

## KNOW YOUR CUSTOMER POLICY

### 1.0 Preamble:

RBI advised NBFCs to ensure that a proper policy framework on 'Know Your Customer' and Anti-Money Laundering measures with the approval of the Board is formulated and put in place. Accordingly, SGRCPL has in place Board approved Anti Money Laundering Policy and KYC Norms (the Policy). Based on the experience gained over the past years, the Policy is proposed to be reviewed and improved keeping in view the Master Directions/Circulars on the subject issued by RBI vide **Master Direction - Know Your Customer (KYC) Direction, 2016 vide master direction no. RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 and Master Circular – Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002 vide Master Circular Number RBI/2015- 16/108 DNBR (PD) CC No. 051/03.10.119/2015-16 dated July 1, 2015**, as amended from time to time, ('RBI's Guidelines') which is to be read along with the extant Directions issued by the RBI in this regard or any other applicable law in force. This policy document is a consolidation of various guidelines issued by Reserve Bank of India as also our Company for proper identification of an account holder/customer.

In view of the same, **SGROYAL Capital Private Limited (SGROYAL CAPITAL)** has adopted the said **KYC guidelines with suitable modifications** depending on the activity undertaken by it. The Company has ensured that a proper policy framework on KYC and AML measures be formulated in line with the prescribed RBI guidelines and put in place duly approved by its Board of Directors.

### 2.0 Objectives, Scope and Application of the Policy:

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures shall also enable the Company to know and understand its Customers and its financial dealings better which in turn will help it to manage its risks prudently. Thus, the KYC policy has been framed by the Company for the following purposes:

1. To prevent criminal elements from using SGROYAL CAPITAL for money laundering

# SGROYAL CAPITAL

1 | Page

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activities.

2. To enable SGROYAL CAPITAL to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently.
3. To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
4. To comply with applicable laws and regulatory guidelines.
5. To ensure that the concerned staff are adequately trained in KYC/AML/CFT procedures.

This Policy includes four key elements:

1. Customer Acceptance Policy (CAP)
2. Customer Identification Procedures (CIP)
3. Monitoring of Transactions and
4. Risk management

### 3.0 Definition of Customer

For the purpose of SGROYAL CAPITAL KYC policy a 'Customer' means a person as defined under KYC policy of RBI (and any amendment from time to time by RBI) which are at present as under: -

- ✓ A person or entity that maintains an account and/or has a business relationship with SGROYAL CAPITAL;
- ✓ One on whose behalf the account is maintained (i.e., the beneficial owner)
- ✓ Beneficiaries of transactions conducted by professional intermediaries such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under the law
- ✓ Any other person or entity connected with a financial transaction which can pose significant reputation or other risks to SGROYAL CAPITAL, say a wire transfer or issue of high value demand draft as a single transaction.

### 4.0 Key elements

#### 4.1. Customer Acceptance Policy ("CAP")

SGROYAL CAPITAL's Customer Acceptance policy (CAP) lays down the criteria for acceptance of customers. The guidelines in respect of the customer relationship in SGROYAL CAPITAL



broadly-

- a) No account is to be opened in anonymous or fictitious / benami name(s) / entity(ies).
- b) Accept customers only after verifying their identity, as laid down in Customer Identification Procedures. Necessary checks before opening a new account are to be ensured so that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc.
- c) Classify customers into various risk categories and, based on risk perception, apply the acceptance criteria for each category of customers. Parameters of risk perception are clearly defined in terms of nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc., to enable categorization of customers into low, medium and high risk. Customer requiring very high level of monitoring, e.g. Politically Exposed Persons (PEPs – as explained in Annexure I) may, if considered necessary, will be kept in the High Risk Category.
- d) Documentation requirements and other information to be collected in respect of different categories of Customers depending on perceived risk and compliances with Prevention of Money Laundering Act, 2002 (PMLA) and RBI guidelines/instructions.
- e) Not to open an account or close an existing account where the company is unable to apply appropriate customer due diligence measures i.e. company is unable to verify the identity and /or obtain documents required as per the risk categorization due to non-cooperation of the customer or non-reliability of the data/information furnished to the company. It may, however, be necessary to have suitable built in safeguards to avoid harassment of the customer. For example, decision to close an account may be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision;
- f) Circumstances, in which a customer is permitted to act on behalf of another person/entity, would be clearly spelt out in conformity with the established law and practice of banking as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in the fiduciary capacity and
- g) Necessary checks before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.



The Company shall prepare a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy. The customer profile shall contain the 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 Sgroyal Capital. At the time of credit appraisal of the applicant the details are recorded along with his profile based on meeting with the applicant (by the Sgroyal Capital representative) apart from collection of applicable documents, this will be as per the Credit/products norms as may be in practice. However, while preparing customer profile, the Company shall seek only such information from the customer which is relevant to the risk category and is not intrusive. The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or for any other purposes.

For the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, will be categorized as low risk. These customers include salaried employees whose salary structures are well defined, people belonging to lower economic stratification of the society whose accounts show small balances and low turnover, Government departments & Government owned companies, regulators and statutory bodies etc. In such cases, only the basic requirements of verifying the identity and location of the customer are to be met.

Customers that are likely to pose a higher-than-average risk to the company will 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. SGROYAL CAPITAL will apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. Examples of customers requiring higher due diligence include (a) non resident customers, (b) high net worth individuals, (c) trusts, charities, NGOs and organizations receiving donations, (d) companies having close family shareholding or beneficial ownership, (e) firms with 'sleeping partners', (f) politically exposed persons (PEPs) of foreign origin, (g) non-face to face customers, and (h) those with dubious reputation as per public information available, etc.

The adoption of customer acceptance policy by SGROYAL CAPITAL and its implementation shall not become too restrictive and must not result in denial of banking services to general public, especially to those, who are financially or socially disadvantaged.

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The Company shall have a system relating to periodic review of risk categorization of the customers. The Company shall ensure that the risk category of customers is reviewed with a periodicity of not more than 6 months. The Company shall be undertaking a review of all those accounts existing as on September 30 and March 31 every year which were opened at least six months prior to these review dates – thus giving a vintage of at least six months to each account being reviewed.

#### **4.2. Customer Identification Procedures (“CIP”)**

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. SGROYAL CAPITAL shall obtain sufficient information necessary to verify the identity of each new customer along with brief details of its promoters and management, wherever applicable, whether regular or occasional and the purpose of the intended nature of Business relationship. The requirement as mentioned herein may be moderated according to the risk perception like in the case of a public listed company it will not be necessary to identify all the shareholders.

Besides risk perception, the nature of information/documents required would also depend on the type of customer (individual, corporate etc). For customers that are natural persons, SGROYAL CAPITAL shall obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. For customers that are legal persons or entities, the Company shall -

- i. verify the legal status of the legal person/ entity through proper and relevant documents.
- ii. verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person.
- iii. understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person. Customer identification requirements keeping in view the provisions applicable of Prevention of Money Laundering & its Rules and as per guidance note issued in this respect are indicated in Annexure I. An indicative list of the nature and type of documents/information that may be relied upon for customer identification is given in Annexure II. The Company will frame internal guidelines based on its experience of dealing with such persons/entities, normal prudence and the legal requirements.

The Company will formulate and implement a Client Identification Programme to determine the true identity of its clients keeping the above in view. The policy shall also cover the identification procedure to be carried out at different stages, i.e. while establishing a relationship; carrying out a

# **SGROYAL CAPITAL**

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5 | Page





financial transaction or when there is a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

As per Rule 9(IA) of the Prevention of Money Laundering Rules, 2005, SGROYAL CAPITAL is required to 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 client 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. The procedure as advised by the Government of India is as under:

- A. Where the client is a person other than an individual or trust, SGROYAL CAPITAL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:
  - i. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.
  - ii. In cases where there exists doubt under (i) as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.
  - iii. Where no natural person is identified under (i) or (ii) above, the identity of the relevant natural person who holds the position of senior managing official.
- B. Where the client is a trust, SGROYAL CAPITAL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, 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
- C. Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

#### 4.3. Monitoring of Transactions:

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

sensitivity of the account. SGROYAL CAPITAL shall make endeavors to understand the normal and reasonable activity of the customer so that the transactions that fall outside the regular/pattern of activity can be identified, Special attention will be paid to all complex, unusually large transactions and all unusual patterns, which have no apparent economic or visible lawful purpose. SGROYAL CAPITAL will prescribe threshold limits for a particular category of accounts and pay particular attention to the transactions which exceed these limits. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer shall particularly attract the attention of the company. Higher risk accounts shall be subjected to intense monitoring. SGROYAL CAPITAL shall set key indicators for such accounts basis the background of the customer, country of origin, sources of funds, the type of transactions involved and other risk factors which shall determine the extent of monitoring. SGROYAL CAPITAL shall carry out the periodic review of risk categorization of transactions/customer's accounts and the need for applying enhanced due diligence measures at a periodicity of not less than once in twelve months.

SGROYAL CAPITAL shall explore the possibility of validating the new account opening applications with various watch lists available in public domain, including RBI watch list.

SGROYAL CAPITAL shall ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002. It may also be ensured that transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority

#### **4.4. 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 their 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 policies and procedures as applicable to SGROYAL CAPITAL 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.

#### **4.6 Updation/Periodic Updation of KYC**

Company shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high-risk. However, 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

# **SGROYAL CAPITAL**

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7 | Page



TEN years for low risk customers from the date of opening of the account / last KYC update.

## **5.0 Training Programme**

SGROYAL CAPITAL shall have an ongoing employee training programs so that the members of the staff are adequately trained in KYC/ AML/ CFT procedures. Training requirements shall have different focuses for frontline staff, compliance staff and officer/ staff dealing with new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently

## **6.0 Internal Control System**

The Company's internal audit and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. As a general rule, the compliance function should provide an independent evaluation of the company's own policies and procedures, including legal and regulatory requirements. SGROYAL CAPITAL shall ensure that their audit machinery is staffed adequately with individuals who are well versed in such policies and procedures. Concurrent/ Internal Auditors shall specifically check and verify the application of KYC procedures and comment on the lapses observed in this regard. The compliance in this regard shall be put up before the Audit Committee of the Board on quarterly intervals.

## **7.0 Record keeping**

### **7.1 Maintenance of records of transactions:**

The Company shall maintain proper record of the transactions as required under Section 12 of the Prevention of Money Laundering Act, 2002 (PMLA) read with Rules 3 of the PML Rules as mentioned below:

- i. All cash transactions of the value of more than Rs. 10 lakhs or its equivalent in foreign currency, though by policy the Company does not accept cash deposits in foreign currency.
- ii. All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs 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 Rs. 10 lakhs 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.



- v. All suspicious transactions whether or not made in cash and in manner as mentioned in the Rule framed by the Government of India under PMLA.

### **7.2 Information to be preserved:**

SGROYAL CAPITAL shall maintain the following information in respect of transactions referred to in Rule 3 of PMLA –

- 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;
- iv. the parties to the transaction.

### **7.3 Maintenance and preservation of records**

Section 12 of PMLA requires the Company to maintain records as under:

- i. 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 SGROYAL CAPITAL.
- ii. records of the identity of all clients of SGROYAL CAPITAL is required to be maintained for a period of ten years from the date of cessation of transactions between the clients and SGROYAL CAPITAL. SGROYAL CAPITAL shall take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copies) that allows data to be retrieved easily and quickly whenever required or as/ when requested by the competent authorities.

### **8. Appointment of Principal Officer**

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

The Principal Officer shall be responsible for ensuring compliance with the obligations under the PML Act, 2002 amended from time to time.

The name, designation, address and contact details of the Principal Officer shall also be communicated to the RBI & FIU-IND.

### **8.1 Appointment of Designated Director**

The Company shall appoint the Executive Director or Whole Time Director as the Designated Director. The Designated Director shall ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules.

The name, designation, address and contact details of the Designated Director shall also be communicated to the RBI & FIU-IND.

### **9. 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 (FIU-IND) as advised in terms of the PMLA rules, in the prescribed formats as designed and circulated by RBI at the following address:

Director,

FIU-IND,

Financial Intelligence Unit- India,

6th Floor, Tower-2, Jeevan Bharati  
Building, Connaught Place, New Delhi -  
110001

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

## **10. General**

### **10.1 Customer Education**

SGROYAL CAPITAL 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 prepare specific literature/ pamphlets, etc. so as to educate the customer about the objectives of the KYC programme. The front desk staff shall be specially trained to handle such situations while dealing with customers

### **10.2 Introduction of new technologies**

SGROYAL CAPITAL 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. SGROYAL CAPITAL

shall ensure that any remittance of funds by way of demand draft, mail/telegraphic transfer or any other mode for any amount is affected by cheques and not against cash payment.

### **10.3 Applicability to Branches and Subsidiaries outside India**

The above guidelines shall also be applicable to the branches 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. When local applicable laws and regulations prohibit implementation of these guidelines, the same will be brought to the notice of Reserve Bank of India.

### **10.4 Closure of Accounts/Termination of Financing/Business Relationship**

Where SGROYAL CAPITAL is unable to apply appropriate KYC measures due to non-furnishing of information and/or non-operation by the customer, SGROYAL CAPITAL shall terminate Financing/Business Relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decision shall be taken with the approval of Chairman & Executive Director or key managerial persons authorized for the purpose.

### **10.5 KYC for the Existing Accounts:**

While the KYC guidelines will apply to all new customers, the same would be applied to the existing customers on the basis of materiality and risk. However, transactions with existing customers would be continuously monitored for any unusual pattern in the operation of the accounts.

### **10.6 Updation in KYC Policy of Company**

PO after taking the due approval from the Board of Directors of SGROYAL CAPITAL shall make the necessary amendments/modifications in the KYC/ AML/

CFT Policy or such other related guidance notes of Company, to be in line with RBI or such other statutory authority's requirements/updates/ amendments from time to time.



## **Annexure I**

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

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

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

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

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

#### **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. SGROYAL CAPITAL shall gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. SGROYAL CAPITAL shall 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 shall be taken at a senior level which shall be clearly spelt out in Customer Acceptance policy. SGROYAL CAPITAL shall also subject such accounts to enhanced monitoring on an ongoing basis. The above norms will also be applied to the accounts of the family members or close relatives of PEPs.

Annexure II

Customer Identification Procedure Features to be verified and Documents that may be obtained from Customers

Features	Documents (Certified Copy)
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<p><b>Individuals (Applicant/ Co –Applicant)</b></p> <p>– Legal name and any other names used</p>	<p>a. Passport</p> <p>b. PAN card</p> <p>c. Voter’s Identity Card</p> <p>d. Driving license</p> <p>e. Identity card (subject to the Company’s satisfaction)</p> <p>f. Aadhar Card</p> <p>g. Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of Company</p> <p>(i) Telephone bill</p> <p>(ii) Bank Account statement</p> <p>(iii) Letter from any recognized public authority</p> <p>(iv) Electricity bill</p> <p>(v) Letter from employer (subject to satisfaction of the Company)</p> <p>(Any one document which provides customer information to the satisfaction of the Company will suffice)</p> <p>One recent passport size photograph except in case of transactions referred to in Rule 9(1)(b) of the PML Rules</p>
<p>- Correct permanent address</p>	

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<b>Companies (Co – Applicant)</b> <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> </ul>
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	<ul style="list-style-type: none"> <li>(iii) Power of Attorney granted to its managers, officers or employees to transactbusiness 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>
<b>Partnership Firms</b> <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><b>Trusts &amp; Foundations</b></p> <ul style="list-style-type: none"> <li>Names of trustees, settlers, beneficiaries and signatories – Names and addresses of the founder, the managers / directors &amp;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>(iii) Power of Attorney granted to transact business on its behalf</li> <li>(iv) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses</li> <li>(v) Resolution of the managing body of the foundation/association</li> <li>(vi) Telephone bill</li> </ul>
<p><b>Accounts of Proprietary Concerns -</b> Name, Address and Activity of the Proprietary Concern.</p>	<ul style="list-style-type: none"> <li>I. Proof of the name, address and activity of the concern, like registration certificate (in the case of a registered concern), certificate/licence issued by the Municipal authorities under Shop &amp; Establishment Act, sales and income tax returns, CST / VAT certificate, certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities, Licence issued by the Registering authority like Certificate of Practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India,</li> <li>II. Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc.</li> </ul>

	<p>III. Any registration / licensing document issued in the name of the proprietary concern by the Central Government or State Government Authority/ Department. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT as an identity document for opening of account</p> <p>IV. The 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.</p> <p>V. Utility bills such as electricity, water, and landline telephone bills in the name of the proprietary concern.</p> <p>VI. Any two of the above documents would suffice. These documents should be in the name of the proprietary concern</p>
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### **Annexure III**

#### **An Indicative List of Suspicious Activities Transactions Involving Large Amounts of Cash**

Company transactions, that are denominated by unusually large amounts of cash, rather than normally associated with the normal commercial operations of the company, e.g. cheques.

##### **Transactions that do not make Economic Sense**

Transactions in which assets are withdrawn immediately after being deposited unless the business activities of the customers furnishes a plausible reason for immediate withdrawal.

##### **Activities not consistent with the Customer's Business**

Accounts with large volume of credits whereas the nature of business does not justify such credits.

##### **Attempts to avoid Reporting/Record-keeping Requirements**

- (i) 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.
- (ii) Any individual or group that coerces/induces or attempts to coerce/induce a NBFC employee not to file any reports or any other forms.
- (iii) 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.

##### **Unusual Activities**

Funds coming from the countries/centers which are known for money laundering.

##### **Customer who provides Insufficient or Suspicious Information**

- i. A customer/company who is reluctant to provide complete information regarding the purpose of the business, prior business relationships, officers or directors, or its locations.
- ii. A customer/company who is reluctant to reveal details about its activities or to provide financial statements.

- iii. A customer who has no record of past or present employment but makes frequent large transactions.

**Certain NBFC Employees arousing Suspicion**

- (i) An employee whose lavish lifestyle cannot be supported by his or her salary.
- (ii) Negligence of employees/willful blindness is reported repeatedly.

**Some examples of suspicious activities/transactions to be monitored by the operating staff-**

- Large Cash Transactions
- Multiple accounts under the same name
- Placing funds in term Deposits and using them as security for more Loan.
- Sudden surge in activity level.
- Same funds being moved repeatedly among several account.

