

# **POLICY ON KNOW YOUR CUSTOMER AND ANTI MONEY LAUNDERING MEASURES**

## **BEST CAPITAL SERVICES LIMITED**

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**This Policy on Know Your Customer and Anti Money Laundering Measures reviewed and approved in the  
BOARD meeting held on 02.04.2025.**

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

### **1) Introduction:**

Reserve Bank of India has issued comprehensive guidelines on Know Your Customer (KYC) norms and Anti-money Laundering (AML) standards and has advised all NBFCs to ensure that a proper policy framework on KYC and AML measures be formulated and put in place with the approval of the Board.

Accordingly, in compliance with the guidelines issued by RBI from time to time, the following KYC & AML policy of the Company is approved by the Board of Directors of the Company.

To put in place an effective system and procedure for Customer identification and verifying its / his / her identity and residential address.

This policy is applicable to all categories of products and services offered by the Company.

### **2) Objective:**

Objective of RBI guidelines is to prevent NBFCs being used, intentionally or unintentionally by criminal elements for money laundering activities. The guidelines also mandates making reasonable efforts to determine the true identity and beneficial ownership of accounts, source of funds, the nature of customer's business, reasonableness of operations in the account in relation to the customer's business, etc. which in turn helps the Company to manage its risks prudently. Accordingly, the main objective of this policy is to enable the Company to have positive identification of its customers.

### **3) Customer Acceptance Policy:**

The Company shall follow the following norms while accepting and dealing with its customers:

- No account is opened in anonymous or fictitious name.
- The Company shall carry out full scale customer due diligence (CDD) before opening an account. When the true identity of the applicant is not known or the Company is unable to apply appropriate Customer Due Diligence measures, no transaction or account based relationship will be undertaken with such person / entity.
- The Company shall apply Customer Due Diligence measures through the Unique Customer Identification Code level.
- Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk.
- The customer profile contains mandatory information to be sought for KYC purpose relating to customer's identity, address, social/financial status, nature of business activity, information about his clients' business and their location etc. The nature and extent of due diligence will depend on the risk perceived by the Company. The customer profile will be a confidential document and details contained therein will not be divulged for cross selling or any other purpose. The Company shall maintain secrecy regarding customer information except where the disclosure is under compulsion of law, there is a duty to the public to disclose, the disclosure is made with implied consent of the customer.

- The Company shall ensure that the identity of the customer does not match with any person or entity whose name appears in the sanction lists circulated by RBI from time to time.
- The intent of the Policy is not to result in denial of financial services to general public, especially to those, who are financially or socially disadvantaged. While carrying out due diligence, the Company will ensure that the procedure adopted does not result in denial of services to any genuine customers.

#### **4) Customer Identification Procedure:**

The Company shall undertake identification of customers before commencement of an account based relationship. Customer identification means identifying the customer and verifying his / her identity by using reliable and independent source of documents, data or information to ensure that the customer is not a fictitious/ anonymous person. The Company shall obtain sufficient information necessary to establish, to its satisfaction, the identity of each customer and the purpose of the intended nature of business relationship.

An effective Customer Identification Program (“CIP”) is an important part of the effort by the Company to know its customers. The Company’s CIP is integrated into the AML (Anti Money Laundering) program for the company in terms of the Prevention of Money Laundering Act, 2002 and the relevant rules notified there under (PMLA), which contains provisions requiring the business processes to:

- verify the identity of any Person transacting with the Company to the extent reasonable and practicable;
- a customer’s identity, including name, address and other identifying information to maintain records of the information used to verify
- Consult sanctions list of known or suspected terrorists or terrorist organizations / jurisdictions and countries that do not or insufficiently apply the FATF recommendations as provided to the Company by RBI or any other applicable government agency to determine whether a person opening an account or an existing customer appears on any such list.

The Company will perform appropriate, specific and where necessary, Enhanced Due Diligence on its customers that is reasonably designed to know and verify the true identity of its customers and to detect and report instances of criminal activity, including money laundering or terrorist financing..

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, geographic areas, products, services, transactions or delivery channels, etc. The internal risk assessment carried out by the Company should commensurate to its size, geographical presence, complexity of activities/structure, etc. and shall apply a Risk Based Approach for mitigation and management of the identified risks. Respective businesses shall have standard operation procedures for identification, mitigation, controls and procedures for management of the identified risk, if any. The risk assessment processes shall be reviewed periodically to ensure its robustness and effectiveness.

#### **5) Identification:**

All the customers shall be identified by a unique identification code to identify customers, track the facilities availed, monitor financial transactions in a holistic manner and to have a better approach to risk profiling of customers.

The customer identification requirement is detailed in annexure II to this policy. Each business process shall implement procedures to obtain from each Customer, prior to transacting, the following information as may be relevant, to that business:

- a) Name - procedures require business processes to use reasonable efforts to ensure that the name recorded on the Company systems as the customer will be exactly the same as (and not merely similar to, or a variation of) the name that appears on any identifying documentation reviewed in connection with the loan;
- b) For individuals - age / date of birth; For a person other than individual (such as corporation, partnership or trust) - date of incorporation;
- c) Address including the documentary proof thereof;
  - i) For an individual, passport number, Aadhaar number; any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard or the unique number or code assigned by the Central KYC Records Registry.
  - ii) For a Person other than an individual (such as a corporation, partnership, or trust), the principal place of business, local office, or other physical location;
  - iii) For a customer who has applied for, but has not received an identification number, loan may be sanctioned, but each business process shall implement procedures to confirm that the application was filed before the loan is sanctioned to customer and to obtain the identification number within a reasonable period of time before disbursement of loan.
- d) One recent photograph of the individual customer.

For undertaking CDD, the list of documents that can be accepted as proof of identity and address from various customers across various products offered by the Company is given as **annexure III** to this policy. These are appropriately covered in the credit policies of the respective businesses and communicated to the credit approving authorities.

## **6) Verification:**

Each business process as a part of the credit policy will document and implement appropriate risk-based procedures designed to verify that it can form a reasonable belief that it knows the true identity of its customers. Verification of customer identity should occur before transacting with the customer. Procedures for each business process shall describe acceptable methods of verification of customer identity, which may include verification through documents or non-documentary verification methods that are appropriate given the nature of the business process, the products and services provided and the associated risks.

### *i) Verification through documents:*

These documents may include, but are not limited to the list of documents that can be accepted as proof of identity and address from customers across various products offered by the Company as provided in annexure - III to this policy. These are appropriately covered in the credit policies of the respective businesses. The customer verification processes will be covered in detail in the credit policies of every business.

*ii) Verification through non-documentary methods:*

These methods may include, but are not limited to:

1. Contacting or visiting a customer;
2. Independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database, or other source;
3. Checking references with other financial institutions; or
4. Obtaining a financial statement.

*iii) Offline verification through proof of possession of Aadhaar number:*

The Company may carry out offline verification of a customer under the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (Aadhaar Regulations) if the customer is desirous of undergoing Aadhaar offline verification for identification purpose.

No such offline verification will be performed without obtaining the written consent of the customer in the manner prescribed in the Aadhaar Regulations.

The Company shall not collect, use or store an Aadhaar number of its customer for any purpose.

*iv) Verification of equivalent e-document:*

Where the customer submits an equivalent e-document of any Officially Valid Document (OVD), issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 and take live photo of the customer as specified under digital KYC in RBI regulations.

*v) Verification through digital KYC:*

The Company may carry out verification by capturing live photo of the customer and OVD or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with latitude and longitude of the location where such live photo is being taken by the authorized officer of the Company as prescribed in RBI regulations.

*vi) Video based customer identification process (V-CIP):*

The Company may undertake live V-CIP for establishment of an account based relationship with an individual customer after obtaining his informed consent and adhering to the procedures prescribed in RBI regulations. This process shall be treated as face to face process for the purpose of customer identification.

**7) Resolution of Discrepancies:**

Each business process shall document and implement procedures to resolve information discrepancies and to decline or cease to do business with a customer when it cannot form a reasonable belief that it knows the true identity of such customer or cannot adequately complete necessary due diligence. These

procedures should include identification of responsible decision makers and escalation paths and detailed standards relating to what actions will be taken if a customer's identity cannot be adequately verified.

#### **8) Reporting:**

The business shall have a system of internal reporting of suspicious transactions, counterfeit transactions and cash transactions greater than Rs.10 lakhs, whether such transactions comprise of a single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month.

“Suspicious transaction” means a transaction whether or not made in cash which, to a person acting in good faith:

- a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- b) appears to be made in circumstances of unusual or unjustified complexity; or
- c) appears to have no economic rationale or bona fide purpose; or
- d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.
- e) Where the transactions are abandoned by customers on being asked to give some details or to provide documents

Illustrative list of activities which would be construed as suspicious transactions are given in Annexure IV to this policy.

Further, the Principal officer shall furnish information of the above mentioned transactions to the Director, Financial Intelligence Unit – India (FIU-IND) at the prescribed address in the formats prescribed in this regard including the electronic filing of reports.

Provided that where the Principal officer, has reason to believe that a single transaction or series of transactions integrally connected to each other have been valued greater than Rs.10 lakhs so as to defeat the provisions of the PMLA regulations, such officer shall furnish information in respect of such transactions to the Director within the prescribed time.

The Company shall not put any restriction on operations in the accounts where a suspicious transaction report (STR) has been filed. The Company shall keep the fact of furnishing of STR strictly confidential and shall ensure that there is no tipping off to the customer at any level.

The Company shall upload the KYC information pertaining to individuals / legal entities, as applicable from time to time, with Central KYC Records Registry (CKYCR) in terms of provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

When the true identity of the account holder is not known, the Company shall file Suspicious Transaction Reporting (STR)

#### **9) Records Retention:**

Each business process shall document and implement appropriate procedures to retain records of KYC

due diligence and anti-money laundering measures. The business process shall implement, at a minimum, the following procedures for retaining records:

**a. Transactions for which records need to be maintained:**

- i. All cash transactions of the value of more than Rs.10 lakhs or its equivalent in foreign currency.
- ii. All series of cash transactions integrally connected to each other which have been individually valued below Rs.10 lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds Rs.10 lakhs or its equivalent in foreign currency.
- iii. All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
- iv. All suspicious transactions whether or not made in cash.

**b. Information to be preserved:**

The information required to be preserved with respect to the above transactions are the nature of transactions, amount and the currency in which it was denominated, date of transaction and the parties to the transaction.

**c. Periodicity of retention:**

The following records shall be retained for a minimum period of five years after the business relationship is ended:

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

Further, a description of the methods used to verify customer identity as well as a description of the resolution of any discrepancies in verification shall be maintained for a period of at least Ten (10) years after such record was created.

The above records shall be maintained either in hard or soft format and shall be made available to the competent authorities upon request.

**10) Customer CIP Notice:**

Each business process shall implement procedures for providing customers with adequate notice that the Company is requesting information and taking actions in order to verify their identity. Each business process shall determine the appropriate manner to deliver the notice, which shall be reasonably designed to ensure that the customer is able to view or is otherwise given such notice prior to account opening.

**11) Existing Customers:**

The requirements of the earlier sections are not applicable to accounts opened by existing customers, provided that the business process has previously verified the identity of the customer and the business process continues to have a reasonable belief that it knows the true identity of the customer. Further, transactions in existing accounts should be continuously monitored and any unusual pattern in the operation of the account should trigger a review of the due diligence measures.

## **12) Enhanced Due Diligence:**

The Company is primarily engaged in retail finance. It does not deal with such category of customers who could pose a potential high risk of money laundering, terrorist financing or political corruption and are determined to warrant enhanced scrutiny. The Company shall conduct Enhanced Due Diligence in connection with all customers or accounts that are determined to pose a potential high risk and are determined to warrant enhanced scrutiny. Each business process in its credit policy shall establish appropriate standards, methodology and procedures for conducting Enhanced Due Diligence, which shall involve conducting appropriate additional due diligence or investigative actions beyond what is required by standard KYC due diligence. Enhanced Due Diligence shall be coordinated and performed by the Company, who may engage appropriate outside investigative services or consult appropriate vendor sold databases when necessary. Each business process shall establish procedures to decline to do business with or discontinue relationships with any customer when the Company cannot adequately complete necessary Enhanced Due Diligence or when the information received is deemed to have a significant adverse impact on reputational risk.

The following are the indicative list where the risk perception of a customer may be considered higher:

- (i) Customers requesting for frequent change of address/contact details
- (ii) Sudden change in the loan account activity of the customers
- (iii) Frequent closure and opening of loan accounts by the customers

Enhanced due diligence may be in the nature of keeping the account monitored closely for a re-categorization of risk, updation of fresh KYC documents, field investigation or visit of the customer, etc., which shall form part of the credit policies of the businesses.

## **13) Reliance on third party due diligence:**

For the purpose of identifying and verifying the identity of customers at the time of commencement of an account-based relationship, the Company may rely on a third party; subject to the conditions that-

- a) the Company obtains records or information of such customer due diligence carried out by the third party within two days from the third party or from Central KYC Records Registry;
- b) the Company takes adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements will be made available from the third party upon request without delay;
- c) the Company is satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the Act;
- d) the third party is not based in a country or jurisdiction assessed as high risk; and
- e) the Company is ultimately responsible for client due diligence and undertaking enhanced due diligence measures, as applicable.

## **14) Risk Categorization:**

The Company shall put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures in case of higher risk perception on a customer. Such review of risk categorization of customers will be carried out at a periodicity of not less than once in six months.

The Company shall have a system in place for periodical updation of customer identification data after the account is opened. Full KYC exercise will be done at a periodicity not less than once in ten years in case of low risk category customers, not less than once in eight years in case of medium risk category customers and not less than once in two years in case of high risk category customers.

Low risk category customers need not submit fresh proofs of identity and address at the time of periodic updation, in case of no change in status with respect to their identities and addresses and a self-certification by the customer to that effect shall suffice in such cases. In case of change of address of such 'low risk' customers, they can forward a certified copy of proof of address by mail/post, etc.

In case any existing customer fails to submit PAN or equivalent e-document or Form No.60, the Company shall temporarily cease operations in the account till the time the same is submitted by the customer. For the purpose of ceasing the operation in the account, only credits shall be allowed.

However, the for customer who are unable to provide PAN or equivalent e-document or Form No.60 owing to injury, illness or infirmity on account of old age or such like causes, the Company will continue operation of accounts for such customers subject to enhanced monitoring of the accounts.

All the customers under different product categories are categorized into low, medium and high risk based on their profile. The Credit manager while appraising the transaction and rendering his approval will prepare the profile of the customer based on risk categorization. An indicative categorization for the guidance of businesses is provided in Annexure - I. Each business process adopts the risk categorization in their respective credit policies subject to confirmation by compliance based on the credit appraisal, customer's background, nature and location of business activity, country of origin, sources of funds, client profile, etc., Where businesses believe that a particular customer falling under a category mentioned below is in his judgement falling in a different category, he may categorize the customer so, so long as appropriate justification is provided in the customer file.

#### **15) Monitoring of Transactions:**

Ongoing monitoring is an essential element of effective KYC procedures. The Company can effectively control and reduce the risk only if it has an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. The different business divisions should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible legitimate purpose. High-risk accounts have to be subjected to intensified monitoring.

The Company shall put in place an appropriate software application / mechanism to throw alerts when the transactions are inconsistent with risk categorization and updated profile of customers.

#### **16) Risk Management:**

The Company has put in place appropriate procedures to ensure effective implementation of KYC guidelines. The implementation procedure covers proper management oversight, systems and controls, segregation of duties, training and other related matters.

Company's internal audit and compliance functions play a role in evaluating and ensuring adherence to the KYC policies and procedures.

As a general rule, the compliance function also provides an independent evaluation of the company's

own policies and procedures, including legal and regulatory requirements.

Internal Auditors specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard.

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

The Company ensures that the decision-making functions of determining compliance with KYC norms are not outsourced.

**17) Employee Training:**

The Company on an ongoing basis educates the front line staff, the branch staff and the new joiners on the elements of AML / KYC through various training programmes and e-mails.

**18) Applicability to branches and subsidiaries outside India:**

The above guidelines shall also apply to the branches in India.

**19) Appointment of Designated Director / Principal Officer:**

Mr. Arun Bagadia , Managing Director is the designated director who is responsible for ensuring overall compliance as required under PMLA Act and the Rules. Mr. Pankaj Vijayavargia is designated as Principal Officer who shall be responsible for furnishing of information to FIU-IND.

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## Annexure – I

### Indicative list for Risk Categorization

#### **Low Risk Category**

Individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, shall be categorized as low risk.

Illustrative examples are:

- Salaried employees whose salary structure is well-defined
- People belonging to lower economic strata of the society whose accounts show small balances and low turnover
- Government departments and Government-owned companies
- Statutory bodies & Regulators

#### **Medium & High-Risk Category**

Customers that are likely to pose a higher-than-average risk may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc.

Illustrative examples of medium risk category customers are:

- a) Non-Resident customers
- b) High Net worth Individuals
- c) Trust, charities, NGO's and Organization receiving donations
- d) Companies having close family shareholding or beneficial ownership
- e) Firms with 'sleeping partners'

Illustrative examples of high-risk category customers are:

1. Politically Exposed Persons (PEPs) of Indian/Foreign Origin
2. Non-face-to-face customers
3. Those with dubious reputation as per public information available
4. Accounts of bullion dealers and jewelers

## Annexure - II

### **Customer Identification Requirements**

#### **Trust/Nominee or Fiduciary Accounts**

In the case of any application from trust/nominee or fiduciary accounts, the Company determines whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary.

If in doubt of the persons behind the customer, the Company may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. Company takes reasonable precautions to verify the identity of the trustees and the settlors of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories.

#### **Accounts of companies and firms**

Company needs to be vigilant against business entities being used by individuals as a 'front' for transactions. Company should examine the control structure of the entity and identify the natural persons who have a controlling interest and who comprise the management.

These requirements may be moderated according to the risk perception e.g. in the case of a public company.

#### **Client accounts opened by professional intermediaries**

Where the transaction is with a professional intermediary who in turn is on behalf of a single client, that client must be identified. The Company shall not open accounts with such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the Company.

#### **Accounts of Politically Exposed Persons (PEPs) resident outside India**

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.

The Company offers products primarily to Indian residents only. The Company if extending any finance to non-residents should check if he is PEP and check all the information available about the person in the public domain. The decision to transact with the PEP should be taken only by the Head of credit of the respective businesses supported by appropriate verification. The Company is also required to subject such accounts to enhanced monitoring on an ongoing basis. The above norms shall also be applied to the contracts of the family members or close relatives of PEPs.

In the event of an existing customer or the beneficial owner of an existing account, subsequently becoming PEP, the approval of the Head of respective businesses shall be obtained to continue the business relationship and subject the account to the KYC due diligence measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis.

### **Accounts of non-face-to-face customers**

The Company will not do any transactions with non-face-to-face customers.

### **Identity of Beneficial Owner**

The Company shall identify the beneficial owner and take all reasonable steps to verify his identity. The term "beneficial owner" has been defined as the natural person who ultimately owns or controls a customer and/or the person on whose behalf the transaction is being conducted and includes a person who exercises ultimate effective control over a juridical person. Government of India has since examined the issue and has specified the procedure for determination of Beneficial Ownership

(a) where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

Explanation:

- I. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the company;
- II. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

(b) where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of/entitlement to more than fifteen percent 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 ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

(d) where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

(e) 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 fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership. In case the customer is acting on behalf of another person as trustee / nominee, the Company shall obtain satisfactory evidence of the identity of the persons on whose behalf they are acting; and

(f) 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.

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### Annex III

#### Customer Identification Procedure – KYC documents that may be obtained from customers

Nature of customer	List of applicable documents
Individual	<p>The Company shall obtain the following from an individual while establishing an 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:</p> <ol style="list-style-type: none"> <li>a) proof of possession of Aadhaar number where offline verification can be carried out; or</li> <li>b) a certified copy of any OVD containing details of his identity and address; and</li> <li>c) the Permanent Account Number (PAN) or Form no.60; and</li> <li>d) such other documents as specified by the Company from time to time.</li> </ol> <p><b>List of OVDs:</b></p> <ol style="list-style-type: none"> <li>i) Passport</li> <li>ii) Driving license</li> <li>iii) Proof of possession of Aadhaar number</li> <li>iv) Voter’s identity card issued by the Election Commission of India</li> <li>v) Job card issued by NREGA duly signed by an officer of the State Govt.</li> <li>vi) Letter issued by the National Population Register containing details of name and address.</li> </ol> <p><b>Provided that:</b></p> <ol style="list-style-type: none"> <li>1) 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 UIDAI.</li> <li>2) where the OVD furnished by the customer does not have updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address: -             <ol style="list-style-type: none"> <li>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);</li> <li>ii) property or Municipal tax receipt;</li> <li>iii) pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;</li> <li>iv) 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 agreements with such employers allotting official accommodation;</li> </ol> </li> <li>3) the customer shall submit OVD with current address within a period of three months of submitting the documents specified at ‘(2)’ above</li> <li>4) where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government</li> </ol>

	<p>departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.</p> <p><b>Explanation:</b> 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.</p>
Sole Proprietary firms	<ol style="list-style-type: none"> <li>1) Customer due diligence of the individual proprietor shall be carried out as applicable / specified for Individual.</li> <li>2) 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: <ol style="list-style-type: none"> <li>g) Registration certificate</li> <li>h) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.</li> <li>i) Sales and income tax returns.</li> <li>j) CST/VAT/ GST certificate (provisional/final).</li> <li>k) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.</li> <li>l) 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.</li> <li>m) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.</li> <li>n) Utility bills such as electricity, water, landline telephone bills, etc.</li> </ol> </li> </ol> <p><b>Explanation:</b> In cases where the Company is satisfied that it is not possible to furnish two such documents, the Company may, at its discretion, accept only one of those documents as proof of business/activity after recording the appropriate reason for accepting one document. The Company shall undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.</p>
Company	<p>Certified copies of each of the following documents shall be obtained:</p> <ol style="list-style-type: none"> <li>a) Certificate of incorporation</li> <li>b) Memorandum and Articles of Association</li> <li>c) Permanent Account Number of the company</li> <li>d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf</li> <li>e) Documents, as specified for Individual, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf</li> </ol>
Partnership Firm	<p>Certified copies of each of the following documents shall be obtained:</p> <ol style="list-style-type: none"> <li>a) Registration certificate</li> <li>b) Partnership deed</li> </ol>

	<ul style="list-style-type: none"> <li>c) Permanent Account Number of the partnership firm</li> <li>d) Documents, as specified for Individual, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf</li> </ul>
Trust	<p>Certified copies of each of the following documents shall be obtained:</p> <ul style="list-style-type: none"> <li>a) Registration certificate</li> <li>b) Trust deed</li> <li>c) Permanent Account Number or Form No.60 of the trust</li> <li>d) Documents, as specified for Individual, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf</li> </ul>
Unincorporated Association or a Body of Individuals	<p>Certified copies of each of the following documents shall be obtained:</p> <ul style="list-style-type: none"> <li>a) Resolution of the managing body of such association or body of individuals</li> <li>b) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals</li> <li>c) Power of attorney granted to transact on its behalf</li> <li>d) Documents, as specified for Individual, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and</li> <li>e) Such information as may be required by the Company to collectively establish the legal existence of such an association or body of individuals.</li> </ul> <p><b>Explanation:</b></p> <ul style="list-style-type: none"> <li>(i) Unregistered trusts / partnership firms shall be included under the term 'unincorporated association'.</li> <li>(ii) Term 'body of individuals' includes societies.</li> </ul>
Juridical persons not specifically covered above, such as societies, universities and local bodies like village panchayats	<p>Certified copies of the following documents shall be obtained:</p> <ul style="list-style-type: none"> <li>a) Document showing name of the person authorised to act on behalf of the entity;</li> <li>b) Documents, as specified for Individual, of the person holding an attorney to transact on its behalf and</li> <li>c) Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person.</li> </ul>

**Note:** Notwithstanding the list of documents as stated above, in case of change, if any, in the regulations as notified by RBI from time to time, the list of documents as prescribed by RBI shall prevail over the above.

## Annexure - IV

### Illustrative list of activities which would be construed as suspicious transactions

- Activities not consistent with the customer's business, i.e. accounts with large volume of credits whereas the nature of business does not justify such credits.
- Any attempt to avoid Reporting/Record-keeping Requirements/provides insufficient / suspicious information:
  - A customer who is reluctant to provide information needed for a mandatory report, to have the report filed or to proceed with a transaction after being informed that the report must be filed.
  - Any individual or group that coerces/induces or attempts to coerce/induce the Company employee from not filing any report or any other forms.
  - An account where there are several cash transactions below a specified threshold level to avoid filing of reports that may be necessary in case of transactions above the threshold level, as the customer intentionally splits the transaction into smaller amounts for the purpose of avoiding the threshold limit.
- Certain Employees of the Company arousing suspicion:
  - An employee whose lavish lifestyle cannot be supported by his or her salary.
  - Negligence of employees/willful blindness is reported repeatedly.
- Some examples of suspicious activities/transactions to be monitored by the operating staff:
  - Multiple accounts under the same name
  - Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful etc;
  - There are reasonable doubts over the real beneficiary of the loan
  - Frequent requests for change of address