

# **Know Your Customer & Anti-Money Laundering Policy (KYC and AML Policy)**

**GANGADHAR DEALERS PRIVATE LIMITED**

## **REGISTERED OFFICE:**

**BALAJI TOWERS, 06TH FLOOR, 16/1A ABDUL HAMID STREET,  
Esplanade, Kolkata, Kolkata, West  
Bengal, India, 700069**

## **CORPORATE OFFICE**

**71, Scheme Neelkanth Vihar C,  
Behind Hirapura Power House,  
Jaipur 302021**

## **INTRODUCTION**

The Know Your Customer ("KYC") and Anti Money Laundering ("AML") Policy is to prevent the Company from being used intentionally or unintentionally by criminal elements for committing financial frauds, transferring or deposits of funds derived from criminal activity or for financing terrorism and also to know/understand its customers and their financial dealings better which in turn help them manage their risks prudently.

The policy is also to put in place customer identification procedures for opening of accounts and monitoring transactions in the accounts for detection of transactions of suspicious nature by conducting the Customer Due Diligence (CDD) and further report about such suspicious transactions to Financial Intelligence Unit-India [FIU-IND] in terms of the recommendations made by Financial Action Task Force (FATF).

## **REGULATORY REQUIREMENT**

Reserve Bank of India (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 shall be formulated and put in place in accordance with the provisions of the Master Direction - Know Your Customer (KYC) Direction, 2016 issued by RBI on February 25, 2016 and Prevention of Money- Laundering Act, 2002 read with Prevention of Money- Laundering (Maintenance of Records) Rules, 2005, which is to be read along with the extant Directions/circulars/guidelines issued by the RBI in this regard or any other applicable law in force ("RBI Guidelines")

## **OBJECTIVES**

- a) To lay down explicit criteria for acceptance of customers.
- b) To establish procedures to verify the bona-fide identification of individuals/ non individuals before becoming an account holder/customer.
- c) To enable the Company to know/understand the customers and their financial dealings better, which in turn would help the Company to manage risks prudently.
- d) To develop measures for conducting due diligence in respect of customers and reporting of such transactions.
- e) To comply with applicable laws and regulatory guidelines.
- f) To take necessary steps to ensure that the relevant staff are adequately trained in KYC/AML procedures.
- g) To prevent criminal elements from using the Company for money laundering activities.

## **SCOPE**

The guidelines also mandate making reasonable efforts to determine the identity and beneficial ownership of accounts, source of funds, the nature of customer's business, reasonableness of operations in the account in relation to the customer's business, etc. which in turn helps the Company to manage its risks prudently. Accordingly, the main objective of this policy is to enable the Company to have positive identification of its customers. The company should take necessary steps to ensure that the relevant staff are adequately trained in KYC/AML procedure and to comply with applicable laws and regulatory guidelines. This policy is applicable to all branches and all other offices of the Company as situated.

## **DEFINITIONS**

**"Act" and "Rules"** means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.

**"Aadhaar number" and "Authentication"** means an identification number and identification process as defined under sub section (a) and (c) of Section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the 'Aadhaar Act' as amended from time to time, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force;

**"Beneficial Owner" ('BO')** to be considered as such BOs in relation to a customer is given below: -

- 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 per cent 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 shareholder's 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 per cent of capital or profits of the partnership.

- c. Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 per cent 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% 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.

Exemption from identification of BO: The exemption from BO identification has been aligned with that provided in the PML Rules, 2005, such that where the customer or the owner of the controlling interest is

- (i) an entity listed on a stock exchange in India, or
- (ii) is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or
- (iii) 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 an entity.

**“Customer”** means a person who is engaged in a financial transaction or activity with a reporting entity and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

**“Central KYC Records Registry” (CKYCR)** means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

**“Customer Due Diligence (CDD)”** means identifying and verifying the customer and the beneficial owner. Further, the company may obtain KYC Identifier with explicit customer consent to download KYC records from CKYCR, for the purpose of CDD. “Customer identification” means undertaking the process of CDD.

**“Designated Director”** means a person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules.

**“Digital KYC”** means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorized officer of the RE as per the provisions contained in the Act.

**“Digital Signature”** shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).

**“Domestic and cross-border wire transfer”**: When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the ‘originator bank’ or ‘beneficiary bank’ is located in different countries such a transaction is cross-border wire transfer.

**“Equivalent e-document”** means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.

**“FATCA”** means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S Tax payers or foreign entities in which U.S Tax payers hold a substantial ownership interest.

**“Know Your Client (KYC) Identifier”** means the unique number or code assigned to a customer by the Central KYC Records Registry. “KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

**Non-profit organizations” (NPO)** means any entity or organization, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013 (18 of 2013).

**“Officially valid document” (OVD)** means the passport, the driving license, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address. Provided that: -

- a) Where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b) Where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address: -
  - i. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);

- ii. property or Municipal tax receipt;
- iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- (iv) letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation;

**“On-going Due Diligence”** means regular monitoring of transactions in accounts to ensure that they are consistent with the customers’ profile and source of funds. For ongoing due diligence, company may consider adopting appropriate innovations including artificial intelligence and machine learning (AI & ML) to support effective monitoring.

**“Offline verification”** Means the process of verifying the identity of the Aadhaar number holder without authentication, through such offline modes as may be specified by regulations.

**“Principal Officer”** means an officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.

**“Periodic Updation”** means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.

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

**“Person”** has the same meaning as defined in the Act and includes:

- a. an individual,
- b. a Hindu undivided family,
- c. a company,
- d. a firm,
- e. an Association of Persons or a Body of Individuals, whether incorporated or not,
- f. every artificial juridical person, not falling within anyone of the above persons (a to e),
- g. and any agency, office or branch owned or controlled by any of the above persons (a to f)

**“Reporting Entity” “REs”** for the purpose of this Policy would mean the Company, Gangadhar Dealers Private Limited.

**“Senior Management”** shall include Designated Director, Principal Officer, Key Managerial Personnel, Compliance Officer and National/Functional Heads of the Company.

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

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

Explanation: Transaction involving financing of the activities relating to terrorism includes transactions 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.

**“Transaction”** means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

- a. opening of an account;
- b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
- c. the use of a safety deposit box or any other form of safe deposit;
- d. entering into any fiduciary relationship;
- e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or
- f. establishing or creating a legal person or legal arrangement.

**“Video based Customer Identification Process (V-CIP)”**: an alternate method of customer identification with facial recognition and customer due diligence by an authorized official of the RE by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process.

Such processes complying with prescribed standards and procedures shall be treated on par with face-to-face CIP for the purpose of this Master Direction.

**“Wire transfer”** related definitions: for purpose of this policy, wire transfer and its related definitions would have the same meaning as assigned to it under the RBI’s Guidelines on the Know Your customer and Anti-Money Laundering Measures, as amended from time to time.

## **KNOW YOUR CUSTOMER STANDARDS**

The revised KYC policy of the Company incorporates the following four elements:

- (i) Customer Acceptance Policy (CAP)
- (ii) Customer Identification Procedures (CIP)
- (iii) Monitoring of Transactions; and
- (iv) Risk Management

### **(i) Customer Acceptance Policy (CAP)**

The following Customer Acceptance Policy indicating the criteria for acceptance of customers shall be followed in the Company. The branches shall accept customer strictly in accordance with the said policy:

1. The Company will have an elaborate standard for obtaining comprehensive information regarding new customers at the initial stage and that of existing customers over a predetermined period, thereby establishing the Bonafideness of customers opening credit accounts with the Company.
2. The Company will lay down/spell clearly the document requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the guidelines issued by Reserve Bank of India from time to time i.e. nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc.
3. The Company will not open accounts in the name of anonymous/fictitious/benami persons.
4. The Company will ensure that circumstance in which a customer is permitted to act on behalf of another person/entity will 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 is opened by an intermediary in the fiduciary capacity.
5. Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued by Reserve Bank from time to time;
6. The company shall not to open an account or close an existing account 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 categorization due to non-cooperation of the customer or non-reliability of the data/information furnished to the company. It shall be necessary to have suitable built-in safeguards to avoid harassment of the customer. For example, decision to

close an account shall be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision;

7. Circumstances, in which a customer is permitted to act on behalf of another person/entity, shall be clearly spelt out in conformity with the established law and practice of banking as there shall be occasions when an account is operated by a mandate holder or where an account shall be opened by an intermediary in the fiduciary capacity and
8. The Company will ensure that before opening a credit account there are adequate checks to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities like individual terrorist or terrorist organizations.
9. The company shall prepare a profile for each new customer based on risk categorization. The customer profile may contain information relating to 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 shall depend on the risk perceived by the company. However, while preparing customer profile the company shall take care to seek only such information from the customer which is relevant to the risk category and is not intrusive. The customer profile shall be a confidential document and details contained therein shall not be divulged for cross selling or any other purposes.
10. 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, shall be categorized as low risk. Illustrative examples of low-risk customers would be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government departments & Government owned companies, regulators and statutory bodies etc. In such cases, the policy may require that 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 bank may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc. Banks may 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.
11. Examples of customers requiring higher due diligence may include: -
  - Non-resident customers,
  - High net worth individuals,
  - Trusts, charities, NGOs and organizations receiving donations,
  - Companies having close family shareholding or beneficial ownership,

- Firms with 'sleeping partners',
- Politically exposed persons (PEPs) of foreign origin,
- Non-face to face customers, and
- Those with dubious reputation as per public information available, etc.

12. Adoption of customer acceptance policy and its implementation shall not become too restrictive and the Company will strive not to inconvenience the general public, especially those who are financially or socially disadvantaged.

## **(ii) Customer Identification Procedure (CIP) Identification**

It is an act of establishing who a person is In the context of KYC, it means establishing who a person purports to be and will involve identifying the customer and verifying his/her identities by using reliable and independent source documents, data or information. For this purpose, the Company will obtain sufficient information necessary to establish to its satisfaction the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. Being satisfied means that the Company must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Such risk-based approach is considered necessary to avoid disproportionate cost to Company and a burdensome regime for the customers. Identity is verified for:

- The named account holder
- Beneficial owner's
- Signatories to an account and
- Intermediate parties.

The Company will obtain the documents as per the nature of customers which are as mentioned below:

### **1) Accounts of Individuals**

In case of customers that are natural person the Company will obtain sufficient identification data to verify (a) The identity of customer (b) his/her address/ location and (c) his/her recent photograph. The true identity and bonafide of the existing customers and new potential customers opening credit accounts with the Company and obtaining basic background information would be of paramount importance.

### **2) Other than individual accounts**

For customers that are legal person or entities the Company will

- a) Verify the legal status of the legal person/entity through proper and relevant documents,

- b) 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,
- c) Understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person. Implementation of the KYC norms should not result in denial of services (including opening of credit account) to the public, especially to those, who are financially or socially disadvantaged. The low income group both in urban and rural areas should not be denied services merely for the reason that they are unable to produce documents to satisfy the Company about their identity and address.

### **3) Accounts of companies and firms**

Branches need to be vigilant against business entities being used by individuals as a 'front' for maintaining accounts with banks. Branches should examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it will not be necessary to identify all the shareholders. But at least promoters, directors and its executives need to be identified adequately.

### **4) 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. Branches should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Branches should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The branches should seek prior approval of their concerned Credit Heads for opening an account in the name of PEP.

### **5) Accounts of proprietary concerns**

The Company may undertake V-CIP to carry out CDD of a proprietorship firm, by obtaining the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Section 28 of Master Direction, Apart from following the extant guidelines on customer identification procedure as applicable to

the proprietor, the Company should call for and verify the following documents before opening of accounts in the name of a proprietary concern:

Proof of the name, address and activity of the concern, like registration certificate including udyam registration certificate (in the case of a registered concern), certificate/licence issued by the Municipal authorities under Shop & 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, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, registration/licensing document issued in the name of the proprietary concern by the Central Government or State Government Authority/Department. the Company may also accept IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT, 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 and utility bills such as electricity, water, and landline telephone bills in the name of the proprietary concern as required documents for opening of bank accounts of proprietary concerns.

Any two of the above documents would suffice. These documents should be in the name of the proprietary concern.

## **6) Obtaining Guarantor on credit facilities**

The Company generally insists on "Guarantee" by a known person (who becomes guarantor to a particular credit facility). Obtaining Guarantee from a known person is a process of ascertaining the identity of a person and his acceptability for establishing business relationship and verifying the true identity of the intending customer before opening a credit account. Further, Guarantor also acts as an introducer of the customer to the Company for the credit facilities.

## **7) Liabilities of the Guarantor**

Guarantor is legally responsible to the Company for the repayment of the credit facilities by the customer and is expected to be in a position to identify/trace the account holder in case of need.

## **8) Procedure for providing Guarantee**

The Guarantor will be required to sign on the agreement entered into with the Customer at various places provided in the loan agreement form.

The Guarantor will be normally required to visit the Company's branch for signing the agreement. However, this need not be compulsory. Closure of accounts Where the

company is unable to apply appropriate KYC measures due to no furnishing of information and /or non-cooperation by the customer, the company will consider closing the account or terminating the banking/business relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions will be taken at a reasonably senior level.

### **(iii) Monitoring of Transactions**

Ongoing monitoring is an essential element of effective KYC procedures. The Company can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring shall depend on the risk sensitivity attached with the client. The Company shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. The Company shall prescribe threshold limits for a particular category of clients 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 would particularly attract the attention of the Company. Further, there are no operative accounts where in the need for fixing the threshold limits for individual transactions and aggregate is more relevant and necessary.

All the company's loans are EMI based loans on all categories of borrowers. Hence the transactions with the company are purely shall be restricted to the EMI payable over the tenor of the loan. Hence while the threshold limit for transactional basis is restricted to the EMI payable, the threshold for turnover shall be restricted to the aggregate EMIs payable year after year. No other transactions what so ever nature other than repayment of loan with interest is carried out by the customer with the company.

The permanent correct address shall mean the address at which a person usually resides and can be taken as the address as mentioned in a utility bill or any other document accepted by the company for verification of the address of the customer. In case utility bill is not in the name of the customer but is close relative: wife, son, daughter and parents etc. who live with their husband, father/mother and son, the company shall obtain an identity document and a utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) is a relative and is staying with him/her. The company shall use any supplementary evidence such as a letter received through post for further verification of the address.

While issuing operational instructions to the branches on the subject, company shall keep in mind the spirit of instructions issued by the Reserve Bank and avoid undue hardships to individuals who are, otherwise, classified as low-risk customers. The company shall put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures in case of higher risk perception on a customer. Review of risk categorization of customers shall be carried out at a periodicity of not less than once in six months. The company shall also introduce a system of periodical updating of

customer identification data (including photograph/s) after the account is opened. The periodicity of such updating shall not be less than once in five years in case of low-risk category customers and not less than once in two years in case of high and medium risk categories.

#### **(iv) Risk Management**

- a. 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 shall cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility would be explicitly allocated within the Company for ensuring that the Company's policies and procedures are implemented effectively.
- b. The Company shall, in consultation with their Board, 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. The Company has an ongoing employee training programme so that the members of the staff are adequately trained in KYC procedures. Training requirements shall have different focuses for frontline staff, compliance staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind the KYC policies and implement them consistently. Combating financing of terrorism In terms of PMLA Rules, suspicious transaction shall include inter alia transactions which give rise to a reasonable ground of suspicion that these may involve financing of the activities relating to terrorism.
- c. The company, therefore, shall develop suitable mechanism through appropriate policy framework for enhanced monitoring of accounts suspected of having terrorist links and swift identification of the transactions and making suitable reports to the Financial Intelligence Unit - India (FIU-IND) on priority.
- d. As and when list of individuals and entities, approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs), is circulated by Reserve Bank, the company shall ensure to update the consolidated list of individuals and entities as circulated by Reserve Bank.
- e. The company shall, before opening any new account, ensure that the name/s of the proposed customer does not appear in the list. Further, the company shall scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall be immediately be intimated to RBI and FIU-IND. KYC norms/AML standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the financial channels. Adequate screening mechanism shall be put in place by the company as an integral part of recruitment/hiring process of personnel.

## **APPOINTMENT OF DESIGNATED DIRECTOR**

- (a) Mr. Jitendra Choudhary has been nominated as Designated Director by the Board.
- (b) The name, designation and address of the Designated Director shall be communicated to the FIU-IND.

## **APPOINTMENT OF PRINCIPAL OFFICER**

- a) Mr. Jitendra Choudhary has been nominated as Principal Officer of the Company, who shall be responsible for ensuring compliance, monitoring transactions, sharing and reporting information as required under PML Act/ KYC Policy.
- b) The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.

## **MAINTENANCE OF RECORDS**

### **Maintenance of records of transactions/Information to be preserved/Maintenance and preservation of records/Cash and Suspicious transactions reporting to Financial Intelligence Unit- India (FIUIND)**

Government of India, Ministry of Finance, Department of Revenue, vide its notification dated July 1, 2005 in the Gazette of India, has notified the Rules under the Prevention of Money Laundering Act (PMLA), 2002.

In terms of the said Rules, the provisions of PMLA, 2002 casts certain obligations on the banking/Financial companies in regard to preservation and reporting of customer account information.

Company has a system of maintaining proper record of transactions as required under Prevention of Money Laundering Act and value of transactions, the procedure and manner of maintaining and verification.

#### **a) Maintenance of records of transactions:**

The company shall maintain the proper record of transactions prescribed under Rule 3 of PML Rules, 2005, as mentioned below:

- i. All cash transactions of the value of more than Rupees Ten Lakh or its equivalent in foreign currency;

- ii. All series of cash transactions integrally connected to each other which have been valued below Rupees Ten Lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rupees Ten Lakh or its equivalent in foreign currency;
- iii. All transactions involving receipts by non-profit organizations of value more than rupees ten lakh 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 or a document has taken place facilitating the transaction;
- v. All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.
- vi. All cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India;
- vii. All purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be.

**b) Information to be preserved:**

The company will maintain all necessary information in respect of transactions referred to in Rule 3 to permit reconstruction of individual transaction, including the following information:

- 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.

**c) Maintenance and Preservation of Records**

Company has an appropriate 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.

The necessary records of transactions, both domestic or international which permits reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity are maintained for at least five years from the date of cessation of transaction between the Gangadhar Dealers Private Limited and the client.

All the records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least five years after the business

relationship is ended. The identification records and transaction data are made available to the competent authorities upon request.

The Company shall ensure that in case of customers who are non-profit organizations, the details of such customers are registered on the DARPAN Portal of NITI Aayog. If such customers are not registered, the company shall register the details on the DARPAN Portal. The Company shall also maintain such registration records for a period of five years after the business relationship between the customer and the Company has ended or the account has been closed, whichever is later.

**d) Reporting to Financial Intelligence Unit – India:**

**A. Cash Transaction Report (CTR)**

In terms of the Prevention of Money Laundering Act (PMLA), 2002, the company shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND). For determining integrally connected cash transactions, NBFCs shall take into account all individual cash transactions in an account during a calendar month, where either debit or credit summation, computed separately, exceeds or equal to Rupees Fifty thousand during the month. CTR should contain only the transactions carried out by the company on behalf of their clients/customers excluding transactions between the internal accounts of the bank.

A summary of cash transaction report for the bank as a whole should be compiled by the Principal Officer of the company every month in physical form as per the format specified. The summary should be signed by the Principal Officer and submitted to FIU-India.

**B. Suspicious Transaction Reports (STR)**

The Suspicious Transaction Report (STR) should be furnished within 7 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. The Principal Officer of the company shall record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from the company or any other branch office. Such report will be made available to the competent authorities on request.

Further the company shall not put any restrictions on operations in the accounts where an STR has been made. The company and its employees shall keep the fact of furnishing of STR strictly confidential, as required under PML Rules. It should be ensured that there is no tipping off to the customer at any level.

**COMBATING FINANCING OF TERRORISM**

In terms of PMLA Rules, suspicious transaction shall include inter alia transactions which give rise to a reasonable ground of suspicion that these may involve financing of the activities relating to terrorism. The company, therefore, shall develop suitable mechanism through appropriate policy framework for enhanced monitoring of accounts suspected of having terrorist links and swift identification of the transactions and making suitable reports to the Financial Intelligence Unit – India (FIU-IND) on priority.

As and when list of individuals and entities, approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs), is circulated by Reserve Bank, the company shall ensure to update the consolidated list of individuals and entities as circulated by Reserve Bank. The company shall, before opening any new account, ensure that the name/s of the proposed customer does not appear in the list. Further, the company shall scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list.

Full details of accounts bearing resemblance with any of the individuals/entities in the list shall be immediately be intimated to RBI and FIU-IND. KYC norms/AML standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the financial channels. Adequate screening mechanism shall be put in place by the company as an integral part of recruitment/hiring process of personnel.

### **POLICY REVIEW**

The Board shall review and amend this Code as and when required. If at any point a conflict of interpretation / information between the Code and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Code shall stand amended accordingly from the effective date specified as per the Regulatory Provision.

