



Muthoot Homefin 

Muthoot Homefin (India) Limited (MHIL)

Know your Customer (KYC) & Anti-Money Laundering Measures

Version 1.2

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Contents

Sr. No.	Particular	Page No.
1	Introduction	4
2	CHAPTER - I Applicability and Definitions	5-9
3	CHAPTER – II General	9-10
4	CHAPTER – III Customer Acceptance Policy	10-11
5	CHAPTER – IV Risk Categorization & Management	11-12
6	CHAPTER – V Customer Identification Procedure (CIP)	12-13
7	CHAPTER – VI Customer Due Diligence (CDD) Procedure :	13-16
	Part I - Customer Due Diligence (CDD) Procedure in case of Individuals	
	Part II- CDD Measures for Sole Proprietary firms	16
	Part III- CDD Measures for Legal Entities	16 – 17
	Part IV -Identification of Beneficial Owner	17
	Part V - On-going Due Diligence	17 - 20
	Part VI - Enhanced and Simplified Due Diligence Procedure	20 – 21
8	CHAPTER – VII Record Management	21
9	CHAPTER – VIII Reporting Requirements to Financial Intelligence Unit – India	21 – 22
10	CHAPTER – IX Requirements/obligations under International Agreements	22 – 23
11	CHAPTER – X Other Instructions	24 – 26
12	Annexure I Digital KYC Process	27 – 28
13	Annexure II KYC documents for eligible FPIs under PIS	28 -29
14	Annexure III List of Additional KYC Documents that can be considered for Low Risk Category Customers	29 – 30

Muthoot Homefin India (P) Ltd
KNOW YOUR CUSTOMER [KYC] &
ANTI MONEY LAUNDERING (AML) MEASURES POLICY

1. Introduction

The Company, Muthoot Homefin India (P) Ltd is registered with the National Housing Bank (NHB). The Company has adopted the KYC & AML Policy (Policy) as per the requirements of NHB, as well as modified and revised this Policy from time to time as appropriate, with the approval of the Board of Directors of the Company.

This Policy had initially been formulated pursuant to the notification issued by the NHB on Know Your Customer (KYC) Guidelines and Anti-Money Laundering Standards bearing reference No. NHB (ND)/DRS/Pol-No.13/2006 dated 10th April, 2006 and as part of the best corporate practices. The Policy was revised and updated in line with the amendment in the guidelines issued by the NHB vide its Circular from time to time as per Master Circular NHB(ND)/DRS/REG/MC-04/2018 July 2, 2018 and circular on KYC guidelines and Anti-Money Laundering standards circulated by NHB vide Circular No. NHB/ND/DRS/Policy Circular No. 94/2018-19, March 11, 2019.

The Board of Directors has also reviewed & modified and duly approved the Policy at their meeting held on 1st Jan 21 which is updated till the Circular No. RBI/2021-22/35 DOR.AML.REC.No.15/14.01.001/2021-22 dated 10th May, 2021, regarding Amendment to the Master Direction (MD) on KYC.

Further, in terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (as amended from time to time) notified by the Government of India, the Company was required to follow certain customer identification procedures, while onboarding and undertaking transactions either by establishing an account based relationship or otherwise and monitor their transactions. MHIL shall take steps to implement provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as applicable and as amended from time to time. This Policy, thus, has been framed to know/understand customers and their financial dealings better which in turn would help the Company manage their risks prudently and avoid being used by criminal elements for money laundering activities.

This Policy is now being revised pursuant to the latest amendments circulated by Reserve Bank of India (RBI) vide Circular No. Master Direction DBR.AML.BC.No.81/ 14.01.001/2015-16 updated on May 10, 2021 , to make the necessary updates as per the aforesaid provisions of the RBI Master Directions on Know Your Customer (KYC) Direction, 2016 ("Master Directions on KYC/ Directions"), including operational instructions issued in pursuance of such amendment(s). This Policy shall have immediate effect, from the date of approval of the Board.

CHAPTER I

APPLICABILITY AND DEFINITIONS

2. Applicability

This Policy shall apply to every entity regulated by Reserve Bank of India, more specifically as defined in 3 (b) (xiii) of Master Directions on KYC, except where specifically mentioned otherwise.

This Policy shall also apply to those branches and majority owned subsidiaries of the Company which are located abroad, to the extent they are not contradictory to the local laws in the host country, provided that:

- i. where applicable laws and regulations prohibit implementation of these guidelines, the same shall be brought to the notice of the RBI.
- ii. in case there is a variance in KYC/AML standards prescribed by the RBI and the host country regulators, branches/ subsidiaries of the Company are required to adopt the more stringent regulation of the two.
- iii. branches/ subsidiaries of foreign incorporated banks may adopt the more stringent regulation of the two i.e. standards prescribed by the Reserve Bank of India and their home country regulators.

Any reference to account in this Policy shall be understood to refer to a loan account or a lending transaction. The Company can no longer accept deposits, however, the requirements will also apply to existing deposits, only to the extent relevant.

3. Definitions

For the purposes of the Policy, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them in the Directions as well as the Prevention of Money-Laundering Act, 2002 read with the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. Illustratively, in the context of this Policy, the following terms shall have the assigned meanings (subject to the provisions of the Directions, the Act and the Rules):

- i. "Aadhaar number" shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016);
- ii. "Act" and "Rules" means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.
- iii. "Authentication", in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
- iv. Beneficial Owner (BO):-
 - a. Where the **customer is a company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause-

1. "Controlling ownership interest" means ownership of/entitlement to more than 25 per cent of the 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.
- b. Where the **customer is a partnership firm**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of capital or profits of the partnership.
- c. Where the **customer is an unincorporated association or body of individuals**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

- d. Where the customer is a **trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- v. "Certified Copy" - 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.

Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016, alternatively, the original certified copy, certified by any one of the following, may be obtained:

- authorised officials of overseas branches of Scheduled Commercial Banks registered in India,
 - branches of overseas banks with whom Indian banks have relationships,
 - Notary Public abroad,
 - Court Magistrate,
 - Judge,
 - Indian Embassy/Consulate General in the country where the non-resident customer resides.
- vi. "Central KYC Records Registry" (CKYCR) means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
 - vii. "**Designated Director**" means a person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall be the Managing Director or a whole-time Director, duly authorized by the Board of Directors Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.
 - viii. "Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the Company as per the provisions contained in the Act.
 - ix. "Digital Signature" shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).
 - x. "Equivalent e-document" means 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.

- xi. "Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry.
- xii. "Non-profit organizations" (NPO) means any entity or organization that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013.
- xiii. "Officially Valid Document" (OVD) means
 - i. the passport,
 - ii. the driving licence,
 - iii. proof of possession of Aadhaar number,
 - iv. the Voter's Identity Card issued by the Election Commission of India,
 - v. job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

Provided that,

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

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

- xiv. "Offline verification" shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016).
- xv. "Person" has the same meaning assigned in the Act and includes:
 - a. an individual,
 - b. a Hindu undivided family,
 - c. a company,
 - d. a firm,
 - e. an association of persons or a body of individuals, whether incorporated or not
 - f. every artificial juridical person, not falling within any one of the above persons (a to e), and

g. any agency, office or branch owned or controlled by any of the above persons (a to f).

xvi. "Principal Officer" means an officer nominated by the Company, responsible for furnishing information as per rule 8 of the Rules.

xvii. "Suspicious transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:

- a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
- b. appears to be made in circumstances of unusual or unjustified complexity; or
- c. appears to not have economic rationale or *bona-fide* purpose; or
- d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

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

xviii. A 'Small Account' means a savings account which is opened in terms of sub-rule (5) of the PML Rules, 2005. Details of the operation of a small account and controls to be exercised for such account are specified in Section 23 of RBI Master Directions.

xix. "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

- a. opening of an account;
- b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
- 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, for any contractual or other legal obligation; or
- f. establishing or creating a legal person or legal arrangement.

xx. "Video based Customer Identification Process (V-CIP)": means an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the RE by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated on par with face-to-face CIP for the purpose of Master Direction.

Terms bearing meaning assigned in the Master Directions on KYC, unless the context otherwise requires, shall bear the meanings assigned to them below:

- i. "Common Reporting Standards" (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.
- ii. "Customer" means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
- iii. "Walk-in Customer" means a person who does not have an account-based relationship with the Company, but undertakes transactions with the Company.
- iv. "Customer Due Diligence (CDD)" means identifying and verifying the customer and the beneficial owner.
- v. "Customer Identification" means undertaking the process of CDD.

- vi. "FATCA" means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- vii. "IGA" means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- viii. "KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
- ix. "Non-face-to-face customers" means customers who open loan accounts without visiting the branch/offices of the Company or meeting the officials of Company.
- x. "On-going Due Diligence" means regular monitoring of transactions in loan accounts to ensure that they are consistent with the customers' profile and source of funds.
- xi. "Periodic Updation" means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.
- xii. "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.
- xiv. "Shell bank" means a bank which is incorporated in a country where it has no physical presence and is unaffiliated to any regulated financial group.
- xv. "Wire transfer" means a transaction carried out, directly or through a chain of transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank, and the Company shall ensure compliance as per para 64 of Master Directions on KYC.
- xvi. "Domestic and cross-border wire transfer": When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the 'originator bank' or 'beneficiary bank' is located in different countries such a transaction is cross-border wire transfer.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

CHAPTER – II

GENERAL

- 4. The Policy, including any amendments and revisions, shall be duly approved by the Board of Directors of Company or any committee of the Board to which power has been delegated.

The Policy shall include following four key elements:

- (a) Customer Acceptance Policy;
- (b) Risk Categorization & Management;
- (c) Customer Identification Procedures (CIP); and
- (d) Monitoring of Transactions

5. Money Laundering and Terrorist Financing Risk Assessment by Company

- (a) the Company will carry out 'Money Laundering (ML) and Terrorist Financing (TF) 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.

The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, Company shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with the Company from time to time.

- (b) The risk assessment by the Company shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Company. Further, the periodicity of risk assessment exercise shall be determined by the Board of the Company, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually. For high risk customers, if any, the risk assessment exercise shall be undertaken on a half-yearly basis.
- (c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to competent authorities and self-regulating bodies.
- (d) The Company will apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and, accordingly, have Board approved policies, controls and procedures in this regard. Further, Company will monitor the implementation of the controls and enhance them if necessary.

6. Designated Director

- (a) A "Designated Director" means a person designated by the Company to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules and shall be nominated by the Board. The Company has nominated its Chief Executive Officer as its "Designated Director" under this Policy and intimated the same to NHB/RBI and the FIU-IND.
- (b) The name, designation and address of the Designated Director shall be communicated to, including any changes to information previously submitted, the NHB/RBI and FIU-IND.
- (c) In no case, the Principal Officer shall be nominated as the 'Designated Director'.

7. Principal Officer

- (a) The Company will appoint a "Principal Officer" (preferably of the level of Sr Manager or above). The Company has appointed its Company Secretary as the Principal Officer under this Policy and intimated the same to NHB/RBI and the FIU-IND.
- (b) The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.
- (c) The name, designation and address of the Principal Officer shall be communicated to, including any changes to information previously submitted, the NHB/RBI and FIU-IND.

8. Compliance with Policy

- (a) The Company shall ensure compliance with this Policy through:
 - (i) Specifying as to who constitute 'Senior Management' for the purpose of KYC compliance.
 - (ii) Allocation of responsibility for effective implementation of policies and procedures.
 - (iii) Independent evaluation of the compliance functions of Company's policies and procedures, including legal and regulatory requirements.
 - (iv) Concurrent/ internal audit system to verify the compliance with KYC/AML policies and procedures.

- (v) Submission of quarterly audit notes and compliance to the Audit Committee.
- (b) The Company shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

CHAPTER – III

Customer Acceptance Policy

9. The Company has framed a customer acceptance policy in the form of the Credit Policy of the Company.
10. Without prejudice to the generality of the aspects that the customer acceptance policy may contain, MHIL shall ensure that:
 - (a) No customer is accepted, or loan account is opened, in anonymous or fictitious/benami name.
 - (b) No customer is accepted, or loan account is opened, where the MHIL is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
 - (c) No transaction or loan account-based relationship is undertaken without following the CDD procedure.
 - (d) The mandatory information to be sought for KYC purpose while opening a loan account and during the periodic updation, is specified.
 - (e) 'Optional'/additional information, as per the Credit Policy is obtained with the explicit consent of the customer after the loan account is opened.
 - (f) The Company shall apply the CDD procedure at the Branch/ UCIC level. Thus, if an existing KYC compliant customer of a Company desires to avail another loan facility with the same Company, there shall be no need for a fresh CDD exercise.
 - (g) CDD Procedure is followed for all joint applicants.
 - (h) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
 - (i) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by the RBI.
 - (j) No customer should be accepted, or loan account opened related to any person or entity whose name appears in any negative list issued by the RBI.
 - (k) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
 - (l) Where an equivalent e-document is obtained from the customer, Company will verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
11. Customer acceptance policy shall not result in denial of financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

CHAPTER – IV

Risk Categorization & Management

12. For Risk Categorization & Management, MHIL shall have a risk-based approach which includes the following.
 - (a) Customers shall be categorised as **Low, Medium and High Risk** category, based on the assessment and risk perception of the Company.
 - (b) Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in as given below:

This AML /Risk based categorization of a Customer is mentioned below, subject to any

regulatory requirement as may be specified from time to time:

<p>Low Risk</p>	<p>Low Risk individual customers are those individuals (other than high net worth) and entities whose identities and sources of wealth can be easily identified and the transactions with them by and large conform to known profile. These include following:</p> <ol style="list-style-type: none"> 1. Salaried Employee 2. Self Employed Individuals/Prop Firms 3. Govt. Dept & Govt. Owned Companies 4. Limited Companies (Public & Private) 5. Partnership Firm (Regd. Deed). 6. Loans to NRIs up to Rs. 25 Lakhs, in which repayment is through the NRO Account & no limit if repayment is from overseas remittance. 7. All loan cases up to Rs. 25 Lakhs, where income is assessed without formal income proof documents or surrogate methods used, eg: cash salaried, no-income proof loans and informal self-employed customers.
<p>Medium Risk</p>	<ol style="list-style-type: none"> 1. NGOs, trusts, charities and organizations receiving donations 2. Trust/Societies 3. High net worth individuals (investible surplus more than Rs. 1.00 Crore) 4. Companies having close family shareholding or beneficial ownership. 5. All loans above Rs. 25 Lakhs assessed on the basis of surrogate methods or without formal income proof documents. 6. Loans to NRIs above Rs. 25 Lakhs, where repayment of loan is through NRO Account.
<p>High Risk</p>	<ol style="list-style-type: none"> 1. Politically Exposed Persons (PEP) 2. Family members and close relatives of PEP 3. Very high cash transactions (Rs. 10 Lakhs and above and suspicious transactions reported to FIU-IND) 4. Persons with dubious reputation as per public information available. 5. Persons whose sources of income are unknown or no documentary proof awaited. 6. Non-face to face meeting with customers or dubious persons.

Provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive and the same may be specified in the Credit Policy.

The Recommendations made by the Financial Action Task Force (FATF) on Anti-money Laundering (AML) standards and on Combating Financing of Terrorism (CFT) standards should also be used in risk assessment.

CHAPTER V

Customer Identification Procedure (CIP)

13. The Company shall undertake identification of customers in the following cases:

- (a) Commencement of a loan account-based relationship with the customer.
- (b) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- (c) Selling third party products as agents, selling their own products, payment of dues of credit

cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.

- (d) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
 - (e) When the Company has reason to believe or having a suspicion that a customer is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
 - (f) The Company shall ensure that introduction is not to be sought while availing loan from MHIL.
- 14.** For the purpose of verifying the identity of customers at the time of commencement of a loan account-based relationship, Company, shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:
- (a) Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
 - (b) Adequate steps are taken by 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 PML Act.
 - (d) The third party shall not be based in a country or jurisdiction assessed as high risk.
 - (e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.

CHAPTER VI

Customer Due Diligence (CDD) Procedure

Part I - Customer Due Diligence (CDD) Procedure in case of Individuals

- 15.** For undertaking CDD, Company shall obtain the following from an individual while establishing a loan account-based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:
- (a) the Aadhaar number where,
 - (i) he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
 - (ii) he decides to submit his Aadhaar number voluntarily in terms of the first proviso to sub-section (1) of section 11A of the PML Act; or
 - (b) the proof of possession of Aadhaar number where offline verification can be carried out; or
 - (c) the proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and
 - (d) the Permanent Account Number (PAN) or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
 - (e) such other identity documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the Company as per the Credit Policy of the Company:

Provided that where the customer has submitted:

- i) Aadhaar number in line the first proviso to sub-section (1) of section 11A of the PML Act, the Company shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the- Unique Identification Authority of India. Further, in such a case, if customer 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.
- ii) proof of possession of Aadhaar where offline verification can be carried out, the Company shall carry out offline verification.
- iii) an equivalent e-document of any OVD, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo as specified under Annex I.
- iv) any OVD or proof of possession of Aadhaar number where offline verification cannot be carried out, the Company shall carry out verification through digital KYC as specified under Annex I, subject to any notifications issued by the Government permitting obtaining of a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph, where an equivalent e-document is not submitted.

Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, Company shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. CDD done in this manner shall invariably be carried out by an official of the Company and such exception handling shall also be a part of the concurrent audit. The Company shall ensure to duly record the cases of exception handling in a centralized exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorizing the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection by the Company and shall be available for supervisory review.

Explanation 1: The Company shall, where its customer submits a proof of possession of Aadhaar Number containing Aadhaar Number, ensure that such customer redacts or blacks out his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.

Explanation 2: Biometric based e-KYC authentication can be done by the Company subject to compliance with applicable law.

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016 and the regulations made thereunder.

- 16.** Loan accounts opened using OTP based e-KYC, in non-face-to-face mode, are subject to the following conditions. Since the Company cannot accept further deposits, these are relevant for only lending facilities:
- i. There must be a specific consent from the customer for authentication through OTP.
 - ii. Only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.
 - iii. Loan accounts opened using OTP based e-KYC shall not be allowed for more than one year within which identification under this Policy is to be carried out. If Aadhaar details are used under V- CIP, the process shall be followed in its entirety including fresh Aadhaar OTP authentication.
 - iv. If the CDD procedure as mentioned above is not completed within a year, no further debits shall be allowed.
 - v. A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other reporting entity. Further, while uploading KYC information to CKYCR, the Company

shall clearly indicate that such accounts are opened using OTP based e-KYC. The Company shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode by other reporting entities.

vi. The Company shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.

17. The Company may undertake live V-CIP, subject to the applicable laws, to be carried out by an official of the Company,

a. for establishment of a loan account based relationship with an individual customer, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers after obtaining his informed consent.

Provided that in case of CDD of a proprietorship firm, the Company shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, apart from undertaking CDD of the proprietor.

b. Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e-KYC authentication as per Section 17.

c. Updation/Periodic updation of KYC for eligible customers.

The Company opting to undertake V-CIP, shall adhere to the following minimum standards-

i. The official of the Company performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information only by Offline Verification of Aadhaar for identification.

ii. The Company will capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.

iii. Live location of the customer (Geotagging) shall be captured to ensure that customer is physically present in India

iv. The official of the Company shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.

v. The official of the Company shall ensure that the sequence and/or type of questions during video interactions are varied in order to establish that the interactions are real-time and not pre-recorded.

vi. In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.

vii. All loan accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process.

viii. The Company will ensure that the process is a seamless, real-time, secured, end-to-end encrypted audiovisual interaction with the customer and the quality of the communication is adequate to allow identification of the customer beyond doubt. The Company shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.

ix. To ensure security, robustness and end to end encryption, the Company shall carry out software and security audit and validation of the V-CIP application before rolling it out.

x. The audiovisual interaction shall be triggered from the domain of the Company itself, and not from third party service provider, if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V- CIP shall be preserved.

- xi. The Company will ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.
- xii. The Company is encouraged to take assistance of the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer. However, the responsibility of customer identification shall rest with the Company.
- xiii. The Company shall ensure to redact or blackout the Aadhaar number in terms of applicable law.

18. Simplified procedure for Non-Banking Finance Companies (NBFCs): In case a person who desires to avail loan is not able to produce the specified documents, the Company may at its discretion open loan accounts subject to the following conditions:

- (a) The Company shall obtain a self-attested photograph from the customer.
 - (b) The designated officer of the Company certifies under his signature that the person opening the loan account has affixed his signature or thumb impression in his presence.
 - (c) The loan account shall remain operational initially for a period of twelve months, within which the CDD shall be carried out.
 - (d) The loan sanctioned/ Balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time.
 - (e) The total credit in all the accounts taken together shall not exceed rupees one lakh in a year.
 - (f) The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case (d) above is breached by him.
 - (g) The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in direction (d) and (e) above.
 - (h) The Company shall take appropriate steps to notify the customer and complete the KYC process, failing which no further debits will be allowed.
- 19.** KYC verification once done by one branch/office of the Company shall be valid for transfer of the loan account to any other branch/office of the same Company, provided full KYC verification has already been done for the concerned loan account and the same is not due for periodic updation.

Part II- CDD Measures for Sole Proprietary firms

- 20.** For opening a loan account in the name of a sole proprietary firm, CDD of the individual (proprietor) shall be carried out.
- 21.** In addition to the above, any two of the following documents or the equivalent e-documents there of as a proof of business/ activity in the name of the proprietary firm shall also be obtained:
- (a) Registration certificate
 - (b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
 - (c) Sales and income tax returns.
 - (d) CST/VAT/ GST certificate (provisional/final)
 - (e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.

- (f) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
 - (g) 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.
 - (h) Utility bills such as electricity, water, landline telephone bills, etc.
22. In cases where the Company is satisfied that it is not possible to furnish two such documents, the Company may, at their discretion, accept only one of those documents as proof of business/activity.

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

Part III- CDD Measures for Legal Entities

23. For opening a loan account of a company, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- (a) Certificate of incorporation
 - (b) Memorandum and Articles of Association
 - (c) Permanent Account Number of the company
 - (d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf
 - (e) CDD documents relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf
24. For opening a loan account of a partnership firm, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- (a) Registration certificate
 - (b) Partnership deed
 - (c) Permanent Account Number of the partnership firm
 - (d) Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
25. For opening a loan account of a trust, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- (a) Registration certificate
 - (b) Trust deed
 - (c) Permanent Account Number or Form No.60 of the trust
 - (d) Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
26. For opening a loan account of an unincorporated association or a body of individuals, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- (a) Resolution of the managing body of such association or body of individuals
 - (b) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals

- (c) Power of attorney granted to transact on its behalf
- (d) CDD documents, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
- (e) Such information as may be required by the Company to collectively establish the legal existence of such an association or body of individuals.

Explanation: Unregistered trusts/partnership firms shall be included under the term 'unincorporated association'.

Explanation: Term 'body of individuals' includes societies.

27. For opening loan account of juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats, certified copies of the following documents or the equivalent e-documents thereof shall be obtained:

- (a) Document showing name of the person authorised to act on behalf of the entity;
- (b) Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf and
- (c) Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person.

Part IV - Identification of Beneficial Owner

28. For opening a loan 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 sub-rule (3) of Rule 9 of the Rules to verify his/her identity shall be undertaken keeping in view the following:

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

Part V - On-going Due Diligence

29. The Company shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds.

30. Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored:

- (a) Large and complex transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
- (b) Transactions which exceed the prescribed thresholds .
- (c) High account turnover inconsistent with the profile of the customer.
- (d) Providing third party cheques, drafts, etc.

31. The extent of monitoring shall be aligned with the risk category of the customer.

Explanation: High risk accounts have to be subjected to more intensified monitoring.

- (a) A system of periodic review of risk categorization 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.

32. Periodic Updation

Periodic updation shall 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 as per the following procedure:

a) Individual Customers:

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, digital channels (such as online banking / internet banking, mobile application of Company), letter etc.

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, digital channels (such as online banking / internet banking, mobile application of 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.

Further, Company may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, as defined in Section 3(a)(xiii) of Directions, 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 are available with the Company. Wherever required, Company may carry out fresh KYC of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major.

b) Customers other than individuals:

No change in KYC information: In case of no change in the KYC information of the Lega Entity (LE) customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the Company, digital channels (such as online banking / internet banking, mobile application of Company), letter from an official authorized by the LE in this regard, board resolution etc. Further, 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.

Change in KYC information: In case of change in KYC information, Company shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

c) Additional measures: In addition to the above, Company shall ensure that,

The KYC documents of the customer as per the current CDD standards are available with it. This is 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, Company shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.

Customer's PAN details, if available with the Company, is verified from the database of the issuing authority at the time of periodic updation of KYC.

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 the Company and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

In order to ensure customer convenience, Company may consider making available the facility of periodic updation of KYC at any branch.

The Company may at its option insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication/Offline Verification, including if there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. Normally, OVD/Consent forwarded by the customer through mail/post, etc., shall be acceptable.

The Company shall adopt a risk-based approach with respect to periodic updation of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the Company such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of the Company where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall be clearly specified in the internal KYC policy duly approved by the Board of Directors of Company or any committee of the Board to which power has been delegated.

33. In case of existing customers, the Company shall obtain the Permanent Account Number or equivalent e-document thereof or Form No.60, by such date as may be notified by the Central Government, failing which the Company shall temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for a loan account (i.e. suspending any further debits), the Company shall give the customer an accessible notice and a reasonable opportunity to be heard. Further, Company shall include, in its internal policy, appropriate relaxation(s) for continued services for customers who are unable to provide Permanent Account Number or equivalent e- document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes. Such customer relationships shall, however, be subject to enhanced monitoring.

Provided further that if a customer having an existing loan-based relationship with the Company gives in writing to the Company that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, the Company shall close the loan account (i.e. suspend any further debits) and all obligations shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.

Explanation – For the purpose of this Section, “temporary ceasing of operations” in relation an account shall mean the temporary suspension of all transactions or activities in relation to that account by the Company till such time the customer complies with the provisions of this Section. In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

Part VI - Enhanced and Simplified Due Diligence Procedure

A. Enhanced Due Diligence

34. **Loan account of non-face-to-face customers (other than Aadhaar OTP based onboarding):** the Company will ensure that the first payment/ disbursement is to be effected through the customer's KYC- complied account with another Company, for enhanced due diligence of non-face-to-face customers.
35. **Loan accounts of Politically Exposed Persons (PEPs)**
- A. the Company will have the option of establishing a relationship with PEPs provided that:
- (a) sufficient information including information about the sources of funds of family members

and close relatives is gathered on the PEP;

- (b) the identity of the person shall have been verified before accepting the PEP as a customer;
- (c) the decision to open a loan account for a PEP is taken at a senior level in accordance with the customer acceptance policy;
- (d) all such loan accounts are subjected to enhanced monitoring on an on-going basis;
- (e) in the event of an existing customer or the beneficial owner of an existing loan 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.

B. These instructions shall also be applicable to loan accounts where a PEP is the beneficial owner

36. Client loan accounts opened by professional intermediaries:

The Company will ensure while opening loan accounts through professional intermediaries, as may be permitted under law, that:

- (a) Clients shall be identified when loan account is opened by a professional intermediary on behalf of a single client.
- (b) the Company shall have option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
- (c) the Company shall not open loan 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 'sub-accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of Company, the Company shall look for the beneficial owners.
- (e) the Company will, at their discretion, rely on the 'customer due diligence' (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.

B. Simplified Due Diligence

37. Simplified norms for Self Help Groups (SHGs) Simplified

- (a) CDD of all the members of SHG shall not be required while opening the loan account of the SHG.
- (b) CDD of all the office bearers shall suffice.
- (c) CDD of all the Members of SHG may be undertaken at the time of credit linking of SHGs.

38. Simplified KYC norms for Foreign Portfolio Investors (FPIs)

Transactions/ relationships with FPIs which are eligible as per the applicable foreign exchange and securities market guidelines issued by the Government, RBI and SEBI (as appropriate), for the purpose of investment under Portfolio Investment Scheme (PIS), shall be undertaken by accepting KYC documents as detailed in Annex II, subject to Income Tax (FATCA/CRS) Rules.

Provided that Company shall obtain undertaking from FPIs or the Global Custodian acting on behalf of the FPI that as and when required, the exempted documents as detailed in Annex II will be submitted.

39. An indicative list of documents for low risk category clients is set out in Annex III.

Record Management

40. The following steps shall be taken regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules. the Company shall,
- (a) maintain all necessary records of transactions between the Company and the customer, both domestic and international, for **at least five years** from the date of transaction;
 - (b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the loan account/ at the commencement of the relationship and during the course of business relationship, for **at least five years** after the business relationship is ended;
 - (c) make available the identification records and transaction data to the competent authorities upon request;
 - (d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
 - (e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - (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.
 - (f) evolve a system for proper maintenance and preservation of information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
 - (g) maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

Chapter VIII

Reporting Requirements to Financial Intelligence Unit – India

41. The Company shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

Explanation: In terms of Third Amendment Rules notified September 22, 2015 regarding amendment to sub rule 3 and 4 of rule 7, Director, FIU-IND shall have powers to issue guidelines to reporting entities for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.

42. The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by Company which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officers of the Company, whose all branches are not fully computerized, shall have suitable arrangement to cull out the transaction details from branches which are not yet computerized and to feed the data into an electronic file with the help of the editable electronic utilities of CTR/STR as have been made available by FIU-IND on its website <http://fiuindia.gov.in>. The sample list of STR/CTR to be reported are enclosed in the Annexure

– IV for identification.

43. While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. Company shall not put any restriction on operations in the loan accounts where an STR has been filed. The Company shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level.
44. The Company shall have adequate systems, processes and procedures, including through electronic means depending on the requirements of the business and as appropriate, to enable effective identification and reporting of suspicious transactions.

Chapter IX

Requirements/obligations under International Agreements

Communications from International Agencies –

45. The Company shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any loan 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). The details of the two lists are as under:
 - (a) The “**ISIL (Da’esh) & Al-Qaida Sanctions List**”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at

<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/al-qaida-r.xsl>
 - (b) The “**1988 Sanctions List**”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban-r.xsl>.
46. Details of loan accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification dated March 14, 2019/ February 2, 2021 and as may be amended from time to time.
47. In addition to the above, other UNSCRs circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of.
48. **Freezing of Loan Account in line with Section 51A of Unlawful Activities (Prevention) Act, 1967**

The procedure laid down by the Government under the UAPA shall be strictly followed and meticulous compliance with the same shall be ensured, as far as applicable.

Specifically, the Company shall ensure compliance with the applicable guidelines requiring it to:

- (i) Maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order, herein after, referred to as designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., with them.
- (ii) In case, the particulars of any of their customers match with the particulars of designated individuals/entities, the Company shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held by such customer on their books to the Joint. Secretary (CTCR), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone

or 011- 23092736. The particulars apart from being sent by post, should necessarily be conveyed on e- mail id: jsctcr-mha@gov.in.

- (iii) The Company shall also send a copy of the communication mentioned in (ii) above to the UAPA Nodal Officer of the State/UT where the loan account is held and the regulators and FIU-IND, as the case maybe.
- (iv) In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the Company would prevent designated persons from conducting financial transactions, under intimation to the Joint Secretary (CTCR), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: jsctcr-mha@gov.in.
- (v) The Company shall file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph (ii) above, carried through or attempted as per the prescribed format.
- (vi) The freeze would apply as appropriate. In case of loan accounts, no further debits shall be permitted. In case of existing deposits, the funds will be frozen.

Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person

- (a) Any individual or entity, if it has evidence to prove that the freezing of existing deposit or the loan account, owned/held by them has been inadvertently frozen, they shall move an application giving the requisite evidence. in writing.
- (b) In case the Company receives such an application, it shall inform and forward a copy of the application together with full details of the relevant assets given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the Nodal Officer of CTCR Division of MHA within two working days.
- (c) The Joint Secretary (CTCR), MHA being the UAPA Nodal Officer for CTCR Division of MHA shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, he shall pass an order, within 15 working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to other parties, including the Company. However, if it is not possible for any reason to pass an order unfreezing the assets within 15 working days, the UAPA Nodal Officer of CTCR Division shall inform the applicant.

49. Jurisdictions that do not or insufficiently apply the FATF Recommendations

- (a) FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.
- (b) Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.

Explanation: The process above does not preclude the Company from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.

- (c) The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/other relevant authorities, on request.

CHAPTER X

Other Instructions

50. 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 Company and customer.
- (b) Information collected from customers for the purpose of opening of loan account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without getting the express permission of the customer.
- (c) While considering the requests for data/information from Government and other agencies, Company shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the Company's 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 Company requires disclosure and
 - iv. Where the disclosure is made with the express or implied consent of the customer.
- (e) NBFCs shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.

51. CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

The Company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules as far as applicable, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be. Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015. The Company shall take all necessary steps as may be required under law.

In terms of provision of Rule 9(1A) of PML Rules, the Company shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.

The Company shall ensure that during periodic updation, the customers are migrated to the current CDD standard.

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 the Company shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall 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 RE 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.

52. Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

Under FATCA and CRS, the Company shall adhere to the provisions of Income Tax Rules 114F, 114G and 114H and determine whether they are a Reporting Financial Institution as defined in

Income Tax Rule 114F and if so, shall take following steps for complying with the reporting requirements:

- (a) Register on the related e-filing portal of Income Tax Department as Reporting Financial Institutions at the link <https://incometaxindiaefiling.gov.in/> post login --> My Account --> Register as Reporting Financial Institution.
- (b) Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.

Explanation: The Company shall refer to the spot reference rates published by Foreign Exchange

Dealers' Association of India (FEDAI) on their website at <http://www.fedai.org.in/>

RevaluationRates.aspx for carrying out the due diligence procedure for the purposes of identifying reportable accounts in terms of Rule 114H.

- (c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H.
- (d) Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
- (e) Constitute a "High Level Monitoring Committee" or a Risk Committee under the Designated Director or any other equivalent functionary to ensure compliance.
- (f) Ensure compliance with updated instructions/ rules/ guidance notes/ Press releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time and available on the web site <http://www.incometaxindia.gov.in/Pages/default.aspx>. Company may take note of the following:
 - i. updated Guidance Note on FATCA and CRS
 - ii. a press release on 'Closure of Financial Accounts' under Rule 114H (8).

53. Period for presenting payment instruments

Payment of cheques/drafts/pay orders/banker's cheques, if they are presented beyond the period of three months from the date of such instruments, shall not be made.

54. Operation of Accounts & Money Mules

The instructions on opening of accounts and monitoring of transactions shall be strictly adhered to, in order to minimize the operations of "Money Mules" which are used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties which act as "money mules", to the extent relevant to the Company as an HFC. All relevant precautions, as necessary and applicable, should be taken to ensure compliance.

55. Collection of Account Payee Cheques

For the loan accounts, account payee cheques for any person other than the payee constituent shall not be collected. The Company shall, at their option, collect account payee cheques drawn for an amount not exceeding rupees fifty thousand to the account of their customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies.

- 56.** A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by Company and NBFCs.

57. Introduction of New Technologies related to loan accounts to the extent applicable as HFC –

Adequate attention shall be paid to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and it shall be ensured that appropriate KYC procedures issued from time to time are duly applied before introducing new

products/services/technologies, to the extent relevant to the Company as an HFC.

58. Issue and Payment of Demand Drafts, etc

Any remittance of funds by way of demand draft, mail/telegraphic transfer/NEFT/IMPS or any other mode and issue of travelers' cheques for value of rupees fifty thousand and above shall be effected by debit to the customer's account or against cheques and not against cash payment.

Further, the name of the purchaser shall be incorporated on the face of the demand draft, pay order, banker's cheque, etc., by the issuing bank. These instructions shall take effect for such instruments issued on or after September 15, 2018.

59. Quoting of PAN

Permanent account number (PAN) or equivalent e-document thereof of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule 114B applicable to the Company, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN or equivalent e-document thereof.

60. Selling Third party products-

The Company acting as agents while selling third party products as per regulations in force from time to time shall comply with the following aspects for the purpose of this Policy:

- (a) the identity and address of the walk-in customer shall be verified for transactions above rupees fifty thousand as per the requirements of this Policy..
- (b) transaction details of sale of third party products and related records shall be maintained as per the requirements of this Policy..
- (c) AML software capable of capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.
- (d) transactions involving rupees fifty thousand and above shall be undertaken only by:
 - debit to customers' account or against cheques; and
 - obtaining and verifying the PAN given by the customers.
- (e) Instruction at 'd' above shall also apply to sale of the Company's own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for rupees fifty thousand and above.

61. Hiring of Employees and Employee training

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

62. Adherence to Know Your Customer (KYC) guidelines by persons authorised by the Company including brokers/agents etc.

- (a) Persons authorised for collecting any amounts and their brokers/agents or the like, shall be fully compliant with the KYC guidelines applicable to NBFCs/RNBCs.

- (b) All information shall be made available to the RBI to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorised by the Company including brokers/agents etc. who are operating on their behalf.
- (c) The books of accounts of persons authorised by the Company including brokers/agents or the like, so far as they relate to brokerage functions of the company, shall be made available for audit and inspection whenever required.

Annex I

Digital KYC Process

- A. The Company shall develop an application for digital KYC verification process as far as possible, which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the Company, as far as possible. The KYC documents collected from all types of customers as per the Board approved Credit Policy of the company shall be considered as valid and binding, subject to the compliance of Regulatory provisions notified & circulated by the RBI / NHB.
- B. The access of the Application shall be controlled by the Company and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password or Live OTP or Time OTP controlled mechanism given by the Company to its authorized officials.
- C. The customer, for the purpose of KYC, shall visit the location of the authorized official of the Company or vice-versa. The original OVD shall be in possession of the customer.
- D. The Company must ensure that the Live photograph of the customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the Company shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by the Company) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.
- E. The Application of the Company shall have the feature that only live photograph of the customer is captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.
- F. Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), shall be captured vertically from above and water-marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.
- G. The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.
- H. Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.
- I. Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, it will be treated as

customer signature on CAF. However, if the customer does not have his/her own mobile number, then mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the Company shall not be used for customer signature. The Company must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.

J. The authorized officer shall provide a declaration about the capturing of the live photograph of customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the Company. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.

K. Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the Company, and also generate the transaction-id/reference-id number of the process. The authorized officer shall intimate the details regarding transaction-id/reference-id number to customer for future reference.

L. The authorized officer of the Company shall check and verify that:- (i) information available in the picture of document is matching with the information entered by authorized officer in CAF. (ii) live photograph of the customer matches with the photo available in the document.; and (iii) all of the necessary details in CAF including mandatory field are filled properly.;

M. On Successful verification, the CAF shall be digitally signed by authorized officer of the Company who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

Annex II
KYC documents for eligible FPIs under PIS

1) Category		FPI Type		
Document Type		Category I	Category II	Category III
Entity /Company Level	Constitutive Documents (Memorandum and Article of Association, Certificate of Incorporation etc.)	Mandatory	Mandatory	Mandatory
	Proof of Address	Mandatory (Power of Attorney {POA} mentioning the address is acceptable as address proof)	Mandatory (Power of Attorney {POA} mentioning the address is acceptable as address proof)	Mandatory other than Power of Attorney
	PAN	Mandatory	Mandatory	Mandatory
	Financial Data	Exempted*	Exempted*	Mandatory
	SEBI Registration Certificate	Mandatory	Mandatory	Mandatory
	Board Resolution @@	Exempted*	Mandatory	Mandatory
Senior Management (Whole Time Directors/ Partners/ Trustees/ etc.)	List	Mandatory	Mandatory	Mandatory
	Proof of Identity	Exempted*	Exempted*	Entity declares* on letter head full name, nationality, date of birth or submits photo identity proof
	Proof of Address	Exempted*	Exempted*	Declaration on letter head*

	Photographs	Exempted	Exempted	Exempted*
Authorized Signatories	List and Signatures	Mandatory – list of Global Custodian signatories can be given in case of PoA to Global Custodian	Mandatory - list of Global Custodian signatories can be given in case of PoA to Global Custodian	Mandatory
	Proof of Identity	Exempted*	Exempted*	Mandatory
	Proof of Address	Exempted*	Exempted*	Declaration on letter head*
	Photographs	Exempted	Exempted	Exempted*
Ultimate Beneficial Owner (UBO)	List	Exempted*	Mandatory (can declare “no UBO over 25%”)	Mandatory
	Proof of Identity	Exempted*	Exempted*	Mandatory
	Proof of Address	Exempted*	Exempted*	Declaration on letter head*
	Photographs	Exempted	Exempted	Exempted*
<p>Note:- * Not required while opening the bank account. However, FPIs concerned may submit an undertaking that upon demand by Regulators/Law Enforcement Agencies the relative document/s would be submitted to the Company.</p> <p>@@ FPIs from certain jurisdictions where the practice of passing Board Resolution for the purpose of opening bank accounts etc. is not in vogue, may submit ‘Power of Attorney granted to Global Custodian/Local Custodian in lieu of Board Resolution.</p>				

2) Category	Eligible Foreign Investors
I.	Government and Government related foreign investors such as Foreign Central Banks, Governmental Agencies, Sovereign Wealth Funds, International/ Multilateral Organizations/ Agencies.
II.	<p>a) Appropriately regulated broad based funds such as Mutual Funds, Investment Trusts, Insurance /Reinsurance Companies, Other Broad Based Funds etc.</p> <p>b) Appropriately regulated entities such as Banks, Asset Management Companies, Investment Managers/ Advisors, Portfolio Managers etc.</p> <p>c) Broad based funds whose investment manager is appropriately regulated.</p> <p>d) University Funds and Pension Funds.</p> <p>e) University related Endowments already registered with SEBI as FII/Sub Account.</p>
III.	All other eligible foreign investors investing in India under PIS route not eligible under Category I and II such as Endowments, Charitable Societies/Trust, Foundations, Corporate Bodies, Trusts, Individuals, Family Offices, etc.

ANNEX III

List of Additional KYC Documents that can be considered for Low Risk Category Customers:

This is an indicative list of documents which may be obtained from low risk category customers.

3) KYC Document for Individual Customers:

Sr. No.	Documents Acceptable	Identity	Residence Address	Signature	Date Of Birth
1	PAN Card	Yes	No	Yes	Yes

2	AADHAR UID card	Yes	Yes	No	Yes
3	Voter's Identity Card	Yes	Yes	No	Yes
4	Driving License	Yes	Yes	No	Yes
5	Valid Passport	Yes	Yes	Yes	Yes
6	Identity Card with Applicant's photographs issued by state Govt or Central Govt departments, statutory or regulatory authorities, public sector undertakings, scheduled commercial banks and public financial institutions.	Yes	No	No	Yes
7	Job card issued by NREGA/Govt Agency/Undertakings	Yes	No	No	Yes
8	Letter issued by a Gazetted officer, with a duly attested photograph of the person	Yes	No	No	No
9	Letter from a recognized public authority or Gazetted Officer verifying the identity/photo of the customer	Yes	No	No	No
10	Bank Account Statement 1st Page /Pass Book with photograph & bank stamp on the photo	Yes	Yes	No	No
11	Utility Bills (Electricity, Landline Telephone, Post Paid Mobile, Piped Gas line, Water) not more than 2 months old.	No	Yes	No	No
12	Original /Attested Sale Deed/Agreement duly registered in the name of customer to be collected as per the policy/process, as applicable In case of Address Proof submitted as per acceptable OVD document is having a different address than current address, then such OVD address proof must be verified in Original and FI /verification done on a best effort basis. For current address proof, the customer can submit a copy of Rent Agreement/ Leave and License Agreement or a Self-Declaration and such current address needs to be verified through the FI agency / Personal visit by company/branch official.	No	Yes	No	No
13	Latest Property or Municipal Tax receipt	No	Yes	No	No
14	Letter of allotment of accommodation from employer issued by state Govt or Central Govt departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreement with such employers allotting official accommodation	No	Yes	No	No
15	Pension or family pension payment order issued to retired employees by government departments or Public Sector Undertakings, if they contain address	No	Yes	No	No
16	Letter issued by the Unique Identification Authority of India containing details of name, address and Aadhar number	No	Yes	No	No
17	Birth Certificate (Govt agency)	No	No	No	Yes
18	School Leaving certificate (10th/12th)	No	No	No	Yes
19	Signature verification certificate from the bank where borrower is running the account	No	No	Yes	No

3.1. List of Documents to be obtained in Firm / Company as Address proof (Any one)

Sr. No.	Document	Firm	Company
1	Latest Electricity or Telephone bill of the firm (Not more than 2 months old)	Yes	Yes

2	Business Registration certificate, if any (GST)	Yes	Yes
3	Bank Statement of Nationalized / Scheduled Commercial Bank	Yes	Yes
4	Certified copy of Latest Amended Partnership Deed	Yes	No
5	Copy of Pan Card Allotment Letter	Yes	Yes

A. Illustrative List of CTR /STR Transactions to be Reported (Individual customers)

1. Details pertaining to the client have been altered numerous times (name changes, frequent corrections etc);
2. Unnecessarily complex client structure;
3. Individual or classes of transactions that take place unrelated to the business profile, and expected activities/ transaction unknown;
4. Customer is reluctant to provide information, data, documents;
5. Submission of false documents, data, purpose of loan, details of accounts;
6. Refuses to furnish details of source of income by which initial contribution is made, sources of funds in the bank account is doubtful etc;
7. Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
8. Approaches a branch/office of MHIL, which is away from the customer's residential or business address provided in the loan application, when there is MHIL branch/office nearer to the given address;
9. Unable to explain or satisfy the numerous transfers in the statement of bank account/ multiple accounts;
10. Initial contribution made through unrelated third party accounts without proper justification of source of fund;
11. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount and disproportionate to the end use of loan;
12. Suggesting dubious means of source of income for the sanction of loan;
13. Where transactions do not make economic sense;
14. Frauds detected; Counterfeit currency notes received by any branch from the customer to be reported as per NHB/RBI circular/ notifications;
15. Unusual financial transactions with unknown source;
16. 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;
17. There are serious doubts over the real beneficiary of the loan and the flat to be purchased;
18. Encashment of loan amount by opening a fictitious bank account;
19. Applying for a loan knowing that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding and hiding the same;
20. Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the published rates notified in the area of purchase;
21. Multiple funding of the same property/dwelling unit;
22. Request for payment made in favour of a third party who has no relation to the transaction;
23. 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.
24. Multiple funding / financing involving NGO / Charitable Organisation / Small / Medium Establishments (SMEs) / Self Help Groups (SHGs) / Micro Finance Groups (MFGs)
25. Frequent requests for change of address;
26. Overpayment of instalments with a request to refund the overpaid amount.
27. Investment in real estate at a higher/ lower price than expected or government notified rates.
