

## **(1) FREQUENTLY ASKED QUESTIONS (“FAQs”) RELATING TO KNOW YOUR CUSTOMER (“KYC”) REQUIREMENTS**

### ➤ **What are Money Laundering and Terrorist Financing?**

Simply put, **Money Laundering** is the process of making dirty money look clean. It is a process of concealing or disguising the origin and ownership of the proceeds from a criminal activity.

**Terrorist Financing** is the use of legally or illegally obtained funds to facilitate terrorist activities.

### ➤ **What is the Prevention of Money Laundering Act?**

To prevent Money Laundering in India and to provide for powers to penalise such crime, the Parliament of India enacted the **Prevention of Money Laundering Act, 2002 (“PMLA”)**.

### ➤ **What are the obligations of banks and financial companies/ institutions under PMLA?**

The PMLA and rules notified thereunder impose obligation on banking companies, financial institutions (*which includes a housing finance company like ours*) and various other intermediaries to verify identity of clients, maintain records and furnish information to Financial Intelligence Unit-India (FIU-IND).

### ➤ **What is definition of customer for KYC purposes?**

“Customer” means a person who is engaged in a financial transaction or activity with a Regulated Entity (*like a housing finance company like ours*) like and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

### ➤ **Why KYC documents are required?**

KYC documents like Proof of Identity and proof of Address are required to prevent identity theft, identity fraud, money laundering, terrorist financing etc. These documents are obtained to verify identify/ address and to ensure that any financial intermediary is not used, intentionally or unintentionally for money laundering by criminal elements.

### ➤ **When is a customer required to comply with the KYC norms?**

Some of the illustrations where KYC norms will be applicable to a customer are as under:

- (i) Any customer opening a new loan account/ business relationship.
- (ii) Any existing customer in whose case required KYC documents are not complete in existing account as per the applicable KYC Policy or the regulatory requirements.
- (iii) When the Company feels it is necessary to obtain additional information from existing customers based on conduct of their account.
- (iv) When required based on instructions received from the regulatory/ supervisory authority.
- (v) When there is any change in the KYC information relating to a customer, submitted earlier.
- (vi) Periodic updation of KYC documents as per the regulatory requirements or the Company’s KYC Policy.

### ➤ **What are the consequences of non-compliance with KYC requirements?**

If mandatory KYC information/ documents are not available/ submitted with respect to a business relationship, then following consequences could be there:

- (i) Proposal of the loan/ business relationship may be rejected.
- (ii) In case of an existing business relationship, further transactions may not be permitted, or, in extreme cases, the business relationship may be terminated/ the loan may be recalled.

➤ **What documents are required to be collected under the KYC Policy?**

Depending on nature of the customer, viz. Individual, Proprietorship Firm, Partnership Firm, Company etc., different sets of KYC documents are required to be collected. The particulars declared on application forms should match with those indicated in the KYC documents.

**(2) LISTS OF KYC DOCUMENTS REQUIRED FOR VARIOUS CATEGORIES OF CUSTOMERS**

**(A) KYC Documents for an Individual (as a Customer/ Beneficial Owner/ Authorized Signatory/ Power of Attorney holder for another individual/ entity)**

- (i) Recent photograph.
- (ii) Copy of Permanent Account Number (PAN) card or Form 60 where PAN not available.
- (iii) Copy of one of the following Officially valid documents (OVD) that can be accepted for establishing the legal name & primary address:
  - (a) Proof of possession of Aadhaar number.
  - (b) Passport.
  - (c) Driving License.
  - (d) Voter's Identity Card issued by the Election Commission of India.
  - (e) Job Card issued by NREGA duly signed by an officer of the State Government.
  - (f) Letter issued by the National Population Register containing details of name and address.

Provided that in case the OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address:

- (a) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- (b) property or Municipal tax receipt;
- (c) pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- (d) 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 & license agreements with such employers allotting official accommodation.

Provided, the customer shall submit OVD with current address within a period of three months of submitting the alternate documents specified above.

**(B) KYC Documents for Non-Individual Entities**

- (i) **Sole Proprietary firms-** In addition to documents for the proprietor, two documents, as a proof of business/ activity in the name of the proprietary firm shall also be obtained, as acceptable to **India Shelter Finance Corporation Ltd.** in accordance with the regulatory requirements.
- (ii) **Other non-individual entities**
  - (a) Certificate of Incorporation/ Registration certificate, as applicable.
  - (b) Memorandum and Articles of Association/ Partnership Deed or such constitutional documents.
  - (c) Permanent Account Number or Form No.60, as applicable.
  - (d) Document evidencing authority of the person to act on behalf of the entity.

(e) Documents applicable to the individual acting on behalf of the entity.

**(3) LISTS OF OTHER DOCUMENTS TO BE SUBMITTED WITH A LOAN APPLICATION**

- (A) Documents relating to Income, Financial position, and Business as required by India Shelter Finance Corporation Ltd.**
- (B) Photocopy of Title Documents of the Property, Approved Plan, as applicable etc.**
- (C) Any other document** including documents relating repayment track of existing loans, additional documents to justify repayment capacity etc., as may be required by **India Shelter Finance Corporation Ltd.**

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