

# **KNOW YOUR CUSTOMER (KYC) GUIDELINES AND ANTI-MONEY LAUNDERING (AML) MEASURES**

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Version: 2.0  
Effective Date Immediate

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### Version History

Version	Date	Description of Changes
1.0	07.08.2018	First Version Released
2.0	30.07.2019	Amendment made as per the Policy Circular No. 94 dated March 11, 2019

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# **SATIN HOUSING FINANCE LIMITED**

## **KNOW YOUR CUSTOMER (KYC) GUIDELINES AND ANTI-MONEY LAUNDERING (AML) MEASURES**

### **1. Preamble**

As part of the best corporate practices, SATIN Housing Finance Limited ("the Company" or "SHFL") has adopted 'Know Your Customer (KYC)' and 'Anti Money Laundering (AML) Measure' (referred to as "Guidelines") for lending/ credit/ operations/ financial dealings in line with the extant guidelines framed by NHB.

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

These Guidelines are framed keeping in mind the above and has the following key elements:

- i. Customer Acceptance Policy
- ii. Customer Identification Procedures
- iii. Monitoring of Transactions
- iv. Risk management

### **2. For the Purpose of these Guidelines,**

#### **2.1 . A Customer is defined as:**

- i. a person or entity that maintains an account and/ or has a business relationship with the Company;
- ii. one on whose behalf the account is maintained (i.e. the beneficial owner);
- iii. beneficiaries of transactions conducted by professional intermediaries, such as stock brokers, chartered accountants, solicitors, mutual funds etc. as permitted under the law; and
- iv. any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Company, say, a wire transfer or issuance of a high value demand draft as a single transaction.

**2.2. Senior Management** for the purpose of KYC Compliance shall include Head- Credit & Risk Department and Head- Operation Department.

### **3. Customer Acceptance Policy**

The Customer Acceptance Policy ensures the following aspects of a customer relationship:

- i. The Company shall not open an account in anonymous or fictitious/ benami name(s).
- ii. The Company shall define and categorize the customer into low, medium and high risk perception on the basis of the location of customer, business profile, his clients, mode of payments, volume of turnover, social and financial status, etc. Customers requiring very high level of monitoring, e.g. Politically Exposed Persons (PEPs) will be given due consideration and may, if considered necessary be categorized even higher.
- iii. The Company shall collect required documents and other information in respect of different categories of customers depending on perceived low/ medium/ high risk and guidelines issued from time to time. Declaration shall be obtained from the customer that proceedings/ transactions are not in violation of Prevention of Money Laundering (PML) Act 2002 and NHB regulation issued from time to time.
- iv. The Company shall not open an account, or close an existing account where appropriate customer identification/ due-diligence measures, as mentioned under Chapter-V, Chapter-VI and Chapter-VII of the Guidelines on 'Know Your Customer' & 'Anti-Money Laundering Measures' for Housing Finance Companies issued by National Housing Bank vide Policy Circular No. 94 dated March 11, 2019 cannot be applied, to ensure verification of the identity and also obtain documents required as per the risk categorization due to non-cooperation of the customer/ non-reliability of the data/ information furnished to the Company. However, the Company shall build-in safeguards to avoid any harassment to the customers.
  - Permanent Address proof from new customer will be collected. The documents which can be accepted as proof of address as prescribed by NHB, are mentioned in Annexure-II.
  - For customers who wish to pre-close their account with SHFL, following will be collected:
    - (a) Permanent Address proof (As per Annexure-I).
    - (b) A declaration from the customer regarding source of funds being used for pre-closure of the loan account.
- v. In the following circumstances, the account may be opened/ operated by a mandate holder or by an intermediary, such as chartered accountants, solicitors, mutual funds, stock brokers etc., in a fiduciary capacity hence the customer is permitted to act on behalf of another person/entity, in conformity with the established law and practices:
  - if applicant is NRI/PIO
  - if applicant is a limited company
  - if applicant is a partnership firm
- vi. The Company shall ensure, before processing any loan disbursement either by the Company and/or through any specialized agency that the identity of the customer does not match with any person with known criminal background/ with forbidden entities such as individual terrorists or terrorist organizations, etc.

#### 4. Customer Profile Preparation

The Company shall prepare a customer profile for each new customer during the credit appraisal process based on risk categorization as mentioned in these guidelines. The customer profile will contain information relating to the customer's identity, social/ financial status, nature of business activity, information about his clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by the Company. During the credit appraisal process of the customer, details shall be recorded along with his/ her profile based on meeting with the customer (by the Company representative) apart from collection of applicable documents; this will be as per the Company's credit and product norms which are incorporated in the Credit risk policy and are in practice. However, while preparing customer profile, the Company will seek only such information from the customer which is relevant to the risk category and is not intrusive. Any other information from the customer should be sought separately with his/her consent and after opening the account.

The customer profile will be accorded the status of a highly confidential document and details contained therein shall not be disclosed for cross selling or for any other purposes; unless for the purpose of risk minimization or fraud prevention or required by law & regulations or for social/ economic responsibility.

As per KYC policy, for acceptance and identification, customers are categorized broadly into low risk, medium/moderate risk, and high risk categories.

**Low Risk:** If customer is having proper income document proof, whether Salaried or SENP profile along with other KYC documents and bank account details.

**Medium/Moderate Risk:** If customer is cash salaried / assessed income SENP, and is not having proper income document to establish his regular income, but having proper bank account and other KYC documents.

**High Risk:** If the customer falls under the negative list of the Company.

The Risk Management Committee can redefine or alter the criteria of risk categorization of the customer from time to time, if required.

In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, the Company shall obtain senior management approval in such cases to continue the business relationship, and also undertake enhanced monitoring as indicated and specified in Annexure-I.

#### 5. Customer Identification Procedure

Customer identification means identifying the customer and verifying his/ her identity by using

reliable, independent source documents, data or information.

As per Rule 9 of the Prevention of Money-Laundering (Maintenance of Records of the nature and Value of Transactions, The Procedure and Manner of Maintaining and Time for Furnishing information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 (hereinafter referred to as PML Rules), requires every HFC:

- a. at the time of commencement of an account-based relationship, verify the identity of the customer and obtain information on the purpose and intended nature of the business relationship, and
- b. in all other cases, verify identity at the time of processing:
  - i. the transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or multiple transactions that appear to be connected, or
  - ii. any international money transfer operations.

As per Rule 9 of the PML Rules, the Company shall identify the beneficial owner and take all reasonable steps to verify his/ her identity. The Company shall also exercise ongoing due diligence with respect to the business relationship with every customer and closely examine the transactions in order to ensure that transactions are consistent with our knowledge of the customer profile, his business/ activity nature and risk categorization.

The Customer Identification procedure shall be carried out at different stages, i.e.

- a. while establishing a relationship;
- b. carrying out a financial transaction or
- c. When there is a doubt about the authenticity/ veracity or the adequacy of the previously obtained customer identification records/ information.

As per Rule 9 of the PML Rules, the Company shall obtain sufficient and reliable documents or information necessary to establish to its satisfaction, the identity of each new customer, (whether regular or occasional) and the clear purpose of the intended nature of relationship. According to the said Rules, the documents/ information to be obtained for identifying various types of customers i.e. individuals, companies, partnership firms, trusts, unincorporated association or a body of individuals and juridical persons. Customer identification requirements keeping in view the provisions of the said rules are indicated in Annexure-I, also indicative list of the nature and type of documents/ information that may be relied upon for customer identification is given in the Annexure-II. The Company will ensure compliance to the above rule.

The Company shall frame internal guidelines based on their experience of dealing with such persons/entities, normal prudence and the legal requirements.

The Company shall implement the Client Identification Programme to determine the true and correct identity of its customer keeping the above in view.

## **6. Monitoring of Transactions**

Ongoing monitoring is an essential element for effective KYC procedures. However, the extent of monitoring will depend on the risk categorization of the account.

The Company shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. The Company may prescribe various methods for calculating the threshold limits for a particular category of accounts and pay particular attention to the transactions which may exceed these limits.

Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer would particularly attract the attention of the Company. High-risk accounts shall be subjected to intensify monitoring. The Company shall set key indicators for such accounts, taking note of the background of the customer, such as the country of origin, sources of funds, the type of transactions involved and other risk factors.

The Company should put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures.

## **7. Risk Management**

The Management under the supervision of the Board of Directors of the Company shall ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring effective implementation. It will cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility will be explicitly allocated within the Company for ensuring that the Company's policies and procedures are implemented effectively. The Company shall devise procedures for creating Risk Profiles of their existing and new customers and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

## **8. Internal Audit**

The Company's Internal Audit and Compliance functions shall evaluate and ensure adherence to the KYC policies and procedures. As a general rule, the Compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. The Management under the supervision of Board/ Audit Committee shall ensure that the audit function is staffed adequately with skilled/ trained individuals.

Internal Auditors will specifically check and verify the application of KYC procedures at the branches/ offices and comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board in quarterly meetings or with their normal reporting frequency.



## **9. Training & Development**

The Company shall have an ongoing employee training programs so that the staff members are adequately trained in KYC procedures & Anti-Money Laundering measures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

## **10. Customer Education**

The Company shall educate the customer on the objectives of the KYC programme so that customer understands and appreciates the motive and purpose of collecting such information. The Company shall made KYC guidelines available on website, displayed in branches/ office and prepare specific literature/ pamphlets, etc., which can be made available to customer upon request, to educate the customer about the objectives of the KYC programme.

## **11. Introduction of New Technologies**

The Company shall pay special attention to any money laundering threats that may arise from new or developing technologies including online transactions that may favour anonymity, and take measures, if needed, to prevent their use in money laundering activities as and when online transactions are started/ accepted by the Company.

## **12. KYC for the Existing Accounts**

The Company shall apply the KYC norms to the existing customers of loan accounts on the basis of materiality and risk envisaged by it for those existing loan accounts.

The Company shall carry on ongoing due diligence as per the provisions of Chapter-VII of the Guidelines on 'Know Your Customer' & 'Anti-Money Laundering Measures' for Housing Finance Companies issued by National Housing Bank vide Policy Circular No. 94 dated March 11, 2019.

## **13. Non-Cooperation by the customer in respect of KYC norms**

Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and/or non-cooperation by the customer, the Company shall follow-up with the existing identified customers for KYC compliance, Closure decision (if at all) will depend upon the internal assessment and its decision will be taken at a senior management (VP & above), only after issuing due notice to the customer explaining the reasons.

## **14. Applicability to branches/offices and subsidiaries outside india**

The KYC guidelines shall also apply to the branches/ offices and majority owned subsidiaries located abroad, especially in countries which do not or insufficiently apply the FATF

recommendations, to the extent local laws permit as and when the Company opens overseas branches/ offices. When local applicable laws and regulations prohibit implementation of these guidelines, the same shall be informed to National Housing Bank and RBI.

### **15. Appointment of Principal Officer and Designated Director**

The Company shall designate a senior employee as 'Principal Officer' who shall located at Head/ Corporate office and will be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He/ she will maintain close liaison with enforcement agencies, HFCs and any other institution(s) which are involved against money laundering and combating financing of terrorism.

The Company shall designate a senior employee or Director as 'Designated Director' to ensure overall compliance and shall be nominated by the Board of the Company.

Details of Principal Officer & Designated Director and any change therein shall be informed to NHB and Financial Intelligence Unit India (FIU).

### **16. Maintenance of records of transactions**

The Company shall maintain proper record of the transactions as required under Section 12 of the PMLA read with Rules 3 of the PML Rules as mentioned below:

- i. All cash transactions of the value of more than rupees ten lacs or its equivalent in foreign currency.
- ii. All series of cash transactions integrally connected to each other which have been valued below rupees ten lacs or its equivalent in foreign currency where such series of transactions have taken place within a month.
- iii. All transactions involving receipts by non-profit organizations of rupees ten lacs or its equivalent in foreign currency.
- iv. 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; any such transactions; and
- v. All suspicious transactions whether or not made in cash and by way of as mentioned in the Rule 3 (1) (D).

An Illustrative List of suspicious transaction pertaining to Housing Loan is given in Annexure-III A & III B

### **17. Records to contain the specified information**

The Company shall maintain records referred to above in Rule 3 of PMLA Rules to contain the following information:

- i. the nature of the transactions.
- ii. the amount of the transaction and the denominated currency.
- iii. the date on which the transaction was conducted; and

- iv. the parties to the transaction.

## **18. Maintenance and preservation of records**

Section 12 of PMLA requires every housing finance company to maintain records as under:

- (a) records of all transactions referred to in clause (a) of Sub-section (1) of section 12 read with Rule 3 of the PML Rules is required to be maintained for a period of ten years from the date of transactions between the clients and the Company.
- (b) records/ documents pertaining to the identification of customers e.g copies of documents, like Passport, Identity Card, Driving Licenses, PAN, Utility bills etc. will be maintained for a period of ten years from the date of cessation of transactions between the customer and the Company.

The Company shall ensure that proper maintenance and preservation of records/ information in a manner (in hard and soft copies) that allows data to be retrieved easily and quickly whenever required, or when requested by the competent authorities upon request through the Principal Officer.

## **19. Reporting to Financial Intelligence Unit India**

The Principal Officer shall report information relating to cash and suspicious transactions, if detected, to the Director, Financial Intelligence Unit India (FIUIND) as advised in terms of the PMLA rules, in the prescribed formats as designed and circulated by NHB at the following address:

Director, FIU - IND,  
Financial Intelligence Unit India,  
6th Floor, Hotel Samrat,  
Chanakyapuri  
New Delhi - 110021

The employees of the Company shall maintain strict confidentiality of the fact of furnishing/ reporting details of suspicious transactions.

Note: Reports shall be submitted every month by the 15<sup>th</sup> day of succeeding month; FIU-IND does not accept NIL Cash/ Suspicious Reports if no such transaction occurred during a particular period.

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

The Company shall adhere to the provisions of Income Tax Rules 114F, 114G and 114H and shall take following steps:

- i. Register on the related e-filing portal of Income Tax Department as Reporting Financial Institution.

- ii. Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report.
- iii. Develop Information Technology (IT) Framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H of Income Tax Rules.
- iv. Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
- v. Constitute a "High Level Monitoring Committee" under the Designated Director or any other equivalent functionary to ensure compliance.
- vi. Ensure compliance with updated instructions/ rules/ guidance notes/ Press release issued on the subject by Central Board of Direct Taxes (CBDT) from time to time.

## **21. Compliance under Foreign Contribution (Regulation) Act, 1976**

The Company shall ensure that the provisions of Foreign Contribution and Regulation Act, 1976, wherever applicable, are duly adhered to.

FCRA regulate the acceptance and utilization of foreign contribution or foreign hospitality received by certain specified persons or associations such as candidates for election, journalist, Judges/Government servants, political party, etc.

However, law permits certain persons or associations to accept the foreign contribution with the approval of the Central Government, as per the provisions of FCRA. In those cases, copy of approval or letter of intimation shall be taken from the customer.

## **22. Other Measures**

### **a. Secrecy Obligation and Sharing of Information**

The Company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the customer and the company.

The Company shall ensure that neither of its employee nor its third party agencies misuse the data of the customer and use for any purpose other than it is sought from the customer.

While considering the requests for data/information from Government and other agencies, HFC shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the law relating to secrecy in transactions.

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

The Company shall capture the KYC information for sharing with the CKYCR and upload the Know Your Customer (KYC) data with CERSAI in respect of new individual accounts opened on or after November 01, 2016.

### **c. Hiring of Employees and Employee training**

The Company shall put in place an adequate screening mechanism as an integral part of their personnel recruitment/hiring process.

On going employee training programme should be put in place so that the members of staff are adequately trained in KYC/AML Measures policy

## **23. General**

Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and/or non-cooperation by the customer, the Company may consider closing the account or terminating the business relationship after assessing the account at senior management (VP & above) and above upon issuing notice to the customer explaining the reasons for account closure.

## **Annexure I**

### **CUSTOMER IDENTIFICATION REQUIREMENTS (INDICATIVE GUIDELINES)**

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

1. There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. HFCs should determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, HFCs 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. While opening an account for a trust, HFCs should take reasonable precautions to verify the identity of the trustees and the settlors of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In the case of a 'foundation', steps should be taken to verify the founder

managers/directors and the beneficiaries, if defined. If the HFC decides to accept such accounts in terms of the Customer Acceptance Policy, the HFC should take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is/are.

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

2. HFCs need to be vigilant against business entities being used by individuals as a 'front' for maintaining accounts with HFCs. HFC should verify the legal status of the legal person/ entity through proper and relevant documents. HFC should verify that any person purporting to act on behalf of the legal/ juridical person/entity is so authorized and identify and verify the identity of that person. HFCs should examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception, e.g. in the case of a public company it will not be necessary to identify all the shareholders.

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

3. When the HFC has knowledge or reason to believe that the client account opened by a professional intermediary is on behalf of a single client, that client must be identified. HFCs may hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds. Where the HFCs rely on the 'customer due diligence' (CDD) done by an intermediary, they should satisfy themselves that the intermediary is regulated and supervised and has adequate systems in place to comply with the KYC requirements. It should be understood that the ultimate responsibility for knowing the customer vests with the HFC.

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

4. Politically exposed persons are individuals who are or have been entrusted with prominent public functions, 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. HFCs should gather sufficient information on any person/ customer of this category intending to establish a relationship and check all the information available on the person in the public domain. HFCs should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The decision to open an account for PEP should be taken at a senior level which should be clearly spelt out in Customer Acceptance Policy. HFCs should also subject such accounts to enhanced monitoring on an ongoing basis. The above norms may also be applied to the accounts of the family members or close relatives of PEPs.

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

5. The Company will not open any account of non-face-to-face customers.

**Annexure II**

**CUSTOMER IDENTIFICATION PROCEDURE FEATURES TO BE VERIFIED AND DOCUMENTS THAT MAY BE OBTAINED FROM CUSTOMERS**

Features	Documents (Certified Copy)
<p>Individuals</p> <ul style="list-style-type: none"> <li>- Legal name and any other names used</li>   <li>- Correct permanent address</li> </ul>	<ul style="list-style-type: none"> <li>(i) Passport</li> <li>(ii) PAN card</li> <li>(iii) Voter’s Identity Card</li> <li>(iv) Driving license</li> <li>(v) Aadhaar Card (Mandatory only in case customer is desirous of receiving any benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act.)</li> <li>(vi) Identity card (subject to the Company’s satisfaction)</li> <li>(vii) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of Company</li>   <li>(i) Telephone bill</li> <li>(ii) Bank Account statement</li> <li>(iii) Letter from any recognized public authority</li> <li>(iv) Electricity bill</li> <li>(v) Ration card</li> <li>(vi) Letter from employer (subject to satisfaction of the Company)</li> <li>(any one document which provides customer information to the satisfaction of the Company will suffice)</li> <li>One recent passport size photograph except in case of transactions referred to in Rule 9(1)(b) of the PML Rules</li> </ul>

<p>Companies</p> <ul style="list-style-type: none"> <li>- Name of the company</li> <li>- Principal place of business</li> <li>- Mailing address of the company</li> <li>- Telephone/Fax Number</li> </ul>	<ul style="list-style-type: none"> <li>(i) Certificate of incorporation and Memorandum &amp; Articles of Association</li> <li>(ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account</li> <li>(iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf</li> <li>(iv) an officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf</li> <li>(v) Copy of PAN allotment letter</li> <li>(vi) Copy of the telephone bill</li> </ul>
<p>Partnership Firms</p> <ul style="list-style-type: none"> <li>- Legal name</li> <li>- Address</li> <li>- Names of all partners and their addresses</li> <li>- Telephone numbers of the firm and partners</li> </ul>	<ul style="list-style-type: none"> <li>(i) Registration certificate, if registered</li> <li>(ii) Partnership deed</li> <li>(iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf</li> <li>(iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses</li> <li>(v) Telephone bill in the name of firm/partners</li> </ul>
<p>Trusts &amp; Foundations</p> <ul style="list-style-type: none"> <li>- Names of trustees, settlers, beneficiaries and signatories</li> <li>- Names and addresses of the founder, the managers/directors and the beneficiaries</li> <li>- Telephone/fax numbers</li> </ul>	<ul style="list-style-type: none"> <li>(i) Certificate of registration, if registered</li> <li>(ii) Trust Deed</li> <li>(ii) Power of Attorney granted to transact business on its behalf</li> <li>(iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses</li> <li>(iv) Resolution of the managing body of the foundation/association</li> <li>(v) Telephone bill</li> </ul>
<p>Unincorporated association or a body of individuals</p>	<ul style="list-style-type: none"> <li>(i) Resolution of the managing body of such association or body of individuals</li> <li>(ii) power of attorney granted to him to transact on its behalf</li> <li>(iii) an officially valid document in respect of the person holding an attorney to transact on its behalf</li> <li>(iv) and such other information as may be required by Company to collectively establish the legal existence of such as association or body of individuals.</li> </ul>

**\*'Officially valid document'** is defined to mean the passport, the driving license, the permanent account number card, the Voter's Identity Card issued by the Election Commission of India or any other document as may be required by the Company.



## **Annexure III A**

### **SUSPICIOUS TRANSACTIONS PERTAINING TO HOUSING LOANS (ILLUSTRATIVE LIST)**

- a) Customer is reluctant to provide information, data, documents;
- b) Submission of false documents, data, purpose of loan, details of accounts;
- c) Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful etc;
- d) Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
- e) Approaches a branch/office of a HFC, which is away from the customer's residential or business address provided in the loan application, when there is HFC branch/office nearer to the given address;
- f) Unable to explain or satisfy the numerous transfers in the statement of account/ multiple accounts;
- g) Initial contribution made through unrelated third party accounts without proper justification;
- h) Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount;
- i) Suggesting dubious means for the sanction of loan;
- j) Where transactions do not make economic sense;
- k) There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
- l) Encashment of loan amount by opening a fictitious bank account;
- m) Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;
- n) Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
- o) Multiple funding of the same property/dwelling unit;
- p) Request for payment made in favour of a third party who has no relation to the transaction;

- q) 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.
- r) Multiple funding/ financing involving NGO/ Charitable Organisation/ Small/ Medium Establishments (SMEs)/ Self Help Groups (SHGs)/ Micro Finance Groups (MFGs)
- s) Frequent requests for change of address;
- t) Overpayment of installments with a request to refund the overpaid amount

### **Annexure III B**

#### **II. SUSPICIOUS TRANSACTIONS PERTAINING TO BUILDER/ PROJECT LOANS (ILLUSTRATIVE LIST)**

- a) Builder approaching the HFC for a small loan compared to the total cost of the project;
- b) Builder is unable to explain the sources of funding for the project;
- c) Approvals/sanctions from various authorities are proved to be fake.