



## **POLICY ON KNOW YOUR CUSTOMER & ANTI-MONEY LAUNDERING MEASURES**

### **PREFACE**

The Reserve Bank of India (RBI) has issued guidelines on 'Know Your Customer (KYC) – Anti Money Laundering Standard, wherein the Housing Finance Companies (HFCs) are advised to follow certain customer identification procedure and monitoring of suspicious transactions for reporting to the appropriate authority. Further, RBI also advised the HFCs to put in place a proper policy framework on KYC & AML duly approved by their Board of Directors.

This Know Your Customer (KYC) policy of Hinduja Housing Finance Limited has been prepared in accordance with Master Direction - Know Your Customer (KYC) Direction, 2016 as updated from time to time (updated as on November 06, 2024) by RBI and Anti Money Laundering and Combating Financing of Terrorism Standards. This policy also takes into account the provisions of Prevention of Money laundering Act (PMLA) 2002 and PMLA Rules, 2005.

This Policy only supplements the existing RBI, SEBI, RBI guidelines relating to KYC / AML and any subsequent guidelines would be implemented immediately.

### **1) KYC / AML PHILOSOPHY OF HHF**

- a) The KYC /AML philosophy of HHF is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The objective of this policy is also to enable the Company to know / understand its customers and their financial dealings better which in turn will help the Company to manage its risks prudently.
- b) It is important that the Company's management views "money-laundering prevention" and "knowing your customer" as part of the risk management strategies and not simply as standalone requirements that are being imposed by legislation / regulators.

### **2) MONEY LAUNDERING**

- a) Money laundering is the criminal practise of putting ill – gotten gains or dirty money through a series of transactions, so that the funds are cleaned to look like proceeds from legal activities. It is driven by criminal activities and conceals the true source, ownership or use of funds.
- b) In simple terms, money laundering is most often described as the "turning of dirty or black money into clean or white money". If undertaken successfully, money laundering allows criminals to legitimize "dirty" money by mingling it with "clean" money, ultimately providing a legitimate cover for the source of their income.

### **3) DEFINITIONS**

For the purpose of KYC, a 'customer' is defined as:

- i. a person or entity (having the same meaning as defined in the Act) that has a loan and/or has a business/financial transaction/ relationship with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting;
- ii. beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors, etc. as permitted under the law, and



iii. any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Company.

#### **4) KNOW YOUR CUSTOMER**

- a) One of the best methods of preventing and deterring money laundering is a sound knowledge of a customer's business and pattern of financial transactions. The adoption of procedures by which Company "know their customer" is not only a principle of good business but is also an essential tool to avoid involvement in money laundering.
- b) The Company shall adopt appropriate KYC procedures and internal controls measures to:
  - i) Determine and document the true identity of the customers who establish relationships, open accounts or conduct significant business transactions and obtain basic background information on customers.
  - ii) Assess the money laundering risk posed by customers' expected use of Company's products and services
  - iii) Protect the Company from the risks of doing business with any individual or entity whose identity cannot be determined or who refuses to provide information, or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.

The KYC policy shall include following four key elements:

- Customer Acceptance Policy;
- Risk Management;
- Customer Identification Procedures (CIP); and
- Monitoring of Transactions

#### **5) CUSTOMER ACCEPTANCE POLICY**

It lays down the criteria for acceptance of customers. The guidelines in respect of the customer relationship are as follows:

- i) A loan will be sanctioned only to those customers who have applied to the Company through a formal application which is provided to them by the Company.
- ii) No account is to be opened in anonymous or fictitious/benami name
- iii) Not to give a loan to any applicant or close any existing loan where the Company is unable to apply appropriate customer due diligence measures i.e. the Company is unable to verify the identity and/or obtain documents required as per the risk categorisation due to the non-cooperation of the applicant/customer or non-reliability of the data/information furnished by such applicant/customer.
- iv) Company shall apply CDD measures for all co-applicants/co-borrowers.
- v) Accept customers only after verifying their identity, as laid down in Customer Identification Procedures.



- vi) Documentation requirements and other information to be collected, as per PMLA and RBI guidelines/instructions, to be complied with.
- vii) Identity of a new customer to be checked so as to ensure that it does not match with any person with known criminal background or banned entities or whose names appear in the sanctions lists issued by United Nations Security Council (UNSC), Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated January 30, 2023, by the Ministry of Finance, Government of India as detailed in the RBI's Master Direction.
- viii) The decision to open an account for Politically Exposed Person (PEP) should be taken at a senior level. 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.
- ix) Mandatory Information shall be sought from Customer for KYC purpose while opening an account and during the periodic updation.
- x) Optional/additional information, if required, will be obtained by the Company with consent of the customer after the loan has been given.
- xi) In case the existing KYC compliant customer of the company desirous of availing another loan, the company will not undertake fresh customer due diligence exercise as far as identification of the customer is concerned.
- xii) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority
- xiii) Where an equivalent e-document is obtained from the customer, the digital signature shall be verified as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- xiv) Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

Customer Acceptance Policy shall not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged, including the Persons with Disabilities (PwDs). No application for onboarding or periodic updation of KYC shall be rejected without application of mind. Reason(s) of rejection shall be duly recorded by the officer concerned.

Where RE forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.



## 6) RISK MANAGEMENT

### **Risk Categorisation of Customer(s)**

The Company has a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures in case of higher risk perception on a customer. Such review of risk categorization and due diligence of customers will be carried out on-going basis with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and, wherever necessary, the source of funds.

The Company has a system in place for periodical updation of customer identification data after the account is opened. The periodicity of such updation shall be once in ten years in case of low risk category customers and once in eight years in case of medium risk category customers and once in two years in case of high-risk category customers.

The risk categorization of a customer and the specific reasons for such categorization shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer. Risk categorisation shall be undertaken based on parameters such as customers identity, nature of business activity / employment, social/financial status, residential status, geographical risk etc. Final risk categorisation of the customer shall be derived based on risk scoring model which is inbuilt in our loan management system (ERP).

While considering customer's identity, the ability to confirm identity documents through online or other services offered by the issuing authorities may also be factored in.

Broder criteria for each risk categorisation is provided below:

- A. Low Risk: For the purpose of risk categorization, individuals and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, shall be categorized as low risk.
- B. Medium Risk: Individuals or entities who are likely to pose a higher-than-average risk may be categorized as medium risk depending on customer's background, nature and location of activity, country of origin, social/financial status etc.
- C. High Risk: Individuals or entities that pose a higher-than-average risk to the Company will be categorised as high-risk customers. Illustrative examples of high-risk customers will be -
  - i. Politically Exposed persons;
  - ii. Multi-level marketing

Responsibility has also been explicitly allocated within the company for ensuring that the company's policies and procedures are implemented effectively. The nature and extent of due diligence will depend on the risk perceived by the branch/company. However, while preparing customer profile branches should take care to seek only such information from the customer which is relevant to the risk category and is not intrusive.



The company's internal audit has an important role in evaluating and ensuring adherence to the KYC policies and procedures. It should provide an independent evaluation of the company's own policies and procedures, including legal and regulatory requirements. It would be ensured that the audit machinery is staffed adequately with individuals who are well versed in such policies and procedures. Head – Credit is the principal officer for monitoring Anti Money Laundering Issues. A dedicated credit quality team under the direct supervision of Head - Credit checks and confirms compliance with the KYC policies and procedures in respect of all the loan contracts.

## **7) CUSTOMER IDENTIFICATION PROCEDURE**

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information while establishing a relationship. The Company will obtain relevant documents to prove the applicant's identity, place of residence, age etc. which are necessary to establish identity and contact ability of each customer.

All the customers shall be identified by a Unique Customer Identification Code (UCIC) to identify customers, track the facilities availed, monitor financial transactions in a holistic manner and to have a better approach to risk profiling of customers.

The company will ensure that all/any documents as listed in Annexure – I are obtained from prospective customers in order to carry out the necessary due diligence for granting a loan.

In addition to this, the company's officers will do a personal discussion with the customer at his residence/office in order to interact with other family / workplace members which will also help ascertain the genuineness of the prospective customer.

### **Company will undertake identification of customers in the following cases: -**

- a. Commencement of an account-based relationship with customer or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations
- b. When there is doubt about the authenticity or adequacy of the customer identification data it has obtained.

For the purpose of verifying the identity of customers at the time of commencement of an accountbased relationship, the Company shall at its option, rely on CDD done by a third party, subject to the following conditions: -

- a. Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
- b. Where the Company is satisfied that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.



- c. The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the Prevention of Money-Laundering Act
- d. The third party shall not be based in a country or jurisdiction assessed as high risk. The ultimate responsibility for CDD, including done by a third party and undertaking enhanced due diligence measures, as applicable, shall rest with the Company. In addition to the above, the following guidelines will be followed while dealing with specific clients:

**Trust/Nominee or Fiduciary Accounts**

Company shall attempt to determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, Company will insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting,

**Accounts of companies and firms**

Company shall attempt to verify the legal status of the legal person/ entity through proper and relevant documents. Company shall attempt to verify that any person, who purports to act on behalf of the legal / juridical person/entity, is so authorized and in what capacity that person is authorized and further verify the identity of that person.

**Customer Due Diligence (CDD) procedure in case of individuals:**

The company will obtain following information from an individual customer while establishing relationship with an individual or dealing with the individual who is beneficial owner, authorised signatory, or the power of attorney holder related to any legal entity.

- a. the Aadhar Number (copy to be certified by the company's official and recorded) where he is desirous of receiving any benefit or subsidy under any Scheme notified under Section 7 of the Aadhar Act or certified copy of the Officially Valid Document (OVD), set out in list enumerated in Annexure-I, containing details of the identity and address, and one recent photograph.
- b. the Permanent Account Number (PAN) or Form 60 as defined in Income Tax. Rules 1962, as amended from time to time. The company will inform the customer about this provision while opening the account.
- c. In case of the existing customer, the company will obtain PAN or Form No. 60 as the case may be, on such date as may be notified by the Central Govt.
- d. In case, the OVD furnished by the Customer does not contain the updated address, the company will obtain the following documents for limited purpose of proof of address.
  - a. Utility bill (electricity, telephone, piped gas, water bill, postpaid mobile phone) which is not more than Two Months old of any service provider.
  - b. Property or municipal tax receipt.
  - c. Pension or family pension payment order issued by Govt departments or Public Sector Undertaking, if they contain the address



- d. Letter of allotment of accommodation from employer issued by Central/state Governments, stator or regulatory bodies, PSUs, SCBs, FIs and listed companies and leave and license agreements with such employers allocating official accommodation.
- e. However, the customer after submitting the above said OVD, has to submit the updated OVD within 3 months with current address. A customer already having an account-based relationship with the Company, shall submit his Permanent Account Number or Form No.60, on such date as may be notified by the Central Government.
- f. If a customer having an existing account-based relationship with the Company gives in writing to the company that he/ she does not want to submit his/her Permanent Account Number or Form No.60, as the case may be, the customer's account with the Company shall be closed and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer
- g. The company while establishing a relationship with Politically Exposed Person (PEP) will ensure identity of PEP, gather sufficient information about his/her sources of funds, undertake enhanced monitoring on an on-going basis, permission taken at senior level in accordance with company's customer acceptance policy. In case the existing account subsequently becoming PEP, senior management's approval shall be obtained to continue his account and his account shall be put on enhanced monitoring
- h. such other documents pertaining to the nature of business or financial status as may be deemed fit.

**CDD Measures for Sole Proprietary Firms:**

For opening an account in the name of a sole proprietary firm, identification information as mentioned under Para D above in respect of the individual (proprietor) shall be obtained. In addition to the above, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained:

- a. Registration certificate including Udyam Registration Certificate (URC) issued by the Government
- b. Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
- c. Sales and income tax returns.
- d. CST/VAT/GST certificate (provisional/ final).
- e. Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
- f. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DCFT/Licence/ certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
- g. Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
- h. Utility bills such as electricity, water, and landline telephone bills.

In cases where it is satisfied that it is not possible to furnish two such documents, any one of the aforesaid documents as proof of business/activity may be accepted.



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

### **CDD Measures for Legal Entities**

For opening an account of a company, one certified copy of each of the following documents shall be obtained:

- a. Certificate of incorporation;
  - b. Memorandum and Articles of Association;
  - c. Permanent Account Number of the company;
  - d. A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf;
  - e. one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the Beneficial owners, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
  - f. the names of the relevant persons holding senior management position; and
  - g. the registered office and the principal place of its business, if it is different.
- b. For opening an account of a partnership firm, one certified copy of each of the following documents shall be obtained:
- a. Registration certificate;
  - b. Partnership deed;
  - c. Permanent Account Number of the partnership firm;
  - d. one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the beneficial owners, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
  - e. The names of all the partners and
  - f. address of the registered office, and the principal place of its business, if it is different.
- c. For opening an account of a trust, one certified copy of each of the following documents shall be obtained:
- a. Registration certificate;
  - b. Trust deed;
  - c. Permanent Account Number or Form No.60 of the trust;
  - d. one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the beneficial owner, managers, officers or employees, as the case



- may be, holding an attorney to transact on its behalf
- e. the names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust
- f. the address of the registered office of the trust; and
- g. list of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorised to transact on behalf of the trust.

#### **Identification of Beneficial Owner**

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps be taken by the Company to verify his/her identity.

- a. Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause-

1. "Controlling ownership interest" means ownership of/entitlement to more than 10 percent of the shares or capital or profits of the company.
  2. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
- b. Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 percent of capital or profits of the partnership or who exercises control through other means.

Explanation - For the purpose of this sub-clause, "control" shall include the right to control the management or policy decision.

- c. Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 percent of the property or capital or profits of the unincorporated association or body of individuals.

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

- d. Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10 percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

Where the customer or the owner of the controlling interest is (i) an entity listed on a stock exchange in India, or (ii) it is an entity resident in jurisdictions notified by the Central Government and listed on stock



exchanges in such jurisdictions, or (iii) it is a subsidiary of such listed entities; it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

#### **8) ONGOING DUE DILIGENCE**

The Company shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile, the source of funds / wealth. The extent of monitoring shall be aligned with the risk category of the customer. High risk accounts have to be subjected to more intensified monitoring.

A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place. The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies shall be closely monitored.

Apart from obtaining the current address proof, the Company shall verify the current address through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc. in cases where the due diligence is performed through non-face-to-face mode.

#### **9) PERIODIC KYC UPDATION**

The 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 KYC updation shall be carried out at least once in every two years for high-risk customers, once in every eight years for medium risk customers and once in every ten years for low-risk customers.

In respect of an individual customer who is categorized as low risk, the Company shall allow all transactions and ensure the updation of KYC within one year of its falling due for KYC or up to June 30, 2026, whichever is later. This shall also be applicable to low-risk individual customers for whom periodic updation of KYC has already fallen due.

##### **We shall carry out:**

- i) PAN verification from the verification facility available with the issuing authority and
- ii) Authentication, of Aadhaar Number already available with the HFC with the explicit consent of the customer in applicable cases.
- iii) Certified copy of OVD containing identity and address shall be obtained at the time of periodic updation from individuals
- iv) Aadhaar OTP based e-KYC in non-face to face mode may be used for updation/periodic updation and if the current address is different from the address in Aadhaar, it shall not require positive confirmation



in this case. The Company shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud

**Self-Declaration:**

As an additional option, the Company is also allowed to obtain self-declaration regarding "no change in KYC information" or "a change only in address details" from customers using digital and non-digital modes, through customer's email / mobile number registered with the Company, digital channels (such as mobile application of Company), letter, BCs, etc.

The updation/ periodic updation of KYC records are allowed to be carried out at any branch of the Company with which customer maintains the account.

Aadhaar OTP based e-KYC and V-CIP (The liveness check shall not result in exclusion of person with special needs) are permitted for the purpose of updation/ periodic updation of KYC.

**Digital KYC:**

The company has adopted digital authentication through API integration with appropriate third party.

- a) Application is accessed by authorized officer of company using their login credentials to capture customer details.
- b) Photo of customer is taken using tablet/mobile/any other device authorized by company.
- c) Photo of customer original OVD is taken in proper light so that they are clearly readable and identifiable
- d) One-time password (OTP) shall be sent to customer's mobile number to accord customer's consent or to any his/her family member wherever the customer does not have his/her own mobile number.
- e) System is put in place to capture GPS co-ordinates (Geo-tagging) along with time stamping.
- f) Once OTP is validated, lead number/application number will be generated and communicated to customer on his/her mobile number for further reference.
- g) Authorized officer will check and verify information captured is matching with picture of the document, photo of customer matches with OVD picture, and all mandatory fields are filled properly.
- h) On successful validation, authorized officer will take a print of an application form, get signatures/ thumb-impresion of customer and authorised officer who captured information at appropriate place, then scan and upload the same in system.

**Use of Business Correspondent (BC) for Updation/ Periodic Updation of KYC:**

Self-declaration from the customer in case of no change in KYC information or change only in the address details may be obtained through an authorized BC of the Company. The Company shall enable its BC systems for recording these self-declarations and supporting documents thereof in electronic form in the Company's systems.



The Company shall obtain the self-declaration including the supporting documents, if required, in the electronic mode from the customer through the BC, after successful biometric based e-KYC authentication including Aadhaar Face Authentication. Until an option is made available in the electronic mode, such declaration may be submitted in physical form by the customer. The BC shall authenticate the self-declaration and supporting documents submitted in person by the customer, and promptly forward the same to the concerned branch. The BC shall provide the customer an acknowledgment of receipt of such declaration /submission of documents. The Company shall update the customer's KYC records and intimate the customer once the records get updated in the system, as required under paragraph 38(c) of the Master Direction *ibid*. It is, however, reiterated that the ultimate responsibility for periodic updation of KYC remains with the Company.

**Due Notices for Periodic Updation of KYC:**

The Company shall intimate its customers, in advance, to update their KYC. Prior to the due date of periodic updation of KYC, the Company shall give at least three advance intimations, including at least one intimation by letter, at appropriate intervals to its customers through available communication options/channels for complying with the requirement of periodic updation of KYC. Subsequent to the due date, the Company shall give at least three reminders, including at least one reminder by letter, at appropriate intervals, to such customers who have still not complied with the requirements, despite advance intimations. The letter of intimation/ reminder may, *inter alia*, contain easy to understand instructions for updating KYC, escalation mechanism for seeking help, if required, and the consequences, if any, of failure to update their KYC in time. Issue of such advance intimation/ reminder shall be duly recorded in the Company's system against each customer for audit trail. The Company shall implement the same but not later than January 01, 2026.

**10) MAINTENANCE OF RECORD OF TRANSACTIONS AND REPORTING REQUIREMENTS TO FINANCIAL INTELLIGENCE UNIT - INDIA**

- a) All cash transactions of the value of more than Rupees Ten Lakh or its equivalent in foreign currency
- b) All series of cash transactions integrally connected to each other which have been individually valued where such series of transactions have taken place within a month and the monthly aggregate value of such transactions exceeds Rupees Ten Lakh or its equivalent in foreign currency
- c) All transactions involving receipts by non-profit organisations of value more than rupees ten lakh, or its equivalent in foreign currency
- d) 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 or a document has taken place facilitating the transaction
- e) All suspicious transactions whether or not made in cash and by way of any of the modes as mentioned in the rules



**f) Counterfeit Currency Reports (CCR)**

All cash transactions, where forged or counterfeit currency notes or bank notes have been used as genuine should be reported by the 15th day of the succeeding month.

**g) Suspicious transaction reports (STR)**

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

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

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

The suspicious transaction report shall be furnished within 7 working days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature as listed in Annexure-II While determining suspicious transactions, the Company shall be guided by definition of suspicious transaction contained in the rules as amended from time to time.

**h) Reporting by Reporting to**

- |                       |  |
|-----------------------|--|
| 1. Branch             | 1. Controlling office (Regional/Head Office) |
| 2. Controlling office | 2. Principal Officer (PO). H.O.              |
| 3. PO/. H.O           | 3. FIU - IND                                 |

**11) RECORD KEEPING**

The Company shall maintain the records of all transactions including the records containing information in respect of transactions. The Company shall take appropriate steps to evolve a system for proper maintenance and preservation of account information and allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

- a. the Company shall maintain for at least five years from the date of transaction between the company and the client, all necessary records of transactions, both domestic / international, which will permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.



- b. The company shall ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN card, utility bills etc.) obtained are properly preserved for at least five years after the business relationship is ended.
- c. make available swiftly, the identification records and transaction data to the competent authorities upon request;
- d. introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- e. maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
  - the nature of the transactions;
  - the amount of the transaction and the currency in which it was denominated;
  - the date on which the transaction was conducted; and
  - the parties to the transaction.
- f. evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
- g. maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.
- h. All financial transactions records, relevant customer identification and KYC records are required to be retained for 10 years from the date of cessation of the transactions with the clients and should be available for perusal and scrutiny of audit functionaries as well as regulators as and when required.

## **12) SECRECY OBLIGATIONS AND SHARING OF INFORMATION**

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

The Company shall treat the information collected from the customer for availing Loans as confidential and shall not divulge any details for cross selling or any other purpose without the express permission of the customer.

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

The exceptions to the said rule shall be as under:

- a. Where disclosure is under compulsion of law
- b. Where there is a duty to the public to disclose,
- c. the interest of the Company requires disclosure and
- d. Where the disclosure is made with the express or implied consent of the customer.



### **13) TRAINING OF EMPLOYEES**

As part of induction process, employees across the country are trained in KYC guidelines through online training module. Updating and modifications, if any, in the guidelines are also cascaded to the entire team to keep them abreast of the changes.

### **14) ORIGINAL TO BE SEEN AND VERIFIED**

All original KYC documents to be seen and verified by employees of HHF. 15) CENTRAL KYC RECORDS REGISTRY (CKYCR) Company shall capture the KYC information for sharing with the CKYCR. Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR. The Company is required to upload the Know Your Customer (KYC) data with CERSAI in respect of new individual accounts opened on or after April 1, 2017 and Legal Entities from April 1, 2021. Going forward, Company shall upload KYC with CERSAI within 10 days as and when new account is opened by the Company.

The Company shall obtain explicit consent from customer, where the customer, for the purposes of establishing an account-based relationship, submits a KYC Identifier. The Company shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless:

- there is a change in the information of the customer as existing in the records of CKYCR or
- the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
- the current address of the customer is required to be verified;
- The Company considers it necessary in order to verify the identity or address (including current address) of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the Customer.
- the validity period of documents downloaded from CKYCR has lapsed.

Whenever the Company obtains additional or updated information from any customer as per clause (j) of the Master Direction or Rule 9 (1C) of the PML Rules, the Company shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR. Where CKYCR informs the Company regarding an update in the KYC record of an existing customer, the Company shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the Company.

### **16) DESIGNATED DIRECTOR**

The Board at its meeting held on 18th July, 2018 had nominated Mr. Sachin Pillai, Managing Director of the Company as the designated director to ensure overall compliance with the obligations imposed under Chapter IV of the Prevention of Money-Laundering Act, 2002 and the Prevention of MoneyLaundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.



## 17) PRINCIPAL OFFICER

Mr. Krishna Kumar, Credit Head

No. 27A, Developed Industrial Estate, Guindy, Chennai – 600032

Phone: +91 44 22427555, Email: compliance@hindujahousingfinance.com

Customer identification means identifying the customer and verifying his / her identity by using reliable, independent source documents, data or information. List of Officially valid documents (OVDs) that will be obtained from customers.

S.No.	Selection Criteria	Parameters
1.	List of Documents	<ul style="list-style-type: none"><li>o <b>Identification Proof: -</b><ul style="list-style-type: none"><li>o Aadhaar Card</li><li>o Valid Passport (Mandatory for NRI)</li><li>o Driving License</li><li>o Voter ID Card.</li></ul></li><li><b>E) Signature Proof:</b><ul style="list-style-type: none"><li>o Valid Passport</li><li>o PAN Card</li><li>o Driving License</li></ul></li><li><b>F) Proof of current Address</b><ul style="list-style-type: none"><li>o Aadhaar Card</li><li>o Passport</li><li>o Voter's ID Card</li><li>o Driving License</li><li>o Telephone Bill</li><li>o Gas Bill (Only HP or Indane)</li><li>o Power/Electricity Bill</li></ul></li><li><b>G) Proof of Date of Birth</b><ul style="list-style-type: none"><li>o Birth Certificate</li><li>o Passport</li><li>o PAN Card</li><li>o Driving License</li><li>o School leaving certificate</li><li>o Insurance policy schedule.</li></ul></li></ul>



**ANNEXURE-II**

List of Suspicious Transactions Pertaining to Home Loans:

- 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 the company, which is away from the customer's residential or business address provided in the loan application, when there is Company branch/office nearer to the given address;
- f. Initial contribution made through unrelated third-party accounts without proper justification;
- g. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount;
- h. Suggesting dubious means for the sanction of loan;
  - i. Where transactions do not make economic sense;
  - j. There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
  - k. Encashment of loan amount by opening a fictitious bank account;
- l. 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;
- m. Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
- n. Multiple funding of the same property/dwelling unit;
- o. 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;
- p. Multiple funding / financing involving NGO / Charitable Organization / Small / Medium Establishments (SMEs) / Self Help Groups (SHGs) / Micro Finance Groups (MFGs);
- q. Frequent requests for change of address;
- r. Overpayment of instalments with a request to refund the overpaid amount.