

## THE DELHI SAFE DEPOSIT CO LTD.,(NBFC)

### Policy Guidelines on 'Know Your Customer' norms and Anti- Money Laundering measures

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## **Introduction:**

Reserve Bank of India (RBI) has issued guidelines on 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards for Non Banking Finance Companies (NBFCs) thereby setting standards for prevention of money laundering activities and corporate practices while dealing with their customers vide Circular Nos.: 10/2013-14 dated 01 July, 2013 and DBOD.AML.BC.NO.24/147.01.001./2013-14 Dated 01 July, 2013. The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this code to conform to the standards so prescribed. This policy is applicable to the company with related operational guidelines issued from time to time. The contents of the policy shall always be read in tandem/auto-corrected with the changes/modifications which shall be advised by RBI from time to time.

The Company endeavors to frame a proper policy framework on 'Know Your Customer' (KYC) and Anti- Money Laundering measures; The Company is committed for transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations. The Company ensures that the information collected from the customer for any purpose would be kept as confidential and not divulge any details thereof for cross selling or any other purposes. The Company commits that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard. Any other information from the customer shall be sought separately with his /her consent and after effective rendering of services.

The company shall also communicate its KYC norms to its customers. The company shall ensure that the implementation of the KYC norms is the responsibility of the entire organisation. The company's Board of Directors and the management team are responsible for implementing the KYC norms hereinafter detailed, and also to ensure that its operations reflect its initiatives to prevent money laundering activities.

For the purpose of KYC policy, a 'Customer' shall be defined as:

- i) A person or entity that maintains and/or has a business relationship with the Company;
- ii) One on whose behalf such relationship is maintained (i.e. the beneficial owner);

## **Objective:**

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable the Company to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently.

The Company hereunder framing its KYC policies incorporating the following four key elements:

- (i) Customer Acceptance Policy
- (ii) Customer Identification Procedures;
- (iii) Monitoring of Transactions; and
- (iv) Risk management.

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

An indicative list of the nature and type of documents/information that shall be relied upon for customer identification. The documents requirements would be reviewed periodically as and when required for updation Customer Identification Procedure is to be carried out at different stages i.e. • While carrying out a financial transaction

### **Monitoring of Transactions**

Ongoing monitoring is an essential element of effective KYC procedures. 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. 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. 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 ensure to maintain proper record of all cash transactions. Section 3 of the prevention of Money Laundering (PML) Act 2002 has defined the "offence of money laundering" as under:

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

The Company shall adopt the guidelines issued by RBI for Prevention of Money Laundering.

All transactions of cash and suspicious as required under PML Act 2002 shall be reported to FIU from time to time. The Principal Officer specified by the company shall ensure that such reporting system is in place and shall monitor receipt of the reports. The name of the Principal Officer shall be specified by the Executive Director of the company from time to time.

All transactions of suspicious nature and / or any other type of transaction notified under section '12 of the PML Act, 2002, shall be reported to the appropriate law enforcement authority by the Principal Officer.

### **Maintenance of records of transactions**

The Company shall introduce a system of maintaining proper record of transactions prescribed under rule 3, 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;
- iii) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- iv) all suspicious transactions whether or not made in cash and in manner as mentioned in the Rules framed by Government of India under the Prevention of Money Laundering Act, 2002.

### **Preservation of records**

The Company shall maintain the following information in respect of transactions referred to in rule 3:

- i) the nature of the transactions;
- ii) the amount of the transaction and the currency in which it was denominated;
- iii) the date on which the transaction was conducted; and
- iv) the parties to the transaction.

The company shall take appropriate steps to 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. Further, the company shall maintain for at least ten years from the date of cessation of transaction between the company and the client, all necessary records of transactions, both domestic or international, which shall permit 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.

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, utility bills etc.) obtained while opening the account and during the course of transaction, are properly preserved for at least ten years. The identification records and transaction data shall be made available to the competent authorities upon request.

## **Reporting to Financial Intelligence Unit-India**

In terms of the PMLA rules, the company shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) .The Company shall adopt the format prescribed; follow timelines, guidelines on the compilation and manner/procedure of submission of the reports to FIU-IND. The company shall initiate urgent steps to ensure electronic filing of cash transaction report (CTR) .The Company shall not put any restrictions on operations in the accounts where an STR has been made. However, it shall be ensured that there is no tipping off to the customer at any level. 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 Rupees ten lakh during the month.

All cash transactions, where forged or counterfeit Indian currency notes have been used as genuine shall be reported by the Principal Officer to FIU-IND immediately. These cash transactions shall also include transactions where forgery of valuable security or documents has taken place and may be reported to FIU-IND in plain text form.

## **Customer Education**

Implementation of KYC procedures requires the Company to demand certain information from customers which shall be of personal nature or which have hitherto never been called for. This may sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. The Company shall prepare specific letter so as to educate the customer. The front desk staffs shall be specially trained to handle such situations while dealing with customers.

## **Combating financing of terrorism**

a) 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.

b) 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. Further, the updated list of such individuals/entities shall be accessed in the United Nations website at :

<http://www.un.org/sc/committees/1267/consolist.shtml>. The company shall before doing any transaction, 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.

The company shall take into account risks arising from the deficiencies in AML/CFT regime of countries of Iran, Angola, Democratic People's Republic of Korea (DPRK), Ecuador, Ethiopia, Pakistan, Turkmenistan and Sao Tome and Principe and list of countries circulated by RBI from time to time.

### **Appointment of Compliance/Principal Officer**

The Company has appointed Ms Kavita Kalwaney and designated her as Compliance/Principal Officer. Compliance/Principal Officer of the Company and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law.

This document is the property of the Company. It contains information that is internal to the company and is of competitive value and sensitive in nature. All employees must treat its contents as confidential and keep it secure.

### **Annexure — I**

Customer Identification Procedure Features to be verified and documents that shall be obtained from customers

### **KYC CHECKLIST**

Features to be verified and documents that shall be obtained from customers:

Features Documents Identity Proof (Individual)

Passport

Photo PAN card

Voter's Identity Card

Driving license

Employee ID card (MNCs / PSUs / Public Limited Companies/Other

Government companies

Defence ID Card

**Address Proof** -(Individual)

Telephone Bill

Life Insurance Premium receipt of any insurer ( Policy shall be minimum 12 months in force)

Post paid Piped gas connection bill showing consumption and full address

Electricity Bill

Voter's Identity Card

Passport

Bank Passbook/ Latest Bank Account Statement

(first page of the same with full address mentioned which matches with the applicant's address as per the Application form). In case of a Bank Passbook, the page showing the latest banking transaction shall be taken on record.

All utility bills and credit card statements shall be less than 3 months old

**For Partnership firms, Partnership Deed or Certificate of Registration from Registrar of firms in case the firm is registered**

For Companies, MOA & AOA along with Certificate of Incorporation.

In case of Public Limited Company, Certificate of Commencement of Business also to be taken.

PAN Card of partnership firm or companies can be taken as proof of existence. (In this case separate proof of registered address needs to be taken)

Sales tax registration Certificate

Shop & Establishment Certificate

Factory Registration Certificate

SSI Registration Certificate

Importer - Exporter Code Certificate

VAT / Service Tax Registration Certificate.

b) Proof of Operating

**Address**

Telephone Bill / Electricity Bill in the name of the entity

Leave & License agreement in the name of the entity if the entity is operating its business from a rented premises & the agreement is registered / notarized. Wherever notarized Leave & License agreement is taken, the notarization shall be in original & the agreement shall be executed on a stamp paper as per the respective State Stamp Act (mail already circulated to all in the past on the same)

IT Assessment Order

Pan Intimation letter

Acknowledged ITR of the entity

Latest Bank Account Statement in the name of the Entity with full address mentioned which matches with the entity's address as per

the Application form along with Banker's Verification of the Authorized Signatory of the entity

In case of Self Proprietorship concerns, proof of the operating address could be taken in the individual's name as long as the Office FI is positive at the address from where the individual is operating his business. This shall match with the office address given by the individual as per the Application form.

c) Trust/Society Certificate of registration, if registered Trust Deed/ Constitutional Documents of the trust / Society

d) Signature verification of the Authorized Signatory of the Entity

**Annexure - II**

Customer Identification Requirements – Indicative Guidelines

#### Trust/Nominee or Fiduciary Accounts

There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. Company shall determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, Company may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. Company shall take reasonable precautions to verify the identity of the trustees and the settlors of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories.

**THE DELHI SAFE DEPOSIT CO LTD.,(NBFC)**  
**GUIDELINES ON FAIR PRACTICE CODE**

The Reserve Bank of India vide its circular dated February 18,2013

In order to set out Fair Lending Practices in a transparent manner, as per RBI guidelines,our Company has decided the following as Lenders' Fair Practices Code:-

- ❖ Applications for loans and their processing.
- ❖ Loan appraisal and terms / conditions
- ❖ Disbursement of Loans including changes in terms and conditions
- ❖ Post disbursement supervision
- ❖ General
- ❖ Grievance Redressal Mechanism

**Application for loans and their processing:-**

At the time of applying for the loan, we will provide information about the interest rate applicable, charges for processing of proposals, pre-payment charges, documentation charges, commitment charges, godown verification charges, charges for placing notes for modification in terms & conditions, commission for non-fund based limits and any other matter which affects the interest of the borrower. We will also inform the 'all-in-cost' to the customer with regard to the loan requested.

On receipt of completed application in all aspects, the received application forms will be duly acknowledged. If additional details / documents required, we would intimate the same to the applicant.

The loan applications will be disposed as detailed below:-

Upto Rs.25,000/-	Within 2 weeks
Beyond Rs.25,000/- and upto Rs.1.00 crore – fresh limits and increase in limits for existing units	Within 3 weeks
ROI(flat) per annum	9% TO 11.5%
Management Fee(1 time)	0% to 2.5%
Taxes	as applicable
Foreclosure Charges	3%(negotiable)

The above time frame for disposal of applications is from the date of receipt of loan application complete in all respects.

The Company reserves the right to either sanction or reject the loan applications.

**Loan appraisal and terms and conditions:-**

In accordance with Company's prescribed appraisal norms under various aspects, the loan application will be considered based on the merits of the request.

On sanction of loan, the same would be communicated to the applicant alongwith the terms and conditions. If the applicant accepts all the terms and conditions, the applicant and guarantor should sign on the copy of the sanction communication as a token of their acceptance. Modifications in the terms and conditions will be considered based on the request received from the applicant on merits.

The copy of the loan agreement along with all enclosures quoted in the loan agreement would be furnished to the borrower within 1 month of disbursement of loans.

There is no obligation to consider further requirements of the borrowers without proper review / assessment.

### **Disbursement of loans including changes in terms and conditions:-**

The sanctioned loans will be disbursed within 1 month on total compliance of terms and conditions and execution of loan documents governing such sanction.

We will also provide the information about the penalties liable in case of non-observance /violation of any of the terms and conditions governing the loan enjoyed.

We will inform the change in rate of interest and changes in fees and charges and same will be effected only prospectively.

### **Post Disbursement Supervision:-**

The business place and godowns are verified as per the Company's extant guidelines periodically in such a way that, it will not affect the day-to-day operations of the business. All the assets hypothecated / pledged / mortgaged are subject to inspection as per Company's guidelines.

Before taking decision to recall / accelerate payment or demand performance under the agreement or seeking additional securities, the Company would give reasonable notice to the borrower.

Once all the loan accounts are closed and if there are no direct and indirect liabilities from the borrower / guarantors all the securities would be released subject to obtention of permission from appropriate authority. If the borrower has any other direct or indirect liability to the Company, the right of set off will be exercised after giving due notice to the borrower in writing which gives the full particulars about the liabilities and securities entitled to be retained till the relevant claim is settled.

### **General**

Company would restrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents. This is not

applicable to the borrowers who have not disclosed vital information to the Company which will affect the lending decision.

Company would not discriminate the applications on grounds of sex, caste and religion in the matter of lending.

In the matter of recovery of loans, the Company functionaries will take appropriate steps for recovery of the loan in such a way that there is no undue harassment to the borrower. The recovery proceedings will be made within the legal framework.

In case of receipt of request for transfer of borrowal accounts, either from the borrower /from Company / Financial Institution, which proposes to take-over the account, the Company's consent or otherwise shall be conveyed within 21 days from the date of receipt of request subject to applicable penalties.

### **Grievance Redressal Mechanism:-**

In case of any grievance / complaint, the applicant / borrowers can inform in writing to the Executive Director / Whole time Director the respective Region and General Manager (Credit) at Head Office.

The compliance / grievance would be resolved as per the Company's extant guidelines within a period of 45 days.

In order to enhance the value and relevance to the borrowers, this code would be reviewed from time to time.

#### **GRIEVANCE REDRESSAL OFFICER:**

1.Mr Vijay Kumar Gupta Managing Director/CEO Mob: 9810074408 Email: <a href="mailto:delsafe@dsgroup.co.in">delsafe@dsgroup.co.in</a>	2.Mr Vikramajit Seth Whole-time Director Mob:9811734666 Email: <a href="mailto:delsafe@dsgroup.co.in">delsafe@dsgroup.co.in</a>	RBI – OFFICER INCHARGE Regional Office of DNBS of RBI Sansad Marg, New Delhi-110001
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If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Delhi Office of DNBS. The complete contact details of the Officer in Charge will be displayed in the notice.

The customer shall provide his loan account number to help us understand and address the concerns.

The Board of Directors and the management team shall also periodically review the compliance of the DSD's Fair Practices Code detailed above. They will also ensure that its functioning reflects its commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products and the grievances redressal mechanism at various levels of management. DSD shall modify, amend and update the above Code from time to time, in accordance with the guidelines prescribed by the RBI, from time to time.