

## 1. Preamble

In terms of the Letter DNBS (PD) CC No.48/10.42/2004-2005 dated February 21, 2005 received from the Reserve Bank of India on Know Your Customer [KYC] Guidelines - Anti Money Laundering [AML] Standards, Financial Institutions are required to put in place a proper policy framework covering KYC Standards and AML Measures. This policy document is prepared in line with the RBI guidelines and incorporates the Company's approach to customer and Deposit/Debtenture holders identification procedures, customer profiling based on the risk perception and monitoring of transactions on an ongoing basis.

## 2. Definition of Money Laundering Section 3 of the Prevention of Money Laundering [PML] Act 2002 has defined the "offence of money laundering" as under:

"Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering".

Money launderers use the Banking and Non Banking system for cleansing 'dirty money' obtained from criminal activities with the objective of hiding/disguising its source. The process of money laundering involves creating a web of financial transactions so as to hide the origin and true nature of these funds.

For the purpose of this document, the term 'money laundering' would also cover financial transactions where the end use of funds goes for terrorist financing irrespective of the source of the funds.

## 3. Obligations under Prevention of Money Laundering (PML) Act 2002

Section 12 of PML Act 2002 places certain obligations on every banking company, financial institution and intermediary, which include

- [i] maintaining a record of prescribed transactions
- [ii] furnishing information of prescribed transactions to the specified authority
- [iii] verifying and maintaining records of the identity of its clients
- [iv] preserving records in respect of [i],[ii],[iii] above for a period of ten years from the date of cessation of transactions with the clients.

## 4. Money Laundering - Risk Perception

Financial Institutions are exposed to the following risks which arise out of Money Laundering activities:

- **Reputation Risk**  
Risk of loss due to severe impact on Company's reputation. This may be of particular concern given the nature of the Company's business, which requires the confidence of depositors\Debenture holders, Banks and financial institutions dealing with the Company.
- **Compliance Risk**  
Risk of loss due to failure of compliance with key regulations governing the Company's operations.
- **Operational Risk**  
Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- **Legal Risk**  
Risk of loss due to any legal action the Company or its staff may face due to failure to comply with the law.

## 5. Policy Objectives

- (i) To prevent criminal elements from using the Company for money laundering activities.
- (ii) To enable the Company to know/understand the customers and their financial dealings better, which in turn would help the Company to manage risk prudently.
- (iii) To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures. To comply with applicable laws and regulatory guidelines. To take necessary steps to ensure that the relevant staff are adequately trained in KYC/AML procedures.

## 6. Scope

This policy is applicable to all branches of the Company and is to be read in conjunction with related operational guidelines issued from time to time.

## 7. Definition of a Customer

A customer for the purpose of this policy is defined as:

- (iv) A person or an entity that maintains an account and/or has a business relationship with the Company.
- (v) Any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Company.

## **8. Key Elements of the Policy**

- Customer Acceptance Policy
- Customer Identification Procedures
- Monitoring of Transactions and
- Risk Management

### **8.1. Customer Acceptance Policy**

The Company will:

- (i) Classify customers into various risk categories and based on risk perception decide on acceptance criteria for each category of customers;
- (ii) Accept customers after verifying their identity as laid down in Customer Identification Procedures;

### **8.2. Customer Identification Procedures**

The first requirement of customer identification procedures to be satisfied that a prospective customer is who he/she claims to be.

The second requirement of customer identification procedures is to ensure that sufficient information is obtained on the nature of the business that the customer expects to undertake, and any expected, or predictable, pattern of transactions. The information collected will be used for profiling the customer.

-Identity to be verified for:

- The named account holder
- Beneficial owners

The Customer Identification Procedures are to be carried out at the following stages:

- While establishing a relationship;
- When the Company feels it is necessary to obtain additional information from the existing customers based on the conduct or behaviour of the account.

Wherever applicable, information on the nature of business activity, location, mode of payments, volume of turnover, social and financial status etc. will be collected for completing the profile of the customer.

Customers will be classified into three risk categories namely 'High', 'Medium' and 'Low', based on the risk perception. The risk categorization will be reviewed periodically.

### **8.3. Monitoring of Transactions**

Monitoring of transactions will be conducted taking into consideration the risk profile of the account. Special attention will be paid to all complex, unusually large transactions and all unusual patterns, which have no apparent logical or visible lawful purpose. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer will be subjected to detailed scrutiny.

After due diligence at the appropriate level in the Company, transactions of suspicious nature and/or any other type of transaction notified under PML Act, 2002 will be reported to the appropriate authority and a record of such transactions will be preserved and maintained for a period as prescribed in the Act.

#### **8.4.Risk Management**

While the Company has adopted a risk-based approach to the implementation of this policy, it is necessary to establish appropriate framework covering proper management oversight, systems, controls and other related matters.

Company's Internal Audit and Compliance functions will provide an independent evaluation of KYC/AML policies and procedures including legal and regulatory requirements. Concurrent/ Internal Auditors shall specifically check and verify the application of KYC/AML procedures at the branches 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 at quarterly intervals.

The Company will have an ongoing employee-training programme so that members of the staff are adequately trained in KYC/AML procedures.

The Principal Officer designated by the Company in this regard will have an important responsibility in managing oversight and coordinating with various functionaries in the implementation of KYC/AML policy.

For the purpose of risk categorization, the customers are group into three risk categories vis-à-vis High, Medium and Low Risk.

Low Risk Category:

The following type of customers were categorized into 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 categorised as low risk.

Illustrative list of low risk category.

- a. Salaried employees
- b. People belonging to lower economic strata of the society
- c. Government departments and government owned companies
- d. Statutory & Regulatory Bodies
- e. People who are operating Micro & Small enterprises

Medium Risk Category:

The following type of customers were categorized into Medium Risk category

- a. High Net Worth Individuals.
- b. Companies run by close families members
- c. Trust, NGOs which are operated on donations
- d. Educational Societies
- e. Non Residents

High Risk Category:

The following type of customers were categorized into High Risk category

- a. Public Influencer
- b. Cine & TV Artist
- c. Politically Exposed Persons
- d. Those with dubious reputation as per public information available
- e. Bullion Dealers and Jewelers

The Company shall periodically update customer identification data after the account is opened. KYC updation will be carried out 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.

## 9. KYC for the existing accounts

While the KYC guidelines will apply to all new customers, the same will be applied to the existing customers on the basis of materiality and risk. However, transactions in existing accounts would be continuously monitored for any unusual pattern in the operation of the account for reviewing customer due diligence measures. On the basis of materiality and risk the existing accounts of companies, firms, trusts, charities, religious organizations and other institutions are subjected to minimum KYC standards which would establish the identity of the natural / legal person and those of the 'beneficial owners'. Similarly, the Company will also ensure that term / recurring deposit accounts are subject to revised KYC procedures at the time of renewal of the deposits on the basis of materiality and risk.

## 10. Principal Officer

The Company has designated **Shri.P Prabhakar Rao** as Principal Officer who shall be responsible for implementation and compliance of this policy.

His illustrative duties will be as follows:

- Monitoring the implementation of the Company's KYC/AML policy.
- Reporting of transactions and sharing of the information as required under the law.



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- Maintaining liaison with law enforcement agencies.
- Ensuring submission of periodical reports to the Top Management /Board.

### 11. Review of the Policy

The Policy will be reviewed at yearly intervals or as and when the Board feels it necessary.

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## Know Your Customer (KYC) Documents

### For Individuals

Sr. No.	Description	ID Proof	Address Proof
		Applicable (Y/N)	
1	Passport [not expired]	Y	Y
2	Arms License issued by the State/Central Govt. of India containing photograph of the applicant. (+Can be accepted as address proof if it carries the address) (*Can be accepted as Signature proof if it has signatures)	Y	Y+
3	Permanent Driving license [not expired]	Y	Y
4	Pension payment card issued by State/Central Govt. of India with photograph of the applicant	Y	Y
5	Ration Card with IRIS scan along with photograph as prevalent in the respective states as ID/Address Proof, without IRIS scan as an address proof only. (+Can be taken as Signature proof if it contains signature of customer)	Y	Y
6	Photo Social Security card issued by Central/State/Union Territories	Y	Y
7	Banker's Verification of Photograph & Signature as per bank's existing format from an existing Bank under the sign and seal of the Bank Official or from Post Office where customer has an account. In case of post office, the verification to be signed by the Post Master under his sign & seal. It should not be more than 3 months old.	Y	N
8	Election /Voters card (**Can be accepted as address proof if it carries the address)	Y	Y**
9	Bank passbook with photograph attested by Bank Official & official seal. Passbook should be updated in the last 3 month.	Y	Y
10	Certificate with Photo & address from local Govt body, with stamp and signature of the certifying officer. (Tehsildar / Sarpanch / Municipality / Class 1 Gazetted officer /Commissioner etc.)	Y	Y
11	Photo Debit / Credit Card of Primary Holder (+Can be accepted as signature proof if it carries the signature on the face of the card)	Y	N
12	MAPIN card [issued by NSDL]	Y	N
13	PAN card	Y	N
14	Photo ID card issued by any of the following organizations/Institutions <ol style="list-style-type: none"> <li>1. Central Government or any of its Ministries.</li> <li>2. Statutory / Regulatory authorities</li> <li>3. State Govt. or any of its Ministries</li> <li>4. Public Sector Undertaking (established under GOI or State Govt)</li> <li>5. Bar council</li> <li>6. Senior Citizen card issued by State/Central Govt.</li> <li>7. Govt. of India to Persons of Indian Origin [PIO card]</li> <li>8. Defense Dept / Ministry of defense for Defense personnel &amp; their dependants</li> <li>9. Public Financial institutions/ Public Sector Banks</li> </ol>	Y	Y #

	10. ID card issued by ICWAI/ICAI/ICSI/Indian Medical Association 11. Identity card issued by Super A and Cat A companies with Employee ID mentioned on the identity card. (# Can be accepted as Address proof if it carries the address) (++ Can be accepted as Signature proof if it carries the signature)		
15	The Covering Letter accompanying the PAN card at the time of issuance should be accepted along with the PAN card.	N	Y
16	Telephone bill / Electricity bill of Public and approved Private operators in the State [Not older than 3 months]	N	Y
17	Bank account statement /Bank Passbook of a PSU / Private Sector / Foreign bank [Not later than 3 months] Bank statement older than 3 months up to 6 months is acceptable provided if it is accompanied by employer letter confirming address of the applicant. The letter should be obtained from HR of the employer containing name and designation of the signatory.	N	Y
18	Demat account statement with address-should not be more than 3 months old. HDFC Bank Demat a/c statement can be accepted.	N	Y
19	Latest certificate from Post Office / Post office pass book with full address	N	Y
20	TAN allotment letter (if address available)	N	Y
21	Letters of correspondence from Professional Bodies like ICAI/ICWAI/ICSI/Indian Medical Association etc showing the current address. The same should match the address on application form. To be taken along with ID card issued by these Associations	N	Y
22	Income tax assessment order with address, should pertain to assessment of income of last financial year	N	Y
23	Letter / Monthly outgoings bill (only from Registered societies) This should be on the letterhead, which carries the society's Registration number. The letter should carry the applicant's name & full address as well as the signatories' full name, designation (Secretary, President) and address. (Maintenance charges receipt issued by the society NOT acceptable)	N	Y
24	Copy of title deeds (Wherein original title deeds are registered and stamped)	N	Y
25	Land Patta Pass Book/ Jamabandi / 7/12 extract	Y	Y
26	Lease / Leave & license agreement / Rent agreement copy duly stamped (to be stamped as per state laws) accompanied by CPV. The agreement should be at least 3 months old from the date of loan application.	N	Y
27	Latest Property tax bill / Water tax bill / Property tax paid Receipt	N	Y
28	Municipal / Corp / Panchayat / Tax Payment Receipt of last one year	N	Y
29	Mobile post paid bill of public / private operators in the State.	N	Y
30	Printed consumer gas connection card / book OR latest pipe gas bill. Gas charges paid receipt not acceptable.	N	Y
31	Domicile certificate with communication address issued by Municipal Corporation.	N	Y
32	Certificates issued by Mandal revenue officer issues certificate. " Mandal Revenue Office" is State Governing Body & based on this " House Hold Card " are issued.	N	Y
33	Credit Card Statement where applicant is the primary holder. This needs to be supported by photocopy of credit card. Card should not be expired & credit card statement should not more than 2 months old.	N	Y
34	Address on Employers Letter Head, duly signed & stamped by appropriate Authority and CPV done for Super A, CAT A companies only. Letter should not	N	Y



	be more than 3 months old. Employer ID card issued by the same company should be obtained along with the letter Applicable for other than company provided accommodation also.		
35	Insurance policy or premium receipts of the address in question. This includes Life as well as Non Life insurance policies for both Governments undertaking as well as Private Operators.	N	Y
36	SSI and Shops & Establishment Act Registration certificate may be accepted provided the mailing address is the same as the Shop / office / Factory & confirmed by CPV.	N	Y
37	House Allotment letter issued by the Central/State government authorities mentioning the name and address of the applicant.	N	Y
38	For rural / satellite locations, letter of introduction with Photograph, Name and Address of the customer duly certified by Block Development officer / Head of village Panchayat / Post master of post office concerned.	Y	Y
39	Address proof card issued by Indian post office	Y	Y
40	Adhar Card	Y	Y
41	Affidavit duly notarized	Y	Y
42	Any other document issued by any Central / State / Local / Government / Statutory authorities	Y	Y

**For Sole Proprietorship**

Sr. No.	Description	Proof of Existence	Address Proof
		Applicable (Y/N)	
1	Certificate of registration under any Statute / Act or professional bodies	Y	N
2	Valid Business License or certificate of registration issued by State / Central government authority (Validity would include the grace period for renewal as mentioned in the certificate)	Y	N
3	Pan Card in the name of the firm	Y	N
4	Last available Income Tax Assessment order / Latest available Wealth Tax Assessment order - along with print out from PAN website confirming the PAN number & name of entity	Y	N
5	IRDA (Insurance Regulatory and Development Authority) license in the name of the entity with address mentioned	Y	N
6	Certificate Issued by respective government authority for units in SEZ (Special Economic Zone), STP (Software Technology Park), EOU (Export Oriented Unit), EHTP (Electronic Hardware Technology Park), DTA (Domestic Tariff Area) and EPZ (Export Processing Zone) in the name of the entity mentioning the address allotted	Y	N
7	Registration certificate of recognized Provident Fund with PF commissioner	Y	N
8	Intimation from sales tax department, intimating sales tax registration number	Y	N
9	Certificate of registration / A letter granting Certificate of Practice issued by professional bodies such as ICAI (Institute of Chartered Accountants of India) / ICSI (Institute of Company Secretaries of India) / ICWAI (Institute of Cost and Work Accounts of India) in the name of the chartered accountant firm	Y	N
10	Certificate of existence issued by village Administrative Officer / Panchayat Head / Mukhiya / Village Developmental officer / Block development officer or Equal Rank officer for customers in rural / village areas	Y	N

11	Telephone bill / Electricity bill of public & approved private operators in the state. (Bills not to be older than 4 months from the date of account opening )	N	Y
12	Property ownership deed i.e. Title deeds of the property in the name of the firm duly stamped and registered	N	Y
13	Property tax or water tax paid receipt / bill raised in the name of the firm	N	Y
14	Existing Bank account statement or passbook of a PSU / Private Sector /Foreign bank. Statement not older than 4 months to be accepted	N	Y
15	Lease / Leave & license agreement / Rent agreement copy duly stamped (to be stamped as per state laws) accompanied by CPV.	N	Y
16	Any documents as specified as proof of existence provided it contains address.	N	Y
17	Permanent Account Number Intimation issued by IT authority. It must bear name, and address of the entity / proprietor. This should be accompanied by print out from the website confirming the PAN number	N	Y
18	Address proof in the name of proprietors. This needs to be ascertained with positive CPV to confirm business activity at the address.	N	Y
19	Any other document issued by any Central / State / Local / Government / Statutory authorities	Y	Y

**For Partnership Firm**

Sr. No.	Description	Proof of Existence	Address Proof
		Applicable (Y/N)	
1	Certificate of registration under any Statute / Act or professional bodies	Y	N
2	Valid Business License or certificate of registration issued by state / Central government authority (Validity would include the grace period for renewal as mentioned in the certificate)	Y	N
3	Pan Card in the name of the firm	Y	N
4	The firm's account from a PSU /Private Sector / Foreign bank along with bank statement not older than four months	Y	N
5	PAN intimation letter in the name of firm along with print out from PAN website confirming the PAN number & name of entity	Y	N
6	Last available Income Tax Assessment order / Latest available Wealth Tax Assessment order - along with print out from PAN website confirming the PAN number & name of entity	Y	N
7	IRDA (Insurance Regulatory and Development Authority) license in the name of the entity with address mentioned	Y	N
8	Certificate Issued by respective government authority for units in SEZ (Special Economic Zone), STP (Software Technology park), EOU (Export Oriented Unit), EHTP (Electronic Hardware Technology Park), DTA (Domestic Tariff Area) and EPZ (Export Processing Zone) in the name of the entity mentioning the address allotted	Y	N
9	Registration certificate of recognized Provident Fund from PF commissioner	Y	N
10	Intimation from sales tax department to the firm intimating sales tax registration number	Y	N
11	Certificate of registration / A letter granting Certificate of Practice issued by professional bodies such as ICAI (Institute of Chartered Accountants of India) / ICSI (Institute of Company Secretaries of India) / ICWAI (Institute of Cost and Work Accounts of India) in the name of the chartered accountant firm	Y	N

12	Partnership registration certificate if the firm is registered	<b>Y</b>	<b>N</b>
13	Certificate by village Administrative Officer / Panchayat Head / Mukhiya / Village Developmental officer / Block development officer or Equal Rank officer for customers in rural / village areas	<b>Y</b>	<b>N</b>
14	Telephone bill / Electricity bill of public & approved private operators in the state. (Bills not to be older than 4 months from the date of loan application)	<b>N</b>	<b>Y</b>
15	Property ownership deed i.e. Title deeds of the property in the name of the firm duly stamped and registered	<b>N</b>	<b>Y</b>
16	Property tax or water tax paid receipt / bill raised in the name of the firm	<b>N</b>	<b>Y</b>
17	Existing Bank account statement or passbook of a PSU / Private Sector /Foreign bank. Statement not older than 4 months to be accepted	<b>N</b>	<b>Y</b>
18	Lease / Leave & license agreement / Rent agreement copy duly stamped (to be stamped as per state laws) accompanied by CPV.	<b>N</b>	<b>Y</b>
19	Permanent Account Number Intimation issued by IT authority. It must bear name, and address of the entity / proprietor. This should be accompanied by print out from the website confirming the PAN number	<b>N</b>	<b>Y</b>
20	Address proof in the name of partner. This needs to be ascertained with positive CPV to confirm business activity at the address.	<b>N</b>	<b>Y</b>
21	Any other document issued by any Central / State / Local / Government / Statutory authorities	<b>Y</b>	<b>Y</b>

**For Trusts / Societies**

Sr. No.	Description	Proof of Existence	Address Proof
		Applicable (Y/N)	
1	Registration proof with any state / regulatory authorities along with the Trust deed	<b>Y</b>	<b>N</b>
2	Letter from Charity Commissioner / Provident Fund Commissioner - Recognizing the Trust.	<b>N</b>	<b>Y</b>
3	Telephone bill / Electricity bill of public & approved private operators in the state. Bills not to be older than 4 months.	<b>N</b>	<b>Y</b>
4	Certificate of incorporation of the company if it contains address	<b>N</b>	<b>Y</b>
5	Property ownership deed i.e Title deeds of the property in the name of the Trust duly stamped and registered	<b>N</b>	<b>Y</b>
6	Property tax or water tax paid receipt / bill raised in the name of the Trust	<b>N</b>	<b>Y</b>
7	Existing Bank account statement from a PSU / Private Sector /Foreign bank not older than 4 months from the date of account opening.	<b>N</b>	<b>Y</b>
8	Lease / Leave & license agreement / Rent agreement copy duly stamped (to be stamped as per state laws) accompanied by CPV.	<b>N</b>	<b>Y</b>
9	PAN Card	<b>Y</b>	<b>N</b>
10	Permanent Account Number Intimation issued by IT authority. It must bear name, and address of the entity. This should be accompanied by print out from the website confirming the PAN number-signed by the account opening delegated authority.	<b>N</b>	<b>Y</b>
11	Last available Income Tax Assessment order / Latest available Wealth Tax Assessment order - along with print out from PAN website confirming the PAN number & name of entity –signed by account opening delegated authority.	<b>N</b>	<b>Y</b>
12	Certificate by village Administrative Officer / Panchayat Head / Mukhiya /	<b>N</b>	<b>Y</b>



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	Village Developmental officer / Block development officer or Equal Rank officer for rural branches & branches in village areas		
13	Address proof in the name of trustee. This needs to be ascertained with positive CPV to confirm business activity at the address.	<b>N</b>	<b>Y</b>
14	Any other document issued by any Central / State / Local / Government / Statutory authorities	<b>Y</b>	<b>Y</b>

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