

**Policy on "Know Your Customer" (KYC) & Anti  
Money Laundering Standards (AML)**

**Version 1.3**

**Reviewed and approved in the Board meeting held on 7<sup>th</sup> August 2018**

# TVS Credit Services Limited

---

## KYC & PMLA Policy

In compliance with the Circular issued by the RBI regarding 'Know Your Customer' guidelines & 'Anti-Money Laundering Standards' to be followed by all NBFCs, the following KYC & PMLA policy of the company has been adopted by the Board of Directors of the company at the board meeting held on 21<sup>st</sup> April 2010. The same is being amended in line with RBI regulations issued from time to time.

## "Know Your Customer" (KYC) & Prevention of Money Laundering Act (PMLA) Policy

### Objectives:

- (a) To put in place systems and procedures to help control financial frauds, identify money laundering and suspicious activities and safeguarding the company from being unwittingly used for transfer or deposit of funds derived from criminal activity or for financing of terrorism;
- (b) To put in place systems and procedures for customer identification and verifying his / her identity and residential address; and
- (c) To monitor transactions of a suspicious nature.

### Applicability

This KYC policy is applicable to all Area offices of TVS Credit Services Limited

### Definitions

i. Aadhaar number" means an identification number issued to an individual by Unique Identification Authority of India (UIDAI) on receipt of the demographic information and biometric information as per the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

*In terms of the Aadhaar Act, every resident shall be eligible to obtain an Aadhaar number. Aadhaar will be the document for identity and address.*

ii "Authentication", as defined under sub-section (c) of section 2 of the Aadhaar Act, means the process by which the Aadhaar number along with demographic information or biometric information of an individual is submitted to the Central Identities Data Repository (CIDR) for its verification and such Repository verifies the correctness, or the lack thereof, on the basis of information available with it;

iii. Beneficial Owner (BO)

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 25 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 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 15 per cent of capital or profits of the partnership.

## TVS Credit Services Limited

---

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 per cent of the property or capital or profits of the unincorporated association or body of individuals.

*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 15% 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.

iv. "Biometric information", means photograph, finger print, Iris scan, or such other biological attributes of an individual as may be specified by Aadhaar (authentication) regulations;

v. "Central Identities Data Repository" (CIDR), means a centralised database in one or more locations containing all Aadhaar numbers issued to Aadhaar number holders along with the corresponding demographic information and biometric information of such individuals and other information related thereto

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

vii. "Demographic information", includes information relating to the name, date of birth, address and other relevant information of an individual, as may be specified by regulations for the purpose of issuing an Aadhaar number, but shall not include race, religion, caste, tribe, ethnicity, language, records of entitlement, income or medical history;

viii. "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

ix. "Enrolment number" means a 28 digit Enrolment Identification Number allocated to residents at the time of enrolment of Aadhaar.

x. "E-KYC authentication facility" means a type of authentication facility in which the biometric information and/or OTP and Aadhaar number securely submitted with the consent of the Aadhaar number holder through a requesting entity, is matched against the data available in the CIDR, and the Authority returns a digitally signed response containing e-KYC data along with other technical details related to the authentication transaction;

xi. "Identity information", in respect of an individual, includes individual's Aadhaar number, biometric information and demographic information;

xii. "Officially Valid Document" (OVD) means

- a) the passport,
- b) the driving licence,
- c) the Voter's Identity Card issued by the Election Commission of India,
- d) job card issued by NREGA duly signed by an officer of the State Government,
- e) letter issued by the National Population Register containing details of name and address.

Explanation 1.-For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

xiii. "Person" has the same meaning assigned 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 any one of the above persons (a to e), and

# TVS Credit Services Limited

---

g. any agency, office or branch owned or controlled by any of the above persons (a to f).

xiv. "Principal Officer" means an officer nominated by the Company, responsible for furnishing information as per rule 8 of the Rules.

xv. "Resident", means an individual who has resided in India for a period or periods amounting in all to one hundred and eighty-two days or more in the twelve months immediately preceding the date of application for enrolment for Aadhaar

xvi. "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,:

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 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.*

xvii "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.

xviii. "Yes/No authentication facility", means a type of authentication facility in which the identity information and Aadhaar number securely submitted with the consent of the Aadhaar number holder through a requesting entity, is then matched against the data available in the CIDR, and the Authority responds with a digitally signed response containing "Yes" or "No", along with other technical details related to the authentication transaction, but no identity information.

xix. "Common Reporting Standards" (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.

xx. "Customer" means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

xxi. "Walk-in Customer" means a person who does not have an account based relationship with the Company, but undertakes transactions with the Company.

xxii. "Customer Due Diligence (CDD)" means identifying and verifying the customer and the beneficial owner.

# TVS Credit Services Limited

---

xxiii. “Customer identification” means undertaking the process of CDD.

xxiv. “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. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.

xxv. “KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

xxvi. “Non-face-to-face customers” means customers who open accounts without visiting the branch/offices of the REs or meeting the officials of REs.

xxvii. “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.

xxix. “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.

xxx. “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.

## **The KYC policy of the Company includes**

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

## **Appointment of Designated Director**

With the enactment of Prevention of Money Laundering (Amendment) Act, 2012 and amendment to Section 13 of the Act which provides for “Powers of Director to impose fine”, the section 13(2) reads as under:

“If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may—

- (a) issue a warning in writing; or
- (b) direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or

# TVS Credit Services Limited

---

(c) direct such reporting entity or its designated director on the Board or any of its employees, to send reports at such interval as may be prescribed on the measures it is taking; or

(d) by an order, levy a fine on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.”

In view of the above amendment, TVSCS has nominated Mr.G.Venkatraman, Chief Executive Officer as “Designated Director” to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012

## **Principal Officer of the Company**

The Principal Officer is responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations

**Suspicious transactions shall be reported immediately to the principal officer of the company:**

Name: V.Gopalakrishnan

Designation: Chief Financial Officer

Phone: 044 28286500

Email: gopalakrishnan.v@tvscscredit.com

The Senior Management of the company shall take necessary steps to advise their concerned staff about the importance of compliance with above KYC & PMLA norms for depositors and borrowers, as the case may be.

# TVS Credit Services Limited

---

## **Compliance of KYC policy**

(a) TVSCS ensures compliance with KYC Policy through:

- (i) Specifying 'Senior Management' for the purpose of KYC compliance.
- (ii) Allocation of responsibility of Senior Management for effective implementation of policies and procedures.
- (iii) Independent evaluation of the compliance functions of REs' policies and procedures, including legal and regulatory requirements.
- (iv) Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
- (v) Submission of quarterly audit notes and compliance to the Audit Committee.

(b) TVSCS ensures that decision-making functions of determining compliance with KYC norms are not outsourced.

## **CUSTOMER ACCEPTANCE POLICY (CAP)**

### **The Company ensures that**

- a. No account is opened in anonymous or fictitious/benami name.
- b. No account is opened where the company is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
- c. No transaction or account based relationship is undertaken without following the CDD procedure.
- d. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
- e. 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.
- f. The shall apply the CDD procedure at the UCIC level. If an existing KYC compliant customer desires to open another account with the company, then fresh CDD exercise will not be carried out.
- g. CDD Procedure is followed for all the joint account holders, while opening a joint account.
- h. Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- i. Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India.

## **RISK MANAGEMENT**

The company has a risk based approach which includes the following.

(a) Customers are categorised as low, medium and high risk category, based on the assessment and risk perception.

(b) Risk categorisation is undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

# TVS Credit Services Limited

---

As per KYC policy, for acceptance and identification, TVSCSL Customers shall be categorized based on perceived risk broadly into three categories – A, B & C. Category A includes high risk customers, Category B contain medium risk customers while Category C customers include low risk. The above requirement may be moderated according to the risk perception.

(i) **High Risk – (Category A):** High risk customers typically includes:

- a) Non – resident Customers
- b) High net worth individuals without an occupation track record of more than 3 years
- c) Trust, charitable organizations, non govt. organization (NGO), organizations receiving donations,
- d) Companies having close family shareholding or beneficial ownership.
- e) Firms with sleeping partners
- f) Politically exposed persons (PEPs) of Indian/ foreign origin
- g) Non face to face customers
- h) Person with dubious reputation as per public information available.

(ii) **Medium Risk – (Category B):** Medium risk customers will include:

- a) Salaried applicant with variable income/ unstructured income receiving Salary in cheque
- b) Salaried applicant working with Private Limited Companies,
- c) Self employed professionals other than HNIs
- d) Self employed customers with sound business and profitable track record for a reasonable period, and
- e) High net worth individuals with occupation track record of more than 3 years

(iii) **Low Risk – (Category C):** Low risk individuals (other than high net worth) and entities whose identities and sources of wealth can be easily identified and all other person not covered under above two categories. Customer carrying low risk may include the following:

- a) Salaried employees with well defined salary structures
- b) People working with government owned companies, regulators and statutory bodies, etc.
- c) People belonging to lower economic strata of the society whose accounts show small balances and low turnover
- d) People working with Public Sector Units) People working with reputed Public Limited Companies and Multinational Companies In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, the Company obtains senior management approval in such cases to continue the business relationship with such person, and also undertake enhanced monitoring as indicated and specified in Annexure I

Note :

TVSCSL periodically updates Customer Identification data after the transaction is entered. The periodicity of updation of Customer Identification data shall be once in ten years for low risk category customers, at least every eight years for medium risk customers and at least two years in case of high risk category customers.

Fresh photographs shall be obtained in case of minor customer on becoming major



# TVS Credit Services Limited

---

## **CUSTOMER IDENTIFICATION PROCEDURE (CIP)**

The Company prepares a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy. The customer profile contains the information relating to the 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 depends on the risk perceived by TVSCSL. At the time of credit appraisal of the applicant the details are recorded along with his profile based on meeting with the applicant (by the TVSCSL representative) apart from collection of applicable document, this is as per the Credit/ products norms as may be in practice. However, while preparing customer profile, the Company seeks only such information from the customer which is relevant to the risk category and is not intrusive. Any other information from the customer should be sought separately with his/her consent and after opening the account. The customer profile will be a confidential document and details contained therein are not divulged for cross selling or for any other purposes. Further TVSCSL shall allot a Unique Customer Identification Number to each of its Customer.

The Company undertakes identification of customers in the following cases:

- a. Commencement of an account-based relationship with the customer.
- b. When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- c. Selling third party products as agents
- d. Carrying out transactions for a non-account based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
- e. When the company has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.

### **Customer due diligence process by Third party:**

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, the company relies on customer due diligence done by a third party, with the following conditions:

- (a) Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
- (b) Adequate steps are taken by it to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements is 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 PML Act.
- (d) The third party is not based in a country or jurisdiction assessed as high risk.
- (e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures are with the company.

## **CUSTOMER DUE DILIGENCE (CDD) & MONITORING PROCEDURE**

# TVS Credit Services Limited

---

## Procedure for obtaining Identification Information

The company obtains the following information from an individual while establishing an account based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:

a) From an individual who is eligible for enrolment of Aadhaar, the Aadhaar number; the Permanent Account Number (PAN) or Form No. 60 as defined in Income-tax Rules, 1962, as amended from time to time. Provided, where an Aadhaar number has not been assigned to an individual, proof of application of enrolment for Aadhaar shall be obtained wherein the enrolment is not older than 6 months and in case PAN is not submitted, certified copy of an OVD containing details of identity and address and one recent photograph shall be obtained.

*“Explanation- Obtaining a certified copy by reporting entity shall mean comparing the copy of officially valid document so produced by the client with the original and recording the same on the copy by the authorised officer of the reporting entity”*

Provided further, that from an individual, who is a resident in the State of Jammu and Kashmir or Assam or Meghalaya, and who does not submit Aadhaar or proof of application of enrolment for Aadhaar, the following shall be obtained:

- i. certified copy of an OVD containing details of identity and address and
- ii. one recent photograph

b) From an individual who is not eligible to be enrolled for an Aadhaar number, or who is not a resident, the following documents are obtained.

i. PAN or Form No. 60 as defined in Income-tax Rules, 1962, as amended from time to time.

ii. one recent photograph and

iii. A certified copy of an OVD containing details of identity and address.

Provided that in case the OVD submitted by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India is accepted as proof of address.

*Explanation 1: Aadhaar number are not be sought from individuals who are not ‘residents’ as defined under these Directions.*

*Explanation 2: A declaration to the effect of individual not being eligible for enrolment of Aadhaar is obtained by the Company*

*Explanation 3: Customers, at their option, shall submit one of the five OVDs*

(c) In case the identity information relating to the Aadhaar number or Permanent Account Number submitted by the customer does not have current address, an OVD as defined in section 3(a) (xiv) shall be obtained from the customer for this purpose.

“Provided that in case the OVD furnished by the customer does not contain updated address, the following documents are 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 licence agreements with such employers allotting official accommodation;

Provided further that the customer shall submit Aadhaar or OVD updated with current address within a period of three months of submitting the above documents”

## TVS Credit Services Limited

---

(d) The company, at the time of receipt of the Aadhaar number, carries out, with the explicit consent of the customer, e-KYC authentication (biometric or OTP based) or Yes/No authentication. Provided,

- i. Yes/No authentication is not carried out while establishing an account based relationship.
- ii. In case of existing accounts where Yes/No authentication is carried out, the Company carries out biometric or OTP based e-KYC authentication within a period of six months after carrying out yes/no authentication.
- iii. Where OTP based authentication is performed in 'non-face to face' mode for opening new accounts, the limitations as specified in below coming para is followed.

*Explanation 1: While seeking explicit consent of the customer, the consent provisions as specified in Section 5 and 6 of the Aadhaar (Authentication) Regulations, 2016, shall be observed.*

*Explanation 2: The Company shall allow the authentication to be done at any of its branches.*

(e) In case the customer eligible to be enrolled for Aadhaar and obtain a Permanent Account Number, does not submit the Aadhaar number or the Permanent Account Number/ form 60 at the time of commencement of an account based relationship with a RE, the Customer shall submit the same within a period of six months from the date of the commencement of the account based relationship. In case the customer fails to submit the Aadhaar number or Permanent Account Number/form 60 within the aforesaid six months period, the said account shall cease to be operational till the time the Aadhaar number and Permanent Account Number/ form 60 is submitted by the customer.

*Explanation: In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.*

(f) The Company informs the customer about this provision while opening the account.

(g) The Company ensures that introduction is not sought while opening accounts.

### **Part I -CDD Procedure in case of Individuals**

The Company follows the below procedure while establishing an account based relationship with an individual

- (a) Obtain information as mentioned above and
- (b) such other documents pertaining to the nature of business or financial status.

The information collected from customers for the purpose of opening of account is treated as confidential and details thereof are not divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer. CDD procedure, including Aadhaar authentication and obtaining PAN/ form 60 as applicable, is carried out for all the joint account holders.

Accounts opened using OTP based e-KYC, in non face to face mode are subject to the following conditions:

- (i) There must be a specific consent from the customer for authentication through OTP
- (ii) Only term loans are sanctioned. The aggregate amount of term loans sanctioned will not exceed rupees sixty thousand in a year.
- (iii) Accounts opened using OTP based e-KYC will not be allowed for more than one year within which Biometric based e-KYC authentication is to be completed.
- (iv) If the CDD procedure as mentioned above is not completed within a year, no further debits will be allowed.
- (vi) The Company ensures that only one account is opened using OTP based KYC in non face to face mode and a declaration is obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non face to face mode. Further, while uploading

# TVS Credit Services Limited

---

KYC information to CKYCR, the company shall clearly indicate that such accounts are opened using OTP based e-KYC and other companies shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non face to face mode.

(v) The company shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.

In case a person who desires to open an account is not able to produce identification information as mentioned above, the company will at their discretion open accounts subject to the following conditions:

- (a) The NBFC shall obtain a self-attested photograph from the customer.
- (b) The designated officer of the NBFC certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
- (c) The account shall remain operational initially for a period of twelve months, within which the customer has to furnish identification information as mentioned under Section 15.
- (d) The identification process as per Section 15 is to be completed for all the existing accounts opened on the basis of introduction earlier, within a period of six months.
- (e) balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time
- (f) the total credit in all the accounts taken together shall not exceed rupees one lakh in a year.
- (g) The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case Directions (e) and (f) above are breached by him.
- (h) The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in direction (e) and (f) above.

## **Part II - CDD Measures for Sole Proprietary firms**

For opening an account in the name of a sole proprietary firm, Identification information as mentioned above in respect of the individual (proprietor) are 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
- (b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
- (c) Sales and income tax returns.
- (d) CST/VAT/ GST certificate
- (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 DGFT/ 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.

## **Part III- CDD Measures for Legal Entities**

# TVS Credit Services Limited

---

For opening an account of a **company**, certified copies of each of the following documents are obtained:

- (a) Certificate of incorporation.
- (b) Memorandum and Articles of Association.
- (c) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf.
- (d) Identification information as mentioned under Section 15 in respect of managers, officers or employees holding an attorney to transact on its behalf.

For opening an account of a **partnership firm**, the certified copies of each of the following documents are obtained:

- (a) Registration certificate.
- (b) Partnership deed.
- (c) Identification information as mentioned under Section 15 in respect of the person holding an attorney to transact on its behalf.

For opening an account of a **trust**, certified copies of each of the following documents are obtained:

- (a) Registration certificate.
- (b) Trust deed.
- (c) Identification information as mentioned under Section 15 in respect of the person holding a power of attorney to transact on its behalf.

For opening an account of an **unincorporated association or a body of individuals**, certified copies of each of the following documents are obtained:

- (a) resolution of the managing body of such association or body of individuals;
- (b) power of attorney granted to transact on its behalf;
- (c) Identification information as mentioned under Section 15 in respect of the person holding an attorney to transact on its behalf and
- (d) such information as may be required by the RE to collectively establish the legal existence of such an association or body of individuals.

*Explanation: Unregistered trusts/partnership firms shall be included under the term 'unincorporated association'.*

*Explanation: Term 'body of individuals' includes societies.*

For opening accounts of **juridical persons** not specifically covered in the earlier part, such as Government or its Departments, societies, universities and local bodies like village panchayats, certified copies of the following documents are obtained:

- (a) Document showing name of the person authorised to act on behalf of the entity;
- (b) Aadhaar/ PAN/ Officially valid documents for proof of identity and address in respect of the person holding an attorney to transact on its behalf and
- (c) Such documents as may be required to establish the legal existence of such an entity/juridical person.

## **Part IV - Identification of Beneficial Owner**

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) is identified and all reasonable steps in terms of Rule 9(3) of the Rules to verify his/her identity are undertaken keeping in view the following:

(a) Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

(b) 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,

# TVS Credit Services Limited

---

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 are obtained.

## **Part V - On-going Due Diligence**

The company undertakes on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds.

Without prejudice to the generality of factors that call for close monitoring, following types of transactions shall necessarily be monitored:

- a) Large and complex transactions including those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
- b) Transactions which exceed the thresholds prescribed for specific categories of accounts.
- c) High account turnover inconsistent with the size of the balance maintained.
- d) Deposit of third party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.
- (e) 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.

## **Periodic Updation**

Periodic updation is 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 as per the following procedure:

- (a) The company undertakes
  - i. PAN verification from the verification facility available with the issuing authority and
  - ii. Authentication, of Aadhaar Number already available with the company with the explicit consent of the customer in applicable cases.
  - iii. In case identification information available with Aadhaar does not contain current address, an OVD containing current address is obtained.
  - iv. Certified copy of OVD containing identity and address is obtained at the time of periodic updation from individuals not eligible to obtain Aadhaar, except from individuals who are categorised as 'low risk'. In case of low risk customers when there is no change in status with respect to their identities and addresses, a self-certification to that effect is obtained.
  - v. In case of Legal entities, the company reviews the documents sought at the time of opening of account and obtain fresh certified copies.

(b) The Company does not insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication unless there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. Normally, OVD/Consent forwarded by the customer through mail/post, etc., are acceptable.

(c) The Company ensures to provide acknowledgment with date of having performed KYC updation.

## **Part VI - Enhanced and Simplified Due Diligence Procedure**

### **A. Enhanced Due Diligence**

**Accounts of non-face-to-face customers:** The Company ensures that the first payment is effected through the customer's KYC-complied account with another company for enhanced due diligence of non-face to face customers.

# TVS Credit Services Limited

---

## **Accounts of Politically Exposed Persons (PEPs)**

A. The Company establishes a relationship with PEPs provided that:

- (a) sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;
- (b) the identity of the person shall have been verified before accepting the PEP as a customer;
- (c) the decision to open an account for a PEP is taken at a senior level in accordance with the Company Customer Acceptance Policy;
- (d) all such accounts are subjected to enhanced monitoring on an on-going basis;
- (e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;
- (f) the CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

B. These instructions are applicable to accounts where a PEP is the beneficial owner

## **Client accounts opened by professional intermediaries / third parties:**

The Company ensures while opening client accounts through professional intermediaries or by third parties that:

- a) Clients are identified when client account is opened by a professional intermediary on behalf of a single client.
- b) company has option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
- c) the company does not open an account of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the company.
- d) All the beneficial owners are identified where funds held by the intermediaries are not co-mingled at the level of the company and there are 'sub-accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of the Company.
- e) The Company, at its discretion, rely on the 'customer due diligence' (CDD) done by an intermediary, provided that the intermediary is a regulated and supervised entity and has adequate systems in place to comply with the KYC requirements of the customers.
- f) The ultimate responsibility for knowing the customer lies with the Company.

## **RECORD MANAGEMENT**

The company has the system to

- (a) maintain all necessary records of transactions between the company and the customer, for at least five years from the date of transaction;
- (b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
- (c) make available the identification records and transaction data to the competent authorities upon request;

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

The company is registered with FIU-IND with a registration number of FINBF12885 .The company submits Cash transaction report (CTR) monthly and Suspicious Transaction Report (STR) on identification of such transaction with FIU-IND.

The company has implemented a system not to accept any cash of more than Rs. 2 lakhs from its borrowers. Hence, it normally does not and would not have large cash transactions. However, if and when cash transactions of Rs.10 lakhs and above are undertaken, the company will keep proper record of all such cash transactions in a separate register maintained at its office.

# TVS Credit Services Limited

---

The company monitors transactions of a suspicious nature on an ongoing basis for the purpose of reporting it to the appropriate authorities. The extent of monitoring by the Company depends on the risk sensitivity of the account and special attention is given to all complex unusually large transactions, which have no apparent economic or lawful purpose.

The company shall promptly report such high value cash transactions or transactions of a suspicious nature to the appropriate regulatory and investigating authorities.

The company has the system of throwing alerts on inconsistent transactions and profile of the customers are updated for effective identification and reporting of suspicious transactions.

## **Updating Negative List in terms of Section 51A of Unlawful Activities (Prevention) (UAPA) Act,1967.**

The company updates the list of individuals and entities which are circulated by RBI as and when it is circulated and ensures that it does not have any account in that approved list.

## **Secrecy Obligations and Sharing of Information:**

(a) TVSCS maintains secrecy regarding the customer information which arises out of the contractual relationship between the company and customer except the following situations:

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

## **Sharing KYC information with Central KYC Records Registry (CKYCR)**

TVSCS is registered with CERSAI with the registration number of IN2024.

Unique Customer Identification Code (UCIC) is allotted while entering into new relationships with individual customers as also the existing customers.

## **Selling Third party products**

TVSCS acting as agents while selling third party products as per regulations in force from time to time complies with the following aspects

(a) the identity and address of the walk-in customer is verified for transactions above rupees fifty thousand.

(b) transaction details of sale of third party products and related records are maintained as per Record maintenance clause.

(c) AML software capable of capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.

(d) transactions involving rupees fifty thousand and above shall be undertaken only by:

- debit to customers' account or against cheques; and
- obtaining and verifying the PAN given by the account based as well as walk-in customers.

(e) Instruction at 'd' above shall also apply to sale of REs' own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for rupees fifty thousand and above.

## **Hiring of Employees and Employee training**

(a) Adequate screening mechanism as an integral part of their personnel recruitment/hiring process is put in place.



## TVS Credit Services Limited

---

(b) On-going employee training programme is also in place to ensure that the employees are adequately trained in AML/CFT policy. The training covers frontline staff, compliance staff and staff dealing with new customers.

-----