentication as per Section 17.
- (iii) Updation /Periodic updation of KYC for eligible customers.



Such V-CIP to be undertaken and completed in compliance with prescribed standards and guidelines issued by regulator with regard to required infrastructure and procedure to be followed.

### 5.1.2 Customer due Diligence (CDD) Procedure

Customer Due Diligence means to identify the clients, verify their identity, obtaining information on the purpose and intended nature of the business relationship, having regard to the ML/TF risks identified and the size of business, using reliable and independent sources of identification. It is required to be undertaken at the time of commencement of an account based relationship with the customer. The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:

- a. Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;
- b. Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
- c. Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.

Documents/ information required to verify the identity and address for different categories of person is specified in **Annexure-I**. Obtaining a certified copy means comparing the copy of document so produced by the client with the original and recording the same on the copy by the authorized officer of the company. All documents provided by the customer (for applicant/co-applicant /guarantor and other related parties) should be sighted in original and verified by SFL Employee/Sourcing Channel Partner who is authorized to do OSV and signed with "Original Seen and Verified" stamp. Documentations that are required to made are as follows:-

- Where a customer, for the purposes of establishing an account based relationship, submits a KYC Identifier to the company, with an explicit consent to download records from CKYCR, then their KYC records shall be retrieved online from the CKYCR using the KYC Identifier and the customer not be required to submit the same KYC records or information or any other additional identification documents or details, unless –
  - I. there is a change in the information of the customer as existing in the records of CKYCR;
  - II. the current address of the customer is required to be verified;
  - III. the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or the validity period of downloaded documents has lapsed;
  - IV. The company considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.
- In other cases, it is to be noted that the submission of Aadhaar by an individual as a KYC document in case he is not desirous to receive any benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act shall not be insisted.
- A customer already having an account-based relationship with SFL shall submit his Permanent Account Number (PAN) 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. An accessible notice and a reasonable opportunity to be heard shall be provided to the customer before temporary ceasing of operations of his account. "Temporary

ceasing of operations" in relation to an account means the temporary suspension of all transactions or activities (except credits) in relation to that account till such time the customer complies with this provision.

- If an existing customer having an account-based relationship gives in writing to SFL 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 shall be closed and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer. The customer shall be duly informed by about this provision while opening their account. Customer account shall be continued to be operated, if he/she is unable to provide PAN or Form 60 owing to any injury, illness or infirmity on account of old age or otherwise and such like causes.

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

- In terms of provision of Rule 9(1A) of the PML Rules, the company shall capture customer's KYC records of individuals and LEs and upload onto CKYCR within 10 days of commencement of an account-based relationship.
- Once KYC Identifier is generated by CKYCR, the company shall ensure that the same is communicated to the individual/LE as the case may be.
- Whenever any additional or updated information from any existing customer is obtained, the company shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR,
- The CKYCR shall update the records and thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding updation of KYC record of the said customer.
- Whenever company receives any such information / intimation from CKYCR about any of its borrower, the company shall retrieve the fresh KYC records from CKYCR and update its KYC records

#### **5.2 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 to verify his/her identity shall be undertaken keeping in view the following:

- 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.

The CDD to include the names of relevant persons holding Senior Management Position and address of the registered office, and the principal place of its business, if it is different.

- 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 places shall be obtained.

The CDD to include the names of beneficiaries, trustees, settlor, protector, if any and authors of trust, the address of the registered office of the trust, and the list of trustees.

##### **5.2.1 Definition of Beneficial Owner (BO):**

- Where the client 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 a controlling ownership interest or who exercises control through other means. **Explanation:** - For the purpose of this sub-clause-
  1. "Controlling ownership interest" means ownership of or entitlement to more than ten percent of

shares or capital or profits of the company;

2. "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;
3. Exemption from Identification of BO: Where the customer or the owner of controlling interest is an entity listed on a Stock Exchange in India, or entity resident in jurisdictions notified by Central Government and listed on stock exchanges in such jurisdictions, or is a subsidiary of a such listed entities.

- Where the client 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 ownership of/entitlement to more than ten percent of capital or profits of the partnership;

The CDD to include the names of all the partners, and address of the registered office, and the principal place of its business, if it is different

- Where the client 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 ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

**Explanation:** - Term 'body of individuals' includes societies. Where no natural person is identified under the cases mentioned above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

- Where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with ten percent 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.

### 5.2.2 Enhanced Due Diligence Measures

- **Accounts of Non-face-to-face customers:** (other than Aadhaar OTP based on-boarding): Non-face-to-face customer means customers who open accounts without visiting the branch/ offices or meeting the official of the company. It shall be ensured that current address is verified and confirmed, PAN is obtained and the first payment is to be made through the customer's KYC-complied account, for enhanced due diligence of non-face to face customers and shall be categorized High Risk till identity is verified face to face or through V-CIP etc.
- **Accounts of Politically Exposed Persons (PEPs):** Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions e.g., Heads of States/ Governments, senior politicians, senior government/ judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc. It is allowed to establish a relationship with PEPs (including the accounts where PEP is the beneficial owner) and family members or close associates of PEP subject to the following: -
  - (a) Sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP and reasonable measures are taken for establishing the source of funds / wealth.
  - (b) the identity of the person shall have been verified before accepting the PEP as a customer,
  - (c) The decision to open an account for a PEP is taken at senior level in accordance with the customer acceptance policy of the company.
  - (d) All such accounts are subjected to enhance monitoring on an on-going basis.
  - (e) In the event of an existing customer or the beneficial owner of an existing account subsequently

- becoming a PEP, senior management's approval is obtained to continue the business relationship;
- (f) The CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

\* Politically Exposed Persons” (PEPs) are individuals who are or have been entrusted with prominent public functions **by a foreign country**, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials

Resident Indian Individuals holding senior positions in Political Parties, Central /State Governments, senior position in Govt. departments and agencies to be advanced any loans after proper diligence and with approvals of senior Credit Officials and as per authorities delegated from time to time.

- **Customer's accounts opened by Professional Intermediaries:** While opening customer's accounts through professional intermediaries, the following points need to be considered: -
  - (a) Customer shall be identified when client account is opened by a professional intermediary on behalf of a single client.
  - (b) The company may hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
  - (c) To not to 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 the 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, then the beneficial owners need to be identified.
  - (e) To 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.

### 5.2.3 On-Going Due Diligence

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. On-going monitoring is an essential element of effective KYC procedures. The officials should ensure effective control and reduce the risk by having an understanding of the normal and reasonable

Activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of each account.

- (a) Proper attention is to be given to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.
- (b) Periodic review is to be conducted in accordance with the risk categorization of accounts.
- (c) For the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, may be categorized as low risk. 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, Government Departments & Government owned companies, regulators and statutory bodies, etc.
- (d) Customers that are likely to pose a higher than average risk may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds

and his client profile, etc. Enhanced due diligence measures should be applied based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

(e) Examples of customers requiring higher due diligence may include: -

- Non-resident customers,
- High net worth individuals,
- Trusts, charities, NGOs and organizations receiving donations,
- Companies having close family shareholding or beneficial ownership not on loan structure
- Firms with 'sleeping partners',
- Politically exposed persons (PEPs) of foreign origin,
- Non-face to face customers, and
- Those with dubious reputation as per public information available, etc.

Risk Categorization of existing customers' needs to be reviewed atleast every 6 months based on the below parameters & Re categorization (either upgrade or downgrade) needs to be done wherever applicable , however High Risk customers would need more intensified monitoring

Sr. No	Parameter	Existing Category	New Category
1	Any Match with UN Sanction List	Low	High
		Medium	High
2	Any Match with CTR/STR/Fraud List	Low	High
		Medium	High
3	EMI paid in cash 3 times or more in Last 12 months	Low	Medium
		Medium	High

#### Review Parameter for Commercial Credit Loans

Sr. No	Parameter	Existing Category	New Category
1	Any Match with UN Sanction List	Low	High
		Medium	High
2	Any Match with UN CTR/STR/Fraud List	Low	High
		Medium	High

*# This review and risk categorization will be for the specific purpose of compliance to Re-Kyc norms.*

#### 5.2.4 Periodic Updation of KYC Documents

Periodic Updation means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant as per risk based approach by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank of India. It needs to be carried out at least once in every two

years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of the account/ last verification of KYC as per the following procedure:

**i. Individual Customers:**

- a) **No change in KYC information:** In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with SFL, customer's mobile number registered with SFL, digital channels (such as online website login, mobile application), letter etc.
- b) **Change in address:** In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with SFL, customer's mobile number registered with the RE, customer's mobile number registered with SFL, digital channels (such as online website login, mobile application), letter etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.

Further, customer, may submit a copy of OVD or deemed OVD or the equivalent e-documents thereof, for the purpose of proof of address, declared by the customer at the time of periodic updation.

Aadhaar OTP based e-KYC in non-face to face mode has been permitted to be used for periodic updation. Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. however, it needs to be ensured that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

**ii. Customers other than individuals:**

- a) **No change in KYC information:** In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with SFL, customer's mobile number registered with SFL, digital channels (such as online website login, mobile application), letter from an official authorized by the LE in this regard, board resolution etc. Further, Beneficial Ownership (BO) information available should be verified and ensured same is accurate and shall update the same, if required, to keep it as up-to-date as possible.
- b) **Change in KYC information:** In case of change in KYC information, KYC process equivalent to that applicable for on-boarding a new LE customer shall be undertaken.

**iii. Additional measures:** In addition to the above, it shall be ensured that:

- I. Customer's PAN details, if available, is verified from the database of the issuing authority at the time of periodic updation of KYC.
- II. The KYC documents of the customer as per the current CDD standards are available, same is applicable even if there is no change in customer information but the documents available with SFL are not as per the current CDD standards. Further, in case the validity of the CDD documents available with SFL has expired at the time of periodic updation of KYC, SFL shall undertake the KYC process equivalent to that applicable for on-boarding a new customer
- III. Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of SFL and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- IV. The facility of periodic updation of KYC would be available at designated branches.

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 after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions need to be taken at a reasonably senior level.

The customers shall be advised that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship / account-based relationship and thereafter, as necessary, customers shall submit to the company the update of such documents. This shall be done within 30 days of the update to the documents for the purpose of updating the records of company

### **5.3 Risk Management**

The aim of this policy is to ensure that an effective KYC programme is in place by establishing appropriate procedures and ensuring their effective implementation. Officials involved with day to day functioning and interaction with the clients including those at administrative offices supervising them need to have proper management oversight, systems and controls, segregation of duties, training and other related matters to ensure statutory compliance with the KYC program. Responsibilities to be explicitly allocated within the Company for ensuring that the policies and procedures are implemented effectively. The Board shall devise procedures for creating Risk Profiles of their existing and new customers and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

#### **5.3.1 Risk Based Approach**

SFL risk-based approach shall include the following:

- Customers to be categorized as low, medium and high-risk category, based on the assessment and risk perception.
- The Risk categorization shall be undertaken on yearly basis 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.
- Recommendations, if any made by the Financial Action Task Force (FATF) on Anti money Laundering (AML) standards and on Combating Financing of Terrorism (CFT) standard also needs to be considered in assessment of risk.
- The company shall apply enhanced due diligence measures, which are effective and proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.
- Any other information as collected from different categories of customers, from time to time, relating to the perceived risk, is non-intrusive and the same may be specified here.

An illustrative (but not exhaustive) list of suspicious transactions in housing/builder/project loans is provided in **Annexure – II** for the purpose of guidance.

#### **5.3.2 Internal Money Laundering and Terrorist Financing Risk Assessment:-**

In terms of RBI Circular dated April 20, 2020, the company is required to carry out 'Money Laundering and Terrorist Financing Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

### **5.4 Monitoring of Transactions**

Ongoing monitoring is an essential element of effective KYC procedures. Monitoring of transactions and its extent will be conducted taking into consideration the risk profile and risk sensitivity of the account. Higher



risk accounts shall be subjected to intense monitoring. SFL shall pay special attention to all complex unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. In addition, a system of periodical review of risk categorization shall be put in place.

#### **5.4.1 Maintenance of Record of Transactions**

The company's system of maintaining proper record of transactions should be in conformity with the requirement under section 12 of the PMLA read with Rule 3 of the PML Rules, as mentioned below:

- (a) All cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- (b) Aall series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds rupees ten lakhs or its equivalent in foreign currency
- (c) All transactions involving receipts by non-profit organizations of rupees ten lakhs or its equivalent in foreign currency;
- (d) All Cash transactions (in terms of Rule 3 (c)) where forged or counterfeit currency notes or bank notes has been used as genuine or where any forgery of valuable security or a document has taken place facilitating the transactions, had to be reported by the 15thday of the succeeding month.
- (e) All suspicious transactions whether or not made in cash and by way of as mentioned in the Rule 3(1) (D).

The branches have to maintain proper record of all cash transactions (deposits and withdrawals) of Rs.10 lakh and above. Such transactions and those of suspicious nature whether made in cash or otherwise, need to be reported to controlling/head office on a fortnightly basis or extracted as a report from the central database.

#### **5.4.2 Records to Contain the Specified Information**

Records mentioned as above shall 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

#### **5.4.3 Maintenance and Preservation of Records**

The company's system of maintaining proper record of transactions is in conformity with the requirement under section 12 of the PMLA read with Rule 3 of the PML Rules, as mentioned below:

- (i) All cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency
- (ii) All series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds rupees ten lakhs or its equivalent in foreign currency
- (iii) all transactions involving receipts by non-profit organizations of rupees ten lakhs or its equivalent in foreign currency;
- (iv) All Cash transactions (in terms of Rule 3 (c)) where forged or counterfeit currency notes or bank notes has been used as genuine or where any forgery of valuable security or a document has taken place facilitating the transactions, had to be reported by the 15thday of the succeeding month.
- (v) All suspicious transactions whether or not made in cash and by way of as mentioned in the Rule 3(1) (D).

The branches have to maintain proper record of all cash transactions (deposits and withdrawals) of Rs.10

lakh and above. Such transactions and those of suspicious nature whether made in cash or otherwise, need to be reported to controlling/head office on a fortnightly basis or extracted as a report from the central database.

Records referred to above as per Rule 3 of the PMLA Rules to contain the following information:-

- (i) the nature of the transactions;
- (ii) the amount of the transaction and the currency in which it was denominated;
- (iii) the date on which the transaction was conducted; and
- (iv) The parties to the transaction.

#### **5.4.3 Principal Officer**

SFL may appoint a senior management level officer, be designated as 'Principal Officer'. The name of the Principal Officer (PO) so designated, his designation and address including changes from time to time, may please be advised to the Director, FIU-IND and also to RBI. Principal Officer shall be located at the head/corporate office of SFL and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He will maintain close liaison with enforcement agencies, SFL and any other institution which are involved in the fight against money laundering and combating financing of terrorism

#### **5.4.4 Secrecy Obligations and Sharing of Information:**

- a. The company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the RE and customer.
- b. Information and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.
- c. While considering the requests for data/information from Government and other agencies, the company shall satisfy itself that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the transactions.
- d. The exceptions to the said rule shall be as under:
  - I. Where disclosure is under compulsion of law
  - II. Where there is a duty to the public to disclose,
  - III. the interest of RE requires disclosure and
  - IV. Where the disclosure is made with the express or implied consent of the customer.

Based on the feedback received from Collection, Operations, Credit and FCU or any other department, the PO shall ensure raising and filing of STR/CTR/CCR to FIU-India as per extant PMLA guidelines.

Furnishing of information to the Director, Financial Intelligence Unit – India (FIU-IND) under PMLA and Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS).

The information to be furnished at the below mentioned address Director, FIU-IND (Financial Intelligence Unit- India),  
6<sup>th</sup> Floor, Hotel Samrat, Chanakyapuri, New Delhi-110021.

The company shall also take all the necessary steps to comply with the reporting requirement under PMLA, FATCA, and Risk based KYC report to RBI KYC AML Department and CRS, as advised by Regulatory Authorities from time to time.

## 5.5 Registration with C-KYC Authority

Sammaan Finserve Limited (formerly known as Indiabulls Commercial Credit Limited) is a duly registered entity with the C-KYC authority of the CERSAI. As per guidelines of the above authority as well as direction of the regulator, we as registered & reporting entity. SFL is required to register customers' KYC documents post accepting of all KYC documents through due diligence process (CDD) of a customer and duly taken on board, shall upload his KYC data/information before the above authority. KYC identifier generated after uploading the data shall be communicated to the customer. Customer's updated KYC data to be uploaded as and when required in accordance with the applicable CDD norms.

## 6 Customer Education

The Company must take adequate measures to educate the customer on the objectives of the KYC programme, especially at the time of obtaining sensitive or personal information from the customers.

## 7 New Technologies

SFL shall 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 their use in money laundering schemes.

## 8 Key Elements of the Policy:

Abbreviations	Details
ALCO	Asset Liability Committee
AML	Anti-Money Laundering
BO	Beneficial Owner
CDD	Customer Due Diligence
CFT	Combatting Financing of Terrorism
CRA	Common Reporting Standards
FATF	Financial Action Task Force
FIU-IND	Financial Intelligence-India
NBFC	Non-Banking Financial Companies
KYC	Know Your Customer
RBI	Reserve Bank Of India
OVD	Officially Valid Document
PAN	Permanent Account Number
PEPs	Politically Exposed Persons
PML/PMLA	Prevention of Money Laundering Act, 2002

**Note:** OVD means the passport, the driving license, proof of possession of Aadhaar number, the Voter's Identity Card issued by Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, the letter issued by the National Population Register containing details of name, address or any other document as notified by the Central Government in consultation with the Regulator".

**Explanation 1:** - 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

**ANNEXURE-I**  
**CUSTOMER IDENTIFICATION PROCEDURE**

S.No.	Category	Documents
1.	Resident Individual, Proprietor; Persons such as partner, director, employee, manager, trustee etc. holding an attorney to transact on the behalf of legal entity	<p><b>PAN or Form 60 at the time of acceptance of new customer.</b></p> <p><b>One Certified copy</b> of an Officially Valid Document (OVD) * (refer Note 1 below). List of OVDs: -  Passport  Driving License  Voter's Identity Card issued by Election Commission of India  Proof of possession of Aadhaar Number**  Job card issued by NREGA duly signed by an officer of the State Government  the letter issued by the National Population Register containing details of name, address</p> <p><b>One recent Photograph;</b>  <b>Aadhaar Number</b> (only where customer is desirous of taking benefit of any kind of subsidy).</p>
2.	Sole Proprietorship Firm	<p>In addition to the documents as stated in category 1 above for the proprietor, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained:-</p> <ol style="list-style-type: none"> <li>Registration certificate including Udyam Registration Certificate (URC).</li> <li>Certificate/license issued by the municipal authorities under Shop and Establishment Act.</li> <li>Sales and income tax returns.</li> <li>CST/ VAT/ GST certificate (provisional/ final).</li> <li>Certificate/ registration document issued by Sales Tax/ Professional tax authorities</li> <li>IEC (Importer Exporter Code) issued to the proprietary concern by the office of DCFT.</li> <li>License/ certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.</li> <li>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> <li>Utility bills such as electricity, water, and landline telephone.</li> </ol> <p>In cases it is not possible to furnish two such documents, any one of the above documents can be accepted as proof of business/activity.</p> <p>Also, it is necessary to undertake contact point verification and</p>

		collect such other information and clarification as would be required to establish the existence of such firm, and to verify the business activity from the address of the proprietary concern.
3.	<b>Company</b>	<ul style="list-style-type: none"> <li>a) Certified copy of Certificate of incorporation;</li> <li>b) Certified copy of Memorandum and Articles of Association;</li> <li>c) Certified copy of PAN;</li> <li>d) Certified copy of resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf and</li> <li>e) Documents as mentioned in category 1 above for Individual persons holding an attorney to transact on its behalf.</li> </ul>
4.	<b>Partnership Firm</b>	<ul style="list-style-type: none"> <li>a) Certified copy of Registration certificate under Indian Partnership Act / Limited Liability Partnership Act;</li> <li>b) Certified copy of Partnership deed;</li> <li>c) Certified copy of PAN;</li> <li>d) Documents as mentioned in category 1 above for Individual persons holding an attorney to transact on its behalf.</li> <li>e) Names of all the partners, and address of the registered office , and the principal place of its business , if it is different</li> </ul>
5.	<b>Trusts &amp; Foundation</b>	<ul style="list-style-type: none"> <li>a) Certified copy of Registration certificate;</li> <li>b) Certified copy of Trust deed;</li> <li>c) Certified copy of PAN or Form 60;</li> <li>d) Documents as mentioned in category 1 above for Individual persons holding an attorney to transact on its behalf.</li> </ul>
6.	<b>Unincorporated association (including Unregistered Trusts / Partnership Firms) or a body of individuals (including Society)</b>	<ul style="list-style-type: none"> <li>a) Certified copy of Resolution of the managing body of such association or body of individuals;</li> <li>b) Certified copy of Power of attorney granted to him to transact on its behalf;</li> <li>c) Certified Copy of PAN or Form 60;</li> <li>d) Documents as mentioned in category 1 above for Individual persons holding an attorney to transact on its behalf;</li> <li>e) Such information as may be required by the Company to collectively establish the legal existence of such an association or Body of individuals.</li> </ul>
7.	<b>Juridical persons not specifically covered above such as Government or its Departments, societies, universities and local bodies like village panchayats,</b>	<ul style="list-style-type: none"> <li>a) Certified copy of document showing name of the person authorized to act on behalf of the</li> <li>b) Entity;</li> <li>c) Documents as mentioned in category 1 above for Individual persons holding an attorney to transact on its behalf.</li> </ul>

*\* Obtaining a certified copy shall mean comparing the copy of OVD so produced by the client with the original and recording the same on the copy by the authorized officer of the company.*

*\*\* It is necessary to redact or blackout customer's Aadhaar number at the time of its submission of Proof of Possession of Aadhaar to the company where no benefit of subsidy to be availed.*

**Note 1:** - In case of officially valid document furnished by the client does not contain updated address, the following documents shall be deemed to be officially valid documents for the limited purpose of proof of address: -

- (a) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- (b) property or Municipal tax receipt;
- (c) pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- (d) 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 license agreements with such employers allotting official accommodation;
- (e) For customers having low economic background or belongs to EWS categories, leaving in rented house, copy of rent agreement shall be accepted for taking the customer on board, on condition that customer promise to submit updated OVD at latter date, provided, the applied loan amount does not exceed ceiling of the priority sector loan. The above relaxation in acceptance of address proof is giving to facilitate financial inclusion to persons belong to the deprived section of the society only.

**It is to be noted that the customer is required to submit updated officially valid document with current address within a period of three months of submitting the above documents.**

**Note:** - Where a customer submits his Aadhaar number and wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the Company.

## **ANNEXURE -II**

### **ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO BUILDER/PROJECT LOANS**

- a. Builder approaching the Company for a small loan compared to the total cost of the project;
- b. Builder is unable to explain the sources of funding for the project;
- c. Approvals/sanctions from various authorities are proved to be fake or if it appears that client does not wish to obtain necessary governmental approvals/ filings, etc.;
- d. Management appears to be acting according to instructions of unknown or inappropriate person(s).
- e. Employee numbers or structure out of keeping with size or nature of the business (for instance the turnover of a company is unreasonably high considering the number of employees and assets used).
- f. Clients with multijurisdictional operations that do not have adequate centralized corporate oversight.
- g. Advice on the setting up of legal arrangements, which may be used to obscure ownership or real economic purpose (including setting up of trusts, companies or change of name/ corporate seat or other complex group structures).
- h. Entities with a high level of transactions in cash or readily transferable assets, among which illegitimate funds could be obscured.

### **ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO LOANS**

- a. Customer is reluctant to provide information, data, documents;
- b. Legal structure of client has been altered numerous times (name changes, transfer of ownership, change

- of corporate seat);
- c. Unnecessarily complex client structure;
  - d. Individual or classes of transactions that take place outside the established business profile, and expected activities/ transaction unclear;
  - e. Submission of false documents, data, purpose of loan, details of accounts;
  - f. Refuses to furnish details of source of funds by which initial contribution is made, sources of funds are doubtful etc.;
  - g. Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
  - h. Approaches a branch/office of the Company, which is away from the customer's residential or business address provided in the loan application, when there is company's branch/office nearer to the given address;
  - i. Unable to explain or satisfy the numerous transfers in the statement of account/ multiple accounts;
  - j. Initial contribution made through unrelated third-party accounts without proper justification;
  - k. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount;
  - l. Suggesting dubious means for the sanction of loan;
  - m. Where transactions do not make economic sense;
  - n. Unusual financial transactions with unknown source;
  - o. 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;
  - p. There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
  - q. Encashment of loan amount by opening a fictitious bank account;
  - r. 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;
  - s. Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
  - t. Multiple funding of the same property/dwelling unit;
  - u. Request for payment made in favor of a third party who has no relation to the transaction;
  - v. 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;
  - w. Multiple funding/ financing involving NGO/ Charitable Organization/ Small/ Medium Establishments (SMEs)/ Self Help Groups (SHGs)/ Micro Finance Groups (MFGs);
  - x. Frequent requests for change of address;
  - y. Overpayment of instalments with a request to refund the overpaid amount;
  - z. Investment in real estate at a higher/lower price than expected;
  - aa. Clients incorporated in countries that permit bearer shares.