

# **Know Your Customer and Anti-Money Laundering Policy**

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## **1. Background**

The Reserve Bank of India (RBI) has issued a number of circulars and guidelines to ensure that proper Know Your Customer (KYC) norms are followed by NBFCs and that adequate checks and measures are in place to prevent money laundering. This Know Your Customer and Anti-Money Laundering Policy (Policy) has been framed by Northern Arc Capital Limited (the “Company”) in line with the Master Direction - Know Your Customer (KYC) Direction, 2016 issued by the RBI, as amended from time to time (“KYC Master Directions”).

## **2. Preamble**

Through the following Policy, the Company stands committed to:

- a. Accepting only those clients whose identity is established by conducting due diligence appropriate to the risk profile of the customer.
- b. Recording and preserving audit trail for the transactions conducted by Customers to facilitate investigation.
- c. Reporting to the Financial Intelligence Unit – India (FIU-Ind), or any other agency designated by the Reserve Bank of India, Securities and Exchange Board of India or any other regulatory body, the details of transactions of all or selected clients if and when requested or at regular frequency as may be suggested by such agencies.
- d. Cooperating with investigating agencies / law enforcement agencies in their efforts to trace money laundering transactions and persons involved in such transactions.

## **3. Objective**

Money laundering is the process by which persons with criminal intent or persons involved in criminal activity attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities, by routing the amounts through legitimate channels such as banks and financial institutions, thereby avoiding prosecution, conviction for such criminal activities.

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable the Company to know/understand its customers and their financial dealings better which in turn help them manage the Company’s risks prudently.

## **4. Approach**

The approach towards KYC Standards is based on risk perception and money laundering threats that may be posed by different types of Customers. The Company shall be largely guided by the KYC standards prescribed by RBI for NBFCs.

KYC Standards & AML measures involve a customer acceptance policy and customer identification procedure that involves enhanced due diligence for higher risk accounts and includes account monitoring for suspicious activities.

These standards constitute an essential part of risk management by providing the basis for identifying and controlling risk exposures, which the Company takes to protect itself and its genuine Customers from the risks arising out of suspicious transactions/ fraudulent customers.

## 5. Definitions

For the purpose of this Policy:

**“Customers or Clients”** means a Person who/which avails any loan funds from Northern Arc and includes any corporate and other entities whom Northern Arc assists in raising financing through capital market transactions and includes any person who acts of behalf of the Customers or Clients (‘Beneficial Owner’).

**“Underwriting Guidelines”** means Underwriting Guidelines of Northern Arc as approved by the Board from time to time.

**“Eligibility Criteria”** means eligibility criteria of Northern Arc as approved by the Board from time to time.

**“Person”** means has the same meaning assigned in the Prevention of Money Laundering Act, 2002 and includes:

- i. an individual;
- ii. a hindu undivided family;
- iii. a company;
- iv. a firm;
- v. an association of persons or a body of individuals, whether incorporated or not;
- vi. every artificial juridical person, not falling within any one of the above persons (a to e); and
- vii. any agency, office or branch owned or controlled by any of the above persons (a to f).

**“Sanctioned Person”** means a person who is identified as such pursuant to any of the sanction lists published by the relevant authorities in the U.N., U.S.A, U.K., E.U. or the World Bank, as detailed below.

- UN Sanctions as listed on [www.un.org/terrorism](http://www.un.org/terrorism)  
Such sanctions programs include, but are not limited to, Security Council Resolutions 751 (1992), 1267 (1999), 1518 (2003), 1521 (2003), 1533 (2004), 1572 (2004), 1591 (2005), 1718 (2006), 1737 (2006), 1970 (2011), 1988 (2011)
- EU Sanctions which would include but are not limited to Common Positions 2001/931/CFSP and/or 2002/402/CSFP as listed on [http://eeas.europa.eu/cfsp/sanctions/consol-list\\_en.htm](http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm)
- Sanctions issued by the United Kingdom (as currently set forth at <https://www.gov.uk/publications/financial-sanctions-consolidated-list-of-targets>) and the United States (as currently set forth at <http://www.treasury.gov/resourcecenter/sanctions/SDN-List/Pages/default.aspx>)
- Persons listed on the World Bank Listing of Ineligible Firms ([www.worldbank.org/debar](http://www.worldbank.org/debar) or any successor website or location)

**“Suspicious Transaction”** as determined by the Rules notified under the PMLA means a 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 the proceeds of crime; or

- b. appears to be made in circumstances of unusual or unjustified complexity; or
- c. appears to have no economic rationale or bonafide purpose.

## **6. No relationship with Sanctioned Persons**

Neither the Company nor its subsidiaries shall do any business with or issue shares to any Sanctioned Person.

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

Before accepting a Customer, the Company shall ensure the following:

- a. Any new Customer, that is a financial institution, shall only be accepted after it has passed the Underwriting Guidelines and the Eligibility Criteria through the due-diligence process and has been approved by the Credit Committee. As regards any new Customer (whether or not a financial institution), the procedure set out in 7 (Customer Identification Procedure) below shall be adhered to.
- b. The various documents and other information to be collected from different categories of Customers depending on perceived risk as per the classification above and shall be in terms of the requirements of Prevention of Money Laundering Act, 2002 and guidelines issued by RBI from time to time as given in Annexure 1.
- c. The Company shall conduct necessary checks with the watch list of the RBI and other watch lists as well as manual screening for adverse news from publicly available sources on the internet as stipulated by the Chief Compliance Officer from time to time before accepting a new Customer so as 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. Such screening shall also be performed on the key managerial personnel (as defined in the Companies Act, 2013) where the aggregate exposure of the Company is greater than INR 5 crores. Relevant eforms (like DIR12/MR-1 which contain details of key managerial personnel) filed by the clients with the ROC shall be downloaded and stored.
- d. The Company may prepare a brief customer profile on all its Customers. The customer profile may contain information relating to Customer's identity, social/financial status, nature of business activity, information about the Customer's business and their location etc. The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or any other purposes.
- e. A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers.
- f. The Company may rely on the 'customer due diligence' 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. In addition to the foregoing, for the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, the Company may rely on customer due diligence done by a third party, subject to the following conditions:
  - i. 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.
  - ii. Adequate steps are taken by Northern Arc to satisfy itself 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.

- iii. 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, 2002.

## **8. Customer Identification Procedure (CIP)**

For Customers that are corporates or other entities, the Company shall:

- a. verify the legal status of the corporate / other entity through proper and relevant documents as per Annexure 2.
- b. verify that any person purporting to act on behalf of the corporate / other entity is so authorized and identify and verify the identity of that person.
- c. obtain sufficient information in order to identify persons which beneficially own or have substantial control over such corporate / other entity. The Company shall also obtain all the KYC documents of the beneficial owner as per Annexure 2.
  - i. 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. This step will be repeated whenever any person is set to acquire controlling ownership interest in the Client.

Explanation - For the purpose of this sub-clause:

- a) "Controlling ownership interest" means ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the company;
  - b) "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.
- ii. 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 fifteen percent of capital or profits of the partnership;
  - iii. 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;
  - iv. where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;
  - v. 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 fifteen 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; and
  - vi. where the Client 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.

- d. the Company may verify the Customer's identity including the beneficial owner's identity, using reliable, independent source documents, data and information, if such information is available.
- e. the Company shall also document and implement procedures to resolve information discrepancies and to decline or cease to do business with a Customer when it cannot form a reasonable belief that it knows the true identity of such Customer or cannot adequately complete necessary due diligence. These procedures should include identification of responsible decision makers and escalation paths and detailed standards relating to what actions will be taken if a Customer's identity cannot be adequately verified.

## **9. Existing Customer**

The requirements of the earlier sections are not applicable to transactions conducted prior to, on or after the effective date of this Policy by existing Customers, provided that the Company has previously verified the identity of the Customer and the Company continues to have a reasonable belief that it knows the true identity of the Customer. Further, the existing transactions should be continuously monitored and any unusual pattern in the operation of the account should trigger a review of the due diligence measures.

## **10. 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 their 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.

## **11. Reporting**

The Company does not accept deposits and the internal policies of the Company do not permit any cash transactions. Nevertheless, if there were to be any such transactions in future, the business processes shall have a system of internal reporting of suspicious transactions and cash transactions, whether such transactions comprise of a single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month.

Further, the Principal Officer shall furnish information of the above-mentioned transactions to FIU-IND by way of electronic filing of reports. Provided that where the Principal Officer, has reason to believe that a single transaction or series of transactions integrally connected to each other have been valued Rs.10 lakh so as to defeat

the provisions of the PMLA regulations, such officer shall furnish information in respect of such transactions to FIU-IND Director within the prescribed time.

## **12. Record Retention**

The Company shall document and implement appropriate procedures to retain records of KYC due diligence and anti-money laundering measures. The Company shall implement, at a minimum, the following procedures for retaining records.

“Transaction” shall have the same meaning assigned under Rule 2(h) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2013 i.e. "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

- a. opening of an account;
- b. deposits, 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;
- c. the use of a safety deposit box or any other form of safe deposit;
- d. entering into any fiduciary relationship;
- e. any payment made or received in whole or in part of any contractual or other legal obligation;
- f. any payment made in respect of playing games of chance for cash or kind including such activities associated with casino; and
- g. establishing or creating a legal person or legal arrangement.'

Transactions for which records need to be maintained:

- a. All series of cash transactions integrally connected to each other which have taken place within a month.
- b. All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
- c. All suspicious transactions whether or not made in cash.

### Information to be preserved

The information required to be preserved with respect to the above transactions are the nature of transactions, amount and the currency in which it was denominated, date of transaction and the parties to the transaction. A copy of this information should be signed by the person heading the transaction and this should be maintained in a separate file along with all the other transaction related documents.

### Periodicity of retention

The following records shall be retained for a minimum period of 5 (five) years from the date of the relevant transaction:

- a. The Customer identification information and residence identification information including the documentary evidence thereof.
- b. All other necessary records pertaining to the transactions that could be produced as evidence for prosecution of persons involved in criminal activity.



- c. Further, a description of the methods used to verify Customer identity as well as a description of the resolution of any discrepancies in verification shall be maintained for a period of at least 5 (five) years after such record was created.

It may be noted that the records of identity of customers and records of transactions may be maintained in hard or soft format. The above records shall be made available to the competent authorities upon request.

### **13. Enhanced Due Diligence**

The Company does not deal with such category of Customers who could pose a potential high risk of money laundering, terrorist financing or political corruption and are determined to warrant enhanced scrutiny. The Company shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risks. The Company shall commensurate to its nature, size, geographical presence, complexity of activities/structure, etc. carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise annually 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. and report the outcome of such exercise to the audit committee of its board of directors.

The existing credit policies of the Company in respect of its Customers ensure that the Company is not transacting with such high-risk Customers. The Company shall conduct enhanced due diligence in connection with all Customers that are determined to pose a potential high risk and are determined to warrant enhanced scrutiny.

The Company, who may engage appropriate outside investigative services or consult appropriate vendor sold databases when necessary. The Company shall establish procedures to decline to do business with or discontinue relationships with any Customer when it cannot adequately complete necessary enhanced due diligence or when the information received is deemed to have a significant adverse impact on reputational risk.

A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.

### **14. Monitoring of Transactions**

Ongoing monitoring is an essential element of effective KYC procedures.

The Company can effectively control and reduce the risk only if it has 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 the Customer.

The Company shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. High-risk Customers have to be subjected to intense monitoring.

The Company shall periodically review and determine the need for applying enhanced due diligence measures based on the risk categorization of Customers. The Company in its loan agreements with Customers, specifies the end-usage of the funding provided. The Company also tracks the end usage of funds by its Customers which are financial institutions through monitoring of the assets created by the Customer from the proceeds of the said funding.

On acceptance and identification, the Company would adopt a risk-based customer categorization based on assessment of the customers. Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, 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 shall be factored in.

The categorization criteria are indicative and a final view would be taken by the Company on a case to case basis. It would be ensured that customer acceptance, identification and risk categorization procedures do not result in inordinate delay or unreasonable denial of services to customers, especially to those who are financially or socially disadvantaged.

- a. High Risk - (Category A): High risk customers typically includes:
  - Non - resident Customers.
  - High net worth individuals (HNIs) (i.e., any person who applies for a loan of an amount of Rs. 1 crore or more), whose identity document is not validated online or through other services offered by the issuing authorities.
  - Trusts (other than affiliated educational institutions), Charities, NGOs, and organisations receiving donations.
  - Firms with sleeping partners.
  - Unlisted companies with unnecessarily complex ownership structure.
  - Politically exposed persons (PEPs) of Indian/ foreign origin.
  - Partnership where the identity document of both the partnership its partners and authorised signatories are not validated online or through other services offered by the issuing authorities.
  - Person / Company with adverse news media reports.
  - Person/ Company in business/industry or trading activity where scope or history of unlawful trading/business activity is considered high.
  
- b. Medium Risk - (Category B): Medium risk customers shall include:
  - Individuals (other than microfinance borrowers and high net worth individuals (HNIs)) whose identity document is not validated online or through other services offered by the issuing authorities.
  - High net worth individuals (HNIs) (i.e., any person who applies for a loan of an amount of Rs. 1 crore or more), whose identity document is validated online or through other services offered by the issuing authorities.
  - Sole proprietorships (i.e., self-employed) where the identity document of both the proprietor and proprietorship are not validated online or through other services offered by the issuing authorities.
  - Educational trusts (affiliated educational institutions).

- Private Limited Companies (which is not a subsidiary of a listed company).
  - Partnership where the identity document of both the partnership its partners and authorised signatories are validated online or through other services offered by the issuing authorities.
  - Companies having close family shareholding or beneficial ownership, other than companies regulated by any financial sector regulator.
  - Limited-liability Partnerships (LLPs).
  - Non face-to-face customers, where the Company relies on the customer due diligence carried out by an intermediary or a third party as permitted under the KYC Master Directions.
  - Customers not otherwise classified as High Risk or Low Risk.
- c. Low Risk - (Category C):
- Low risk individuals (other than high net worth) and entities whose identities and sources of wealth can be easily identified and all other persons / entities not covered under above two categories. Customer carrying low risk may include the following:
- Salaried employees
  - Microfinance borrowers
  - Individuals (other than microfinance borrowers and high net worth individuals (HNIs)) whose identity document is validated online or through other services offered by the issuing authorities.
  - Sole proprietorships (i.e., self-employed) where the identity document of both the proprietor and proprietorship are validated online or through other services offered by the issuing authorities.
  - Professionals (whose profession is governed by regulated professional bodies like ICAI, ICSI, ICWAI, Medical Council of India, Bar Council of India, etc.).
  - Self-employed customers with business track record for a reasonable period (at least 3 years)
  - Government owned companies or its subsidiaries, listed companies or its subsidiaries, reputed multinational companies, regulators and statutory bodies.
  - Regulated entities (i.e., entities regulated by any financial services regulator).

Complete KYC exercise will be done at a periodicity not less than once in 6 (six) years in case of low-risk category customers, not less than once in 4 (four) years in case of medium risk category customers and not less than once in 2 (two) years in case of high-risk category customers.

The Company shall undertake periodic updation of KYC as per the below guidelines:

**Individual Customers:**

- i. 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 the Company, customer's mobile number registered with the Company's digital channels (such as online banking / internet banking, mobile application of the Company), letter etc.
- ii. 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 the Company, customer's mobile number registered with the Company's, digital channels (such as online banking / internet banking, mobile application of the Company), 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.

The Company may also obtain 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. Accounts of customers, who were minor at the time of opening account, on their becoming major: In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD standards. Wherever required, fresh KYC may be carried out of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major.

**Non-individuals Customers:**

- i. 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 legal entity customer through its email id registered with the Company's, digital channels (such as online banking / internet banking, mobile application of the Company), letter from an official authorized by the legal entity in this regard, board resolution etc. Further, the Company shall ensure during this process that Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.
- ii. Change in KYC information: In case of change in KYC information, the Company shall undertake the KYC process equivalent to that applicable for on-boarding a new legal entity customer.

**Additional measures:**

- i. The KYC documents of the customer as per the current CDD standards shall be available with the Company. This shall be applicable even if there is no change in customer information but the documents available with the Company are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the Company has expired at the time of periodic updation of KYC, the Company shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.
- ii. Customer's PAN details, if available with the Company, shall be verified from the database of the issuing authority at the time of periodic updation of KYC.
- iii. Acknowledgment shall be 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 the Company and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- iv. In order to ensure customer convenience, the Company may consider making available the facility of periodic updation of KYC at any branch.

**15. Adherence**

The Company's operations function shall ensure adherence to the KYC policies and procedures. The Company's internal audit and compliance functions have an important role in auditing adherence to the KYC policies and

procedures. The compliance in this regard shall be put up before the Audit Committee of the Board on quarterly intervals.

The Company shall have an ongoing employee training programme so that the employees conducting the KYC are adequately trained in KYC procedures. It is crucial that all concerned employees fully understand the rationale behind the KYC policies and implement them consistently.

The senior management for the purpose of KYC Compliance shall include Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Head - Operations and Chief Legal Counsel.

## **16. Customer Education**

If required, the Company may prepare specific literature / pamphlets etc. to educate the Customer of the objectives of the KYC programme.

## **17. Applicability to branches and subsidiaries outside India**

Presently, the Company does not have any branches and subsidiaries outside India. However, if the Company establishes such a branch or a majority owned subsidiary, which is located abroad, especially, in countries which do not or insufficiently apply the FATF Recommendations, the Company shall ensure that the above guidelines are also implemented in these locations, to the extent local laws permit. When local applicable laws and regulations prohibit implementation of these guidelines, the same shall be brought to the notice of Reserve Bank of India.

## **18. Principal Officer and Designated Director**

Mr. Saurabh Jaywant - Chief Legal Counsel, shall be designated as Principal Officer for the purpose of compliance with the rules and regulations of this policy. The Principal Officer can be contacted at the following address:

Attn: Mr. Saurabh Jaywant  
Northern Arc Capital Limited  
IIT-M Research Park, Phase 1, 10<sup>th</sup> Floor,  
Taramani, Chennai - 600 113  
PH: 044 6668 7220

The Principal Officer shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law.

Mr. Ashish Mehrotra - Chief Executive Officer cum Managing Director shall be nominated as Designated Director to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012.

## 19. Secrecy obligations and sharing of information

- Secrecy obligations
  - a. The company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the Company and its Customer.
  - b. 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 banking transactions.
  - c. 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 Company requires disclosure and
    - iv. Where the disclosure is made with the express or implied consent of the customer.
  - d. The Company shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.
  
- Sharing of information with Central KYC Registry (CKYCR)

The Company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) as notified by the Government of India.

## 20. Policy Review

A review of compliance under this policy would be undertaken by the Management regularly and a consolidated report of such reviews will be submitted to the Board of Directors every year or whenever there is a significant change in law governing the subject matter of the Policy.

## 21. Independent Assessment

An annual independent assessment of the functioning of this policy is undertaken by the internal auditors of the Company as part of their annual review process. Observations and comment on adherence to this policy and the RBI Guidelines and other applicable statutory requirements are placed before the Audit Committee.

## Customer Identification Requirements

### A) Transactions with trust / nominee or fiduciaries

1. There exists the possibility that trust / nominee or fiduciary accounts can be used to circumvent the Customer Identification Procedure.
2. The Company shall determine whether the Customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, the Company may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place.
3. While conducting a transaction with a trust, the Company shall take reasonable precautions to verify the identity of the trustees and the settlors of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In the case of a 'foundation', steps should be taken to verify the founder managers / directors and the beneficiaries, if defined.

### B) Transactions with companies and firms

1. The Company shall be vigilant against business entities being used by individuals as a 'front' for conducting transactions with the Company.
2. The Company shall examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it will not be necessary to identify all the shareholders.

### C) Transactions with Politically Exposed Persons (PEPs) resident outside India

1. PEPs are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g. Heads of States or of Governments, senior politicians, senior government / judicial / military officers, senior executives of state-owned corporations, important political party officials, etc.
2. The Company shall gather sufficient information on any person / Customer of this category intending to establish a relationship and check all the information available on the person in the public domain.
3. The Company shall verify the identity of the person and seek information about the sources of funds before accepting the PEP as a Customer.
4. The Company shall also subject such transactions enhanced monitoring on an ongoing basis. The above norms may also be applied to transactions with the family members or close relatives of PEPs.
5. The decision to accept a PEP as a Customer shall be taken by the Credit Committee, or the relevant credit decision-making authority.

## List of acceptable KYC documents

Constitution	Documentary Requirements
Company	<ul style="list-style-type: none"> <li>i. Certificate of incorporation</li> <li>ii. Memorandum of Association or the equivalent e-document thereof</li> <li>iii. Articles of Association or the equivalent e-document thereof</li> <li>iv. PAN card of applicant or the equivalent e-document thereof</li> <li>v. Proof of address of applicant</li> <li>vi. Equity share capital table</li> <li>vii. Share capital table on an as if converted/ fully diluted basis</li> <li>viii. Details of existing credit facilities and charges</li> <li>ix. Audited financial statements of the applicant for the last three years</li> <li>x. Resolution passed by the Board of Directors of the applicant and power of attorney granted by the applicant to its managers, officers, employees or such other persons, as the case may be, to transact on its behalf (“Authorized Persons”)</li> <li>xi. PAN card of Authorized Persons or the equivalent e-document thereof</li> <li>xii. Certified copy of officially valid documents as proof of identity and address of Authorized Persons or the equivalent e-document thereof</li> <li>xiii. Recent photograph of Authorized Persons holding an attorney to transact on behalf of the applicant</li> <li>xiv. PAN card of beneficial owners of the applicant or the equivalent e-document thereof</li> <li>xv. Recent photograph of beneficial owners of applicant</li> <li>xvi. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of beneficial owners of applicant</li> </ul>
Partnership Firms and Limited Liability Partnership	<ul style="list-style-type: none"> <li>i. Registration certificate</li> <li>ii. Partnership deed</li> <li>iii. PAN card of applicant or the equivalent e-document thereof</li> <li>iv. Proof of address of applicant</li> <li>v. Details of existing credit facilities and charges.</li> <li>vi. Books of accounts of the applicant for the last three years</li> <li>vii. Resolution passed by the managing body of the applicant and power of attorney granted by the applicant to its managers, officers, employees or such other persons, as the case may be, to transact on its behalf (“Authorized Persons”)</li> <li>viii. PAN card of Authorized Persons or the equivalent e-document thereof</li> <li>ix. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of Authorized Persons</li> <li>x. Recent photograph of Authorized Persons holding an attorney to transact on behalf of the applicant</li> </ul>



	<ul style="list-style-type: none"> <li>xi. PAN card of beneficial owners of the applicant or the equivalent e-document thereof</li> <li>xii. Recent photograph of beneficial owners of applicant</li> <li>xiii. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of beneficial owners of the applicant</li> </ul>
Trust	<ul style="list-style-type: none"> <li>i. Registration certificate</li> <li>ii. Trust deed</li> <li>iii. PAN card of applicant or the equivalent e-document thereof</li> <li>iv. Proof of address of applicant</li> <li>v. Details of existing credit facilities and charges.</li> <li>vi. Books of accounts of the applicant for the last three years</li> <li>vii. Resolution passed by the managing body of the applicant and power of attorney granted by the applicant to its managers, officers, employees or such other persons, as the case may be, to transact on its behalf (“Authorized Persons”)</li> <li>viii. PAN card of Authorized Persons or the equivalent e-document thereof</li> <li>ix. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of Authorized Persons</li> <li>x. Recent photograph of Authorized Persons holding an attorney to transact on behalf of the Applicant</li> <li>xi. PAN card of beneficial owners of the applicant or the equivalent e-document thereof</li> <li>xii. Recent photograph of beneficial owners of applicant</li> <li>xiii. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of beneficial owners of the applicant</li> </ul>
Society	<ul style="list-style-type: none"> <li>i. Registration certificate</li> <li>ii. Memorandum of Association and bye-laws</li> <li>iii. PAN card of applicant or the equivalent e-document thereof</li> <li>iv. Proof of address of applicant</li> <li>v. Details of existing credit facilities and charges.</li> <li>vi. Books of accounts of the applicant for the last three years</li> <li>vii. Resolution passed by the managing body of the Applicant and power of attorney granted by the applicant to its managers, officers, employees or such other persons, as the case may be, to transact on its behalf (“Authorized Persons”)</li> <li>viii. PAN card of Authorized Persons or the equivalent e-document thereof</li> <li>ix. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of Authorized Persons</li> <li>x. Recent photograph of Authorized Persons holding an attorney to transact on behalf of the applicant</li> <li>xi. PAN card of beneficial owners of applicant or the equivalent e-document thereof</li> <li>xii. Recent photograph of beneficial owners of applicant</li> </ul>

	<ul style="list-style-type: none"> <li>xiii. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of beneficial owners of the applicant</li> </ul>
Unincorporated Associations or Body of Individuals	<ul style="list-style-type: none"> <li>i. Agreement of Association of Persons or Body of Individuals</li> <li>ii. PAN card of applicant or the equivalent e-document thereof</li> <li>iii. Proof of address of applicant</li> <li>iv. Details of existing credit facilities and charges</li> <li>v. Books of accounts of the applicant for the last three years</li> <li>vi. Resolution passed by the managing body of the applicant and power of attorney granted by the applicant to its managers, officers, employees or such other persons, as the case may be, to transact on its behalf (“Authorized Persons”)</li> <li>vii. PAN card of Authorized Persons or the equivalent e-document thereof</li> <li>viii. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of Authorized Persons</li> <li>ix. Recent photograph of Authorized Persons holding an attorney to transact on behalf of the applicant</li> <li>x. PAN card of beneficial owners of applicant or the equivalent e-document thereof</li> <li>xi. Recent photograph of beneficial owners of applicant</li> <li>xii. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of beneficial owners of the applicant</li> </ul>
Proprietorship	<ul style="list-style-type: none"> <li>i. PAN card of proprietor or the equivalent e-document thereof</li> <li>ii. Proof of address of proprietary firm</li> <li>iii. Details of existing credit facilities and charges</li> <li>iv. Books of accounts of the applicant for the last three years</li> <li>v. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of proprietor</li> <li>vi. Recent photograph of proprietor</li> <li>vii. Any two of the following documents or the equivalent e-document thereof as proof of business in the name of proprietary firm; (a) Registration certificate, (b) certificate/license issued by municipal authorities under Shops and Establishments Acts, (c) sales and income tax returns, (d) GST certificate, (e) certificate/ registration document issued by sales tax/service tax/professional tax authorities, (f) IEC code or license/certificate of practice issued by any professional body incorporated under a statute, (g) complete income tax return (not just acknowledgment) in the name of proprietor reflecting firm’s income, duly authenticated/acknowledged by income tax department, (h) utility bills such as electricity, water, landline telephone bills, etc.</li> </ul>
Individuals	<ul style="list-style-type: none"> <li>i. one recent photograph of the applicant</li> <li>ii. PAN card of applicant or the equivalent e-document thereof</li> <li>iii. Certified copy of officially valid documents or the equivalent e-document thereof as proof of identity and address of the applicant.</li> </ul>

**Notes:**

The term 'officially valid documents' shall mean passport, the driving license, 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.

In case an 'officially valid document' does not contain the updated address, the following documents shall be collected which are deemed to be officially valid documents for the limited purpose of proof of address: (a) utility bill 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 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. Provided that the applicant shall submit an 'officially valid document' containing the current address within three months of submitting the aforementioned documents.

'Certified copy of officially valid document' shall have the meaning assigned to it under the 'Master Direction – Know Your Customer (KYC) Direction, 2016', as issued by RBI. Obtaining a certified copy by the Company shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or 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 as per the provisions contained in the Act. For the purpose of this definition, employees of the Company shall be considered as authorized officials.

"Proof of possession of Aadhaar number" shall be submitted in such form as permitted under the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act (including the rules, regulations and notifications issued thereunder) and in compliance with 'Master Direction – Know Your Customer (KYC) Direction, 2016' issued by RBI.

"Beneficial Owners" shall mean such persons identified by the applicant in the application form in terms of Rule 9 (3) of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

"Equivalent e-document" shall have the meaning assigned to it under the 'Master Direction – Know Your Customer (KYC) Direction, 2016' as issued by RBI – i.e., an electronic equivalent of a document issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.