



INFORMATION BOOKLET FOR CUSTOMERS
JM FINANCIAL HOME LOANS LIMITED

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1. Customer Service Information

1.1. Loan Products, Applicable Rate(s) of Interest

Sr. No.	Products	Rate of Interest*
1.	Home Loans	9.69% onwards
2.	MSME Loan Against Property	12.40% onwards

* The above standard rate of interest, may changes based on the credit checks, property paper and other parameters with the appropriate approvals.

1.2. Gradation of risk and rationale for charging different rate of interest

The business model of the Company focuses on providing credit only to customers meeting the credit standards of the Company for varying tenors. The interest rate applicable to each loan application, within the applicable range/scheme is assessed on a case specific basis, based on evaluation of various factors which inter-alia includes the following:

- a. **Type of Interest Rate:** JM Financial Home Loans Limited (the “**Company**”) offers floating rate of interest. The interest amount on your loan may change based on change(s) in the Benchmark Lending rate of the Company i.e. JMFHLR and JMFWLR, from time to time.
- b. **Loan to Value Ratio (LTV):** LTV refers to the percentage of the property value that can be financed through the loan. A larger quantum of loan attracts a higher rate of interest as it leads to higher credit risk. Further, larger down-payment can help bring down the quantum of loan which in turn will reduce monthly EMI amount as well.
- c. **Property’s Location and Condition:** Factors such as location of property, its current location, age of property and amenities available helps in determining the resale value of the property. A higher resale value of property means financial institution incentivizing them to offer lower interest rates to borrower and vice versa.
- d. **Repayment Tenure:** Loans with a shorter tenure attract a lower rate of interest (even if the EMIs are higher) than loans with a longer tenure (which will have lower EMIs but a higher interest rate).
- e. **Customer Profile:** Various factors such as income source, credit score etc. helps the Company in determining the status of the customer. Income source of a customer can be categorized as salaried and self-employed. The customer should have a steady and regular source of income.

Further, credit score is a statement of repayment history, financial discipline or habits, and creditworthiness. A lower credit score shows portrays a high credit risk, which would cause lenders to charge a higher rate of interest in order to cover their risks and vice-versa.

Further, in case a customer is non-individual factors such as profitability, monthly turnover and such other business financials are certain crucial factors which have an impact on rate of interest which may be offered by the Company.

- f. Nature of Business:** The nature of business is defined by activities that individual/non-individual is engaged in. It plays a crucial role in determining term loan interest rates as it helps the lender in examining whether business is profitable or not.
- g. Business Vintage:** Established businesses have a proven track record of handling credit. Unlike new businesses, they provide the lender with a sense of security, which translates into lower interest rates.
- h. Operating Costs** - These involve the costs of doing business. Factors such as the complexity of the transaction, the size of the transaction, location of the borrower, infrastructure costs of the Company and other factors that affect the costs associated with a particular transaction / business / portfolio would be considered before arriving at the final interest rate quoted to a customer.
- i. Applicable Regulatory guidelines**
- j. End use of Loan(s)**
- k. such other material factor(s) which shall be considered by the Company from time to time.**

2. Service Charges

All the service related charges are forming part of Most Important Terms and Condition (MITC), which is enclosed as **Annexure A** of this Information Booklet.

3. Grievance Redressal

Customers will be asked to contact the concerned Branch Operation Manager/Branch Manager/Cluster Manager within the regular working hours of 9:00 am to 6:00 pm (Monday to Friday). Branch Manager will be the pivotal figure, responsible for resolving all customer related queries and may for that purpose seek help and support from concerned personnel and seek resolution thereof. The Branch Manager will be the point of contact with Customers and shall communicate with the Complainant/s as required.

For further assistance write to central customer service at services.homeloans@jmfl.com

Customers who wish to provide feedback or send in their complaint if they are not satisfied with the services provided or may want to report any improper misconduct by JMFHLL or its representative such as DSA /Collection agents etc. may use the following channels between 9:00 am and 5:30 pm, Monday to Friday.

Call our customer service helpline at **08069935050** or email us at services.homeloans@jmfl.com or write to us at the below mentioned address:

JM Financial Home Loans Limited

Customer Service,
3rd Floor, Suashish IT Park,
B Wing, Plot No. 68E, Off Datta Pada Road,
Borivali East, Mumbai-400066

If any resolution of complaint needs additional time, we will inform the customer/regulator for the reasons of delay in resolution and provide expected time lines for resolution of the issue.

4. Escalation of Complaints

If a customer is not satisfied with the resolution provided through various channels, the customer can escalate the issues to the next higher level, as per the escalation matrix available at the branch.

Contact no. & email id of concerned officials shall be displayed at all branches.

Name	Email ID	Contact No.	TAT
National Operations Manager	head.ops@jmfl.com	022- 50755001	7 (seven) working days
Chief Financial Officer	cfo.homeloans@jmfl.com	022- 50755060	7 (seven) working days
Chief Executive Officer	ceo.homeloans@jmfl.com		7 (seven) working days

Nodal officer:

Mr. Achyuta Dash, National Operations Manager shall be the Nodal Officer to address all service related grievances raised by JMFHLL's Customers. All Grievances shall be brought to his notice by the concerned officials

Further escalation:

If the customer's issue is not found resolved even after contacting various complaint resolution channels, he/she can escalate the issue by writing to the Chief Executive Officer at:

The Chief Executive Officer
JM Financial Home Loans Limited
5th Floor, 'Cnergy',
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025
or send e-mail to: ceo.homeloans@jmfl.com

Grievances will be addressed within 7 working days from the date of receipt of request.

Escalation to regulator:

If the complaint/dispute is not redressed within the above mentioned timeframe of 21 working days, the customer may appeal to the supervisory authority of Housing Finance companies – the National Housing Bank in offline mode by post or online mode on NHB website, in prescribed format available at below link, at the address given below:
[https://grids.nhbonline.org.in/\(S\(0cixd2l420ampmiuolt4fxz2\)\)/default.aspx](https://grids.nhbonline.org.in/(S(0cixd2l420ampmiuolt4fxz2))/default.aspx)

National Housing Bank

Complaint Redressal Cell

Department of Supervision

National Housing Bank, 4th Floor, Core-5A, India Habitat Centre, Lodhi Road,
New Delhi - 110 003.

Website: www.nhb.org.in (Under the head of Grievance Redressal System there is an option to lodge the complaint in Physical mode and Online mode (GRIDS))/
<https://grids.nhbonline.org.in>

5. Other Services Provided

The Company is a Housing Finance Company and is in a business of providing housing finance in its ordinary course of business.

6. Time norms for common transactions

The following norms are indicative standard time norms for various common Transactions:

Sr. No.	Transactions	Turn Around Time
a)	Loan Account Statement	2 (Two) working days
b)	Photocopy of the title documents	10 (Ten) working days
c)	Cash Receipt of EMI	Immediate
d)	Foreclosure of loan (After receipt of Full and Final amount)	7 (Seven) working days
e)	Return of original document on closure of the loan	21 (Twenty-one) working days
f)	No Objection Certificate	21 (Twenty-one) working days

7. KYC & AML & CFT Policy

A copy of said policy is enclosed as **Annexure B** of this Information Booklet

8. Fair Practice Code

A copy of said policy is enclosed as **Annexure C** of this Information Booklet.

9. Certificate of Registration (CoR) issued under Section 29 A of the NHB Act, 1987

A copy of said certificate is enclosed as **Annexure D** of this Information Booklet.

10. Consumer Literature

A Consumer Education Literature explaining with examples the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process is enclosed as **Annexure E** of this Information Booklet.



Most Important Terms and Conditions

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1. Loan

Sanctioned Amount: Rs. _____ (Rupees _____ Only)

2. Interest

- i. Type: Floating Rate / Fixed Rate / Part Fixed and Part Floating Rate
- ii. Interest Chargeable: ____% pa (Fixed) OR [Floating] JMFHLR+/-..... = ____%p.a
- iii. Subsidy/Benefit (if applicable, please specify):
- iv. Date of reset of interest: As mentioned in the loan agreement
- v. Mode of communication of change in Interest rate: Through Email / SMS / Call on registered Phone/Mobile Number

3. Instalment Types:

Equated Monthly Instalments (EMI)

4. Loan Tenure:

Loan Tenure: _____ (months)

5. Purpose of the Loan:

Purchase / Construction / Extension / Improvement / Balance Transfer / Loan against Property

6. Fees:

Fees paid by the customer are non-refundable once customer application is inwards and decided upon.

7. Charges:

Sr. No.	Nature of Charges	Amount
1.	Processing Fees	Rs. 5000 + applicable Taxes
2.	Application charges	Upto 2% of loan amount + applicable Taxes
3.	Collection charges (EMI / PEMI / NACH)	Rs. 300 + applicable Taxes
4.	Cheque Bounce Charges or ECS / NACH dishonour charges	Rs. 500 + applicable Taxes

5.	Charges for furnishing statement of account	Rs. 150/- + applicable Taxes
6.	Cheque / ENACH / NACH Swapping Charges	Rs. 1000 + applicable Taxes
7.	Stamp Duty Charges (As per applicable laws of the State)	As applicable
8.	Registration Charges (if applicable)	As applicable
9.	Change in Repayment frequency	Rs 500 + applicable charges plus Gap interest as applicable (one-time charge as on the principal outstanding as on date)
10a.	Penal Charge for delay in EMI payment*	24% p.a. (inclusive of taxes) on the outstanding EMI amount(s)
10b.	Penal Charge for breach of material terms and condition*	24% p.a. (inclusive of taxes) on the principal outstanding.
10c.	Default Interest/ Penal Interest Rate**	24% p.a. (inclusive of taxes)
11.	Duplicate Repayment Schedule Charges	Rs. 150 + applicable Taxes
12.	Interest rate conversion charges	Rs. 5000 + applicable Taxes
13.	Disbursement cheque cancellation & reissuance charges	Rs. 500 + applicable Taxes
14.	List of document charges	Rs. 500 + applicable Taxes
15.	Foreclosure Letter charges	Rs. 500 + applicable Taxes
16.	Document retrieval / Handling charges	Rs. 1500 + applicable Taxes
17.	Statutory Charges (CERSAI, CIBIL, NeSL, CKYC etc.)	Rs. 200 + applicable Taxes

*the said penal charge shall be effective from April 1, 2024

**the said penal interest is effective till March 31, 2024.

Note: The term material terms and conditions shall mean such events which in the commercial reasonable assessment of the Company constitute non-compliance of the material terms and conditions as applicable to the credit facility(ies)/loan(s).

The Company shall charge pre-payment levy or penalty of 2% (plus applicable taxes), on pre-closure of loans under the following situations:

- Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the customer by way of borrowing from other bank/ HFC/ NBFC and/or a financial institution or
- Where the non-housing loan is sanctioned by the Company for "business purpose(s)".

The Company shall obtain details in order to ascertain source of funds of pre-closure.

Stamp Duty, Registration Charges for execution / registration of any loan document would be payable by the customer to the concerned authorities.

8. Security / Collateral for the loan:

- **Mortgage:** First and exclusive charge on property by way of Mortgage by Deposit of all Original Title Deeds
- **Guarantee:** Personal guarantee/s as the Company may deem necessary and fit
- **Other Security:** Any other security as the Company may deem necessary

9. Insurance of Property:

Property Insurance for the value of the loan facility advanced by the Company and the Company is to be named as 'beneficiary' therein.

10. Loan Disbursement will be conditional upon:

- a. Acceptance of the sanction letter along with payment of applicable charges and fees within stipulated time prior to fixing disbursement.
- b. Margin contribution having been paid in full, as stipulated. The Loan shall be restricted to the prescribed ratio as per regulatory guidelines and Company's prevailing policy. This ratio is calculated with the Loan as a percentage of documented cost of property and/or the market value. The Borrower's margin will be determined by the Company as per its prevailing policy. For determining the amount/s to be disbursed, the decision of the Company would be final and binding.
- a. Necessary security documents having been executed, submitted and other pre-disbursement terms and conditions having been complied with to the satisfaction of the Company.
- b. The Company having received proof of satisfactory utilization of prior disbursed amounts before seeking subsequent disbursements.
- c. Compliance with all Legal & Technical requirements and satisfactory progress of construction/condition of the property. While the Company would adopt reasonable care during legal and technical due diligence, the Company shall not be held liable for the legal and technical clearances. In this regard, the customer may obtain an independent legal / technical opinion of the property. **Disbursement would strictly be linked to progress of construction of the dwelling unit.**
- d. The Company would normally allow a maximum disbursement period of upto 36 months from date of first disbursement. Thereafter, Company reserves the right to commence EMI. Any further disbursement after 36 months shall be considered at the sole discretion of the Company.
- e. All special conditions mentioned in Sanction Letter having been satisfied.
- f. In addition to the above points, the customers are also bound by all the terms and conditions of the Loan Agreement & other documents and annexures as executed by the customer from time to time. The Company reserves the right to alter the terms and conditions or stipulate additional condition/s at any time before loan disbursement, or thereafter. In case of any discrepancy between the Sanction Letter and Loan Agreement, the terms and conditions of the Loan Agreement will override the terms and conditions mentioned in Sanction Letter.

11. Calculation of EMI and Pre-EMI:

The EMI is calculated on monthly reducing balance at the applicable rate of interest. The Pre-EMI interest will be calculated on the amount disbursed at the applicable interest rate.

12. Payment of dues:

The customers are required to ensure prompt payment of their dues to the Company. In case of any delay / default of payment of dues, the Company shall advise customers to make the payments that are due. All necessary information regarding the dues would be provided and would be explained to the customers in writing by the Company. In case the customer fails to pay the dues despite the reminders, the Company would adopt all legal recourse available to it for recovery of the dues. The Company may also exercise its right to recall the entire outstanding Loan and/or enforce securities furnished in case the dues are not paid.

IMPORTANT: An account is liable for being declared Non-Performing or NPA in the event of non-payment of interest or EMI for 90 (Ninety) consecutive days. Further once an account is declared NPA, customer will have to pay **entire dues in full in order for the account to be declared 'standard' again.**

13. Annual outstanding balance statement:

Post closure of the annual accounts, the company will issue the annual outstanding balance statement subject to absence of an 'Event of Default' on part of the customer.

14. Customer Services:

Customers will be asked to contact the concerned Branch Operation Manager/Branch Manager/Cluster Manager within the regular working hours of 9:00 am to 6:00 pm (Monday to Friday). Branch Manager will be the pivotal figure, responsible for resolving all customer related queries and may for that purpose seek help and support from concerned personnel and seek resolution thereof. The Branch Manager will be the point of contact with Customers and shall communicate with the Complainant/s as required.

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Nodal officer:

The Mr. Achyuta Kumar Dash, National Operations Manager shall be the Nodal Officer to address all service related grievances raised by the Company's Customers. All Grievances shall be brought to his notice by the concerned officials

Further escalation:

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Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025
or send e-mail him at: ceo.homeloans@jmfl.com

Grievances will be addressed within 7 working days from the date of receipt of request.

Escalation to regulator:

If the complaint/dispute is not redressed within the above mentioned timeframe of 21 working days, the customer may appeal to the supervisory authority of Housing Finance companies – the National Housing Bank in offline mode by post or online mode on NHB website, in prescribed format available at below link, at the address given below:

[https://grids.nhbonline.org.in/\(S\(0cixd2l420ampmiuolt4fxz2\)\)/default.aspx](https://grids.nhbonline.org.in/(S(0cixd2l420ampmiuolt4fxz2))/default.aspx)

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New Delhi - 110 003.

Website: www.nhb.org.in (Under the head of Grievance Redressal System there is an option to lodge the complaint in Physical mode and Online mode (GRIDS))/ <https://grids.nhbonline.org.in>

16. Customer communication

Terms and conditions are subject to changes based on policies of the Company, changes if any, would be intimated to the customers in due course and uploaded on company's website

17. Customers Acknowledgement

Sr. No	Name	Signature/ Thumb impression	Date
1			
2			

18. Amendment

The Company may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall also be amended as required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.



KYC & AML & CFT Policy

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1. Introduction

The National Housing Bank (“NHB”) as the regulator of Housing Finance Companies (“HFCs”) issued guidelines on ‘Know Your Customer (KYC) – Anti Money Laundering Standards, wherein HFCs were advised to follow certain customer identification procedure and monitoring of suspicious transactions for reporting to the appropriate authority. Further, NHB also advised the HFCs to put in place a proper policy frame work on KYC & AML duly approved by their Board of Directors. These guidelines of NHB advise HFCs to follow certain Customer Identification Procedure and monitoring transactions of a suspicious nature for the purpose of reporting it to the appropriate authority. The said policy is adopted by the Company on November 29, 2017 and is amended from time to time.

The Finance (No.2) Act, 2019 (23 of 2019) Government has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI) vide its Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021, has extended the Master Directions – Know Your Customer (“KYC”) Directions, 2016 (“RBI guidelines”) to all Housing Finance Companies. The said RBI guideline consolidated directions on Know Your Customer (KYC), Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT).

Accordingly, this policy on “Know Your Customer (“KYC”) norms and Anti Money Laundering (‘AML’) a measures” is amended to include Combating Financing of Terrorism (“CFT”) as per approval of the Board of Directors of the Company at their meeting held on 23rd July, 2020.

This policy of the Company shall enable the Company to know/understand its customers and their financial dealings better which in turn will help it to carry out its lending / credit operations and manage its risks, prudently and prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities.

The policy has the following four key elements, Viz :

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

2. Definitions: -

- 2.1 "**Aadhaar number**" means an identification number as defined under sub-section (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the 'Aadhaar Act';
- 2.2 "**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;
- 2.3 "**Authentication**" means the process as defined under section 2(c) of the Aadhaar Act;
- 2.4 **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 person, has/have a controlling ownership interest or who exercise control through other means.

Explanation - For the purpose of this sub-clause: -

(i) "Controlling ownership interest" means ownership of entitlement to more than 25 per cent of the shares or capital or profits of the company.

(ii) "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 or who exercises control through other means.

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

- (c) Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or

together, or through one or more juridical person, has/have ownership of/ entitlement to more than 15 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 15% or more interest in the trust and all other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

2.5 **"Cash Transactions"** means "Cash Transactions" as defined under rule 3 of the PML Rules 2005 as amended from time to time.

2.6 **"Customer"**

For the purpose of these KYC Guidelines, a "customer" will be defined as:

1. A person who is engaged in a financial transaction with an HFC and includes a person on whose behalf the person who is engaged in the transaction or activity is acting.

"Person" has the same meaning as defined in the Act and includes:

- a. An individual,
- b. A Hindu Undivided Family ("HUF");
- 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 the above persons (a to e above), and
- g. Any agency, office or branch owned or controlled by any of the above persons (a to f)

2.7 **"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.

- 2.8 "**Customer Due Diligence**" ('CDD') means "Client Due Diligence" as defined under rule 9 of the Rules and the amendments and Chapter VI of RBI guidelines thereto.
- 2.9 "**Customer Identification**" means undertaking the process of CDD.
- 2.10 "**Designated Director**" means a "Designated Director" a person designated by the Company to ensure compliance with the obligations imposed under chapter IV of the PML Act and Rules.
- 2.11 "**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 authorised officer of the Company as per the provisions contained in the Act.
- 2.12 "**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).
- 2.13 "**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.
- 2.14 "**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.
- 2.15 "**KYC Templates**" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
- 2.16 "**Know Your Client (KYC) Identifier**" means the unique number or code assigned to a customer by the Central KYC Records Registry.
- 2.17 "**Non-face-to-face customers**" means customers who open accounts without visiting the branch/ offices of the HFC or meeting the officials of HFC.

- 2.18 **"Non-profit organisations" (NPO)** means any entity or organisation 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.
- 2.19 **"Officially Valid Document" (OVD)** means the passport, the driving licence, 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);
 - 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;
- c. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above; and
- d. where the OVD presented 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 shall be accepted as proof of address.

Explanation: 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.

- 2.20 "**Offline verification**" shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016).
- 2.21 "**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.
- 2.22 "**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 National Housing Bank and/or Reserve Bank of India.
- 2.23 "**Politically Exposed Persons**" (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country including, Heads of States/ Governments, senior politicians, senior government/judicial/ military officers, senior executives of state-owned corporations, important political party officials.
- 2.24 "**Principal Officer**" means an officer at the management level nominated by the Company responsible for furnishing information as per rule 8 of the PML Rules.
- 2.25 "**Suspicious Transaction**" means "Suspicious Transaction" as defined under regulation 2(xvii) of RBI guidelines.
- 2.26 "**Senior Management**" for the purposes of this Policy shall mean and include besides the MD & CEO, CFO and Company Secretary, the Heads of various functions such as Credit, Risk, Operations, Legal and Audit;
- 2.27 "**Transaction**" means "Transaction" as defined under regulation 2(xvii) of RBI guidelines.
- 2.28 "**Video based Customer Identification Process (V-CIP)**: is an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the Company by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information required for Customer Due Diligence 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 Customer Identification Procedure for the purpose of this Policy.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Prevention of Money Laundering Act, 2002 and Prevention of Money Laundering (Maintenance of Records) Rules, 2005 any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

3. Applicability, Implementation and Compliance

It may be noted that KYC – AML policy as stated in this document shall prevail over anything else contained in any other document / process / circular/ letter / instruction in this regard (KYC-AML). This policy shall be applicable to all verticals/products of the Company whether existing or rolled out in future.

The Company shall ensure implementation and compliance with KYC & AML Policy through:

- (a) Periodic reviews by members of the 'Senior Management' of the compliance with this policy;
- (b) Allocation of responsibility for effective implementation of this and other policies and procedures to Heads of functions and other senior officials.
- (c) Independent evaluation of the compliance functions of HFC's policies and procedures, including legal and regulatory requirements.
- (d) Concurrent/ internal audit system to verify the compliance with KYC/ Anti-Money Laundering (AML) policies and procedures.
- (e) Submission of quarterly audit notes and compliance reports to the Audit Committee.

4. Customer Acceptance Policy

The Customer Acceptance Policy will ensure the following aspects of customer relationship

- i. No account is opened in anonymous or fictitious/benami name(s);
- ii. 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. The Company shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
- iii. No transaction or account based relationship shall be undertaken without following the CDD procedure.
- iv. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified (as detailed hereunder in Annexure I).
- v. Optional/ additional information, is obtained with the explicit consent of the customer after the account is opened.
- vi. The Company shall apply the CDD procedure at the Unique Customer Identification Code (UCIC) level, if any. Thus, if an existing KYC compliant customer of a Company desires to open another account with the Company, there shall be no need for a fresh CDD exercise.
- vii. CDD Procedure is followed for all the joint account holders, while opening a joint account.

- viii. 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.
- ix. Circumstances in which, a customer is permitted to act on behalf of another person/ entity, is/are clearly spelt out e.g. if the Customer is travelling or living overseas then through an Attorney duly appointed.
- x. Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- xi. Where an equivalent e-document is obtained from the customer, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).

It's important to bear in mind that the adoption of Customer Acceptance Policy and its implementation should not result in denial of services to general public, especially to those, who are financially or socially disadvantaged.

Obtaining a certified copy by the Company shall mean comparing the copy of OVD so produced by the client with the original and recording the same on the copy by the authorized officer of the Company.

- xii. For existing customers who wish to pre-close their loan account with the Company the following will be collected:
 - a) Permanent Address proof (As per Annexure I)
 - b) A declaration from the customer regarding source of funds being used for foreclosure of the loan account.
 - c) Closure of the loan account authority will be restricted to authorized person at the branch.
- xiii. In the following circumstances, the account may be operated by a mandate holder or the account may be opened by an intermediary in a fiduciary capacity hence the customer is permitted to act on behalf of another person/entity, in conformity with the established law and practices:
 - a. if applicant is NRI/PIO
 - b. if applicant is a limited company.
 - c. if applicant is a partnership firm
- xiv. Any other circumstance, where it is not possible for the applicant to be present at the branch location physically, necessary checks before any loan disbursement will be carried out through Field Investigation (FI) agency so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc.
- xv. In addition to the above, where face-to-face verification cannot be carried out customer identification may be carried out by an official of the HFC by undertaking seamless, secure,

real-time, consent based audio-visual interaction with the customer to obtain identification information including the documents required for CDD purpose, to ascertain the veracity of the information furnished by the customer.

5. Customer Profile

The Company will prepare a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy and as per credit risk policy and operations manual. The customer profile will contain 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 will depend on the risk perceived by the Company. At the time of credit appraisal of the applicant the details are recorded along with his / her profile based on meeting with the applicant/s apart from collection of applicable requisite documents; this will be as per the company's credit and product norms which are incorporated in the operation manual and are in practice. However, while preparing customer profile, the Company will seek only such information from the customer/s which is/are relevant to the risk category and is not intrusive.

The customer profile will be a confidential document and details contained therein shall not be divulged for any purposes. The Company will continue to share the client data with CIBIL / other Credit Rating Agencies and empaneled FI agencies and such other organizations/entities subject to confidentiality clause, since the purpose of sharing this information is to ensure risk minimization.

6. Customer Risk Profiling & Categorization

A. As per KYC policy, for acceptance and identification, customers are categorized broadly into low risk, medium risk, and high risk categories: -

i. **Low risk customers (LCR):**

LCR will be individuals and entities whose identities and sources of wealth can be easily identified, have structured income and transactions in whose accounts by and large confirm to the known profile. Illustrative examples of low risk customers could be:

- a. Salaried applicants with salary paid by cheque.
- b. Customers belonging to government departments,
- c. Customers working with government owned companies, Regulators and Statutory Bodies etc.
- d. Customers belonging to lower economic strata of the society whose accounts show small balances and low turnover
- e. Customers working with Public Sector Units
- f. Customers working with reputed Public Limited Companies & Multinational Companies.

ii. **Medium Risk customer:**

These customers would include:

- a. Salaried applicants with variable income/unstructured income receiving salary in cheque
- b. Salaried applicants working with Private companies.
- c. Self Employed professionals other than High net worth Individuals
- d. Self Employed customers with sound business and profitable track record for a reasonable period
- e. High Net Worth Individuals with occupational track record of more than 3 years.

iii. **High Risk customer:**

These customers are likely to pose a higher than average risk to the Company may be categorized as high risk. Examples of high risk customers requiring higher due diligence may include:

- a. Non-resident customers,
- b. High net worth individuals, without an occupational track record of more than 3 years.
- c. Trusts, Societies, Charities, NGOs and organizations receiving donations.
- d. Companies having close family shareholding or beneficial ownership,
- e. Firms with 'sleeping partners'
- f. Non-face to face customers
- g. Those with dubious reputation as per available public information, etc. The company's exposure to any of the clients is subject to the company's credit risk policy and operations manual. However, for customer acceptance, KYC is a prerequisite for a credit risk grading.

B. Change in Risk category classification of customers.

i) Though non-individual customers are generally categorised as high risk customers. While evaluating their categorisation, the Company shall also consider additional factors from KYC and AML perspective such as profile of the customer(s) and its ultimate beneficial owner(s), all major stake holders of the entity being co applicant to loan in individual capacity, end use of the loan raised, level of risk associated with the customer(s) and its ultimate beneficial owner(s) etc. After evaluating all these criteria's, the Company shall categorise these customers as medium risk/low risk customers.

Change in risk categorisation of individual customers may be done based on finding on enhanced due diligence. Accordingly, they may be classified as Low risk/Medium risk customers.

ii) In case of individual customers the risk categorisation can be changed based on Enhanced due diligence done during the customer acquisition process. These additional checks may include

- a) Personal discussion by company executive.
- b) Field investigation done by empanelled field agencies.

- c) On line check through various public sites to check for any adverse remarks/information.
 - d) End use of funds
 - e) Any other checks specified by Risk containment/Collections/Credit teams.
- iii) The Risk categorisation of persons marked as politically Exposed Persons (PEPs) shall always be categorised as high risk customers.

The risk categorisation of customers shall be placed before the Risk Management Committee of the Company on half yearly basis.

C. Additional Due Diligence checks:

- a. In all Trusts, KYC of all Trustees and in Societies, KYC of all persons responsible for the Management of such Society shall be obtained and reviewed periodically as provided for under Para 8(f) hereunder written; and
- b. In case of non-face-to-face customers the Company will ensure the payment/s is/are done through any of the KYC Compliant account through banking channels.

7. Customer Identification Procedure (CIP)

1. Customer identification means identifying the customer and verifying his/ her / its identity by using reliable, independent source documents, data or information while establishing a relationship. The Company will obtain sufficient information such as Voter ID card, PAN, Passport etc. necessary to establish, to Company's satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. The AADHAR OR UID shall be obtained where customer is desirous of receiving any benefit or subsidy under any scheme (e.g. PMAY – CLSS etc.) notified under the provisions of the AADHAR (Targetted Delivery of Financial and other Subsidies, Benefits and Services Act, 2016 as amended by the AADHAR and Other Laws Amendment Act, 2019. It will be ensured that due diligence is observed based on the risk profile of the customer in compliance with the extant guidelines in place and the same will be available for verification. Besides risk perception, the nature of information/ documents required will also depend on the type of customer (individual, corporate etc.). For customers that are natural persons, the Company has to obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. The Company collects identity proof, bank account details and property documents and the company has empanelled FI agencies who independently verify the applicant's occupation, residence and documents as applicable.

2. The Company shall undertake identification of customers in the following cases:
- i. Commencement of an account-based relationship with the customer
 - ii. When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained;

- iii. Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand;
 - iv. When 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
 - v. The Company shall ensure that introduction is not to be sought while opening accounts.
3. For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, the Company may rely on customer due diligence done by a third party, subject to the following conditions:
- i. Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
 - ii. Adequate steps are taken by Company to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
 - iii. 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.
 - iv. The third party shall not be based in a country or jurisdiction assessed as high risk.
 - v. The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.

For customers that are legal persons or entities, the Company will:

- i. verify the legal status of the legal person/ entity through proper and relevant officially valid documents.
- ii. 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 and
- iii. For (i) & (ii) Memorandum of Association and board resolution will be collected to ensure that the person purporting to act on behalf of the legal person/entity is authorized to do so, apart from applicable field/document investigations. In case of partnership firm, a copy of partnership deed along with the registration certificate of the firm, if registered and power of attorney in favor of the person purporting to act on behalf of the firm shall be collected. In order to authenticate the identity of the person so purporting to represent the Company / Firm, Signature verification / attestation shall be done either from the Banker or copy of passport, driving license or pan card to be taken.
- iv. Understand the ownership and control structure of the customer and determine as to who are the natural persons who ultimately control the legal person. For this the Company will

collect Shareholding letter duly certified by the Company Secretary/company's Auditor/Chartered accountant and Necessary Resolution / authorization etc.

7A. Video Customer Identification Process –

- I. Video Customer Identification Process (V-CIP) can be done in the following cases:
 - (i) Customer Due Diligence (CDD) in case of new customer on-boarding for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers.
Provided that in case of proprietorship firm CDD, the Company shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Regulation 28 of RBI guideline, apart from undertaking CDD of the proprietor.
 - (ii) Updation/Periodic updation of KYC for eligible customers.

II. V-CIP Infrastructure

- i. The Company shall comply with the RBI guidelines on minimum baseline cyber security and resilience framework for banks, as updated from time to time as well as other general guidelines on IT risks. The technology infrastructure shall be Company's in-house and the V-CIP connection and interaction shall necessarily originate from Company's own secured network domain. Any technology related outsourcing for the process should be compliant with relevant RBI guidelines.
- ii. The Company shall ensure end-to-end encryption of data between customer device and the hosting point of the V-CIP application, as per appropriate encryption standards. The customer consent shall be recorded in an auditable and alteration proof manner.
- iii. The V-CIP infrastructure / application shall be capable of preventing connection from IP addresses outside India or from spoofed IP addresses.
- iv. The video recordings shall contain the live GPS co-ordinates (geo-tagging) of the customer undertaking the V-CIP and date-time stamp. The quality of the live video in the V-CIP shall be adequate to allow identification of the customer beyond doubt.
- v. The application shall have components with face liveness / spoof detection as well as face matching technology with high degree of accuracy, even though the ultimate responsibility of any customer identification rests with the Company. Appropriate artificial intelligence (AI) technology can be used to ensure that the V-CIP is robust.
- vi. Based on experience of detected / attempted / 'near-miss' cases of forged identity, the technology infrastructure including application software as well as work flows shall be

regularly upgraded. Any detected case of forged identity through V-CIP shall be reported as a cyber security event under extant regulatory guidelines.

- vii. The V-CIP infrastructure shall undergo necessary tests such as Vulnerability Assessment, Penetration testing and a Security Audit, to ensure its robustness and end-to-end encryption capabilities. Any critical gap reported under this process shall be mitigated before rolling out its implementation. Such tests should be conducted by suitably accredited agencies as prescribed by RBI from time to time. Such tests should also be carried out periodically in conformance to regulatory guidelines.
- viii. The V-CIP application software and relevant APIs / web services shall also undergo appropriate testing of functional, performance and maintenance strength before being used in live environment. Only after closure of any critical gap found during such tests, the application should be rolled out. Such tests shall also be carried out periodically in conformity with regulatory guidelines.

III. V-CIP Procedure

- i. The V-CIP process shall be operated only by officials of the Company specially trained for this purpose. The official shall be capable to carry out liveness check and detect any other fraudulent manipulation or suspicious conduct of the customer and act upon it.
- ii. If there is a disruption in the V-CIP procedure, the same should be aborted and a fresh session shall be initiated.
- iii. The sequence and/or type of questions, including those indicating the liveness of the interaction, video interactions shall be varied in order to establish that the interactions are real-time and not pre-recorded.
- iv. The fact of the V-CIP customer being an existing or new customer, or if it relates to a case rejected earlier or if the name appearing in some negative list should be factored in at appropriate stage of work flow.
- v. The authorised official performing the V-CIP shall record audio-video as well as capture photograph of the customer present for identification and obtain the identification information using any one of the following:
 - a) OTP based Aadhaar e-KYC authentication
 - b) Offline Verification of Aadhaar for identification
 - c) KYC records downloaded from CKYCR, in accordance with RBI guidelines, using the KYC identifier provided by the customer
 - d) Equivalent e-document of Officially Valid Documents (OVDs) including documents issued through DigiLocker

Company shall ensure to redact or blackout the Aadhaar number in terms of Section 16 of RBI guidelines.

In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.

Further, in line with the prescribed period of three days for usage of Aadhaar XML file / Aadhaar QR code, Company shall ensure that the video process of the V-CIP is undertaken within three days of downloading / obtaining the identification information through CKYCR / Aadhaar authentication / equivalent e-document, if in the rare cases, the entire process cannot be completed at one go or seamlessly. However, Company shall ensure that no incremental risk is added due to this.

- vi. If the address of the customer is different from that indicated in the OVD, suitable records of the current address shall be captured, as per the existing requirement. It shall be ensured that the economic and financial profile/information submitted by the customer is also confirmed from the customer undertaking the V-CIP in a suitable manner.
- vii. Authorised official of the Company shall ensure that a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority including through DigiLocker.
- viii. The authorised official of the Company shall ensure that photograph of the customer in the Aadhaar/OVD and PAN/e-PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e-PAN shall match with the details provided by the customer.
- ix. All matters not specified under the paragraph but required under other statutes such as the Information Technology (IT) Act shall be appropriately complied with.

IV. V-CIP Records and Record Management

- i. The entire data and recordings of V-CIP shall be stored in a system(s) of the Company, located in India. Company shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp that affords easy historical data search. The instructions of V-CIP record management, shall be as per RBI guidelines.
- ii. The activity log along with the credentials of the authorised official performing the V-CIP shall be preserved.

7B. Periodic updation of KYC:

Company to adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. However, periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of the account / last KYC updation. Policy in this regard shall be documented as part of the companies internal KYC policy duly approved by the Board of Directors.

Periodic Updation in case of Individual/Legal entity (LE) customer:

The Company shall carry out –

- i) PAN verification from the verification facility available with the issuing authority and
- ii) Authentication, of Aadhaar Number already available with the 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 may be obtained.
- iv) Certified copy of OVD containing identity and address shall be obtained at the time of periodic updation from individuals except those who are categorized 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 shall be obtained.
- v) In case of Legal entities, Company shall review the documents sought at the time of opening of account and obtain fresh certified copies.
- a) In case of no change in KYC information: In case of no change in the KYC information, a self-declaration from the customer/ official authorised by Board of that legal entity, in this regard shall be obtained through customer's email-id registered with the Company, customer's mobile number registered with the Company, ATMs, digital channels (such as online banking / internet banking, mobile application of Company), letter from the customer/ official authorised by Board of that legal entity etc.

Further, in case of legal entity, the Company shall ensure during this process that Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to date as possible.

Change in KYC information: In case of change in KYC information, RE shall undertake the KYC process equivalent to that applicable for on- boarding a new LE customer

- b) Change in address: In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the Company and obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, as defined in Section 3(a)(xiii), for the purpose of proof of address, declared by the customer at the time of periodic updation.
- c) In addition to the above, Company shall ensure that:
 - i. The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the Company are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the Company has expired at the time of periodic updation of KYC, Company shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.
 - ii. Customer's PAN details, if available with the Company, is verified from the database of the issuing authority at the time of periodic updation of KYC.
 - iii. Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the Company and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
 - iv. In order to ensure customer convenience, Company may consider making available the facility of periodic updation of KYC at any branch, in terms of this policy.
 - v. The Company shall adopt a risk-based approach with respect to periodic updation of KYC.

Due Diligence for High Risk Customer identification will be as follows:

- a. Non-resident customers, due diligence including email verification of employment of the customer, collection of a local guarantor & power of attorney along with their identification proofs and verification of their residence/office will be done, if found necessary.
- b. High Net worth Individuals or HNIs, with less than three years' occupational track record due diligence including personal discussion with the applicant, analysis of bank statement and financial statements will be done, details of client profile, sources of fund will be obtained, if required.
- c. Trusts, charities, NGOs and organizations receiving donations, to be undertaken as high risk categories.
- d. Companies having close family shareholding or beneficial ownership, due diligence including personal discussion with the applicant will be done. In case of company's proportionate income being considered to the extent of the customer's Shareholding in the

company- board resolution authorizing the director(s) to sign on behalf of the company will be collected. Also, signature verification of the person(s) issuing the board resolution will be collected, if necessary.

e. Firms with 'sleeping partners', due diligence including personal discussion with the applicant will be done. If income of the partnership firm is being considered, then the Company will collect a letter signed by all the partners authorizing the concerned partner(s) to sign on behalf of the partnership. Also, signature verification of the person(s) issuing this authority letter will be collected, if necessary.

f. Politically exposed persons (PEPs) of foreign origin, same due diligence as NRI/PIO to be undertaken, though the Company is not doing cases of applicants of foreign origin. Only cases of applicants of Indian Origin working abroad are done.

g. Non-face to face customers, due diligence including telephonic/personal discussions be done, if required. Information from reliable sources will be obtained for establishing the existence of the person.

h. Those with dubious reputation as per public information available, etc. If found dubious then the case will not be entertained.

Customer identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given below:

a. Trust Nominee or Fiduciary Accounts: There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. Hence, as and when such cases are received, the Company will determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, the 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. In the case of a 'foundation', steps will be taken to verify the founder managers/directors and the beneficiaries, if defined.

b. Accounts of companies and firms: The Company will be careful while processing the cases of business entities specially to establish that individuals are not using those entities for maintaining accounts with it. The Company shall seek information, if required, on the control structure of the entity, source of funds and the natural persons who carry a controlling interest in the management. These requirements may be moderated as per our credit risk policy and guidelines of the operations manual, for e.g. in the case of a public company it will not be necessary to identify all the shareholders.

- c. Client accounts opened by professional intermediaries: When the Company has knowledge or reason to believe that the client account opened by a professional intermediary like Direct Selling Agent or Direct Selling Team or any other sales intermediary by whatever name called is on behalf of a single client, that client will be identified. Where the Company relies on the 'customer due diligence' (CDD) done by an intermediary like Field Investigation Agency or technical agency or lawyer or any other operation processing intermediary by whatever name called, the Company will ensure that the intermediary is having a bonafide identity with an established track record.
- d. 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. The Company will gather sufficient information as available 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. The Company will verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The above norms may also be applied to the accounts of the family members or close relatives of PEPs.

If the Company decides to establish a business relationship with PEPs, it will ensure the following:

- i. sufficient information including information about the sources of funds/wealth of PEPs is gathered;
- ii. appropriate risk management systems is in place to determine whether the customer or the beneficial owner is a PEP
- iii. the identity of the person shall have been verified before accepting the PEP as a customer;
- iv. the decision to open an account for a PEP is taken at a senior level in accordance with the Company's procedures;
- v. all such accounts will be classified as High Risk and will be subjected to required due diligence and monitoring, as applicable;
- vi. if it gets confirmed to the Company that an existing customer or the beneficial owner of an existing account has subsequently become a PEP, an approval from a senior official of the Company will be obtained to continue the business relationship;
- vii. further, such existing accounts that get classified PEPs subsequently will be subjected to enhanced due diligence, as applicable.

The above will also be applicable to accounts where a PEP is a beneficial owner and to family members or close associates of PEPs.

e. Accounts of non-face-to face customers: In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, the Company will do telephonic/personal discussion with the applicant, if necessary. Applicant will be met by the company's representative of the Company and will fill up the meeting sheet on that basis to mitigate the higher risk involved, as applicable. Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for and applicable verification of these documents will be done. In the case of cross-border customers, there is the additional difficulty of matching the customer with the documentation and the Company may have to rely on third party certification/introduction. In such cases, it will be ensured that generally the third party is a regulated and/or supervised entity with an established track record. Hence apart from the existing due diligence for such customers, the Company may take resident Indian Co-applicant as a party to the loan proposal or a local resident guarantor to the loan with identity verification. An indicative list of the nature and type of documents that may be relied upon for customer identification is given in the Annexure I.

f. Where the company is unable to apply appropriate KYC measures due to non-furnishing of information and/or non co-operation by the customer the company shall close such account or terminate such business relationship after issuing due notice to the customer explaining the reasons therefor. Such decisions must be authorized by a member of "Senior management" as defined hereinabove.

8. Monitoring of Transactions

a. Ongoing monitoring is an essential element of effective KYC procedures. Since the Company is a housing finance company and all the loans are tenure based with a fixed/variable instalment paid through electronic clearing system (ECS) mandate or National Automated Clearing House (NACH) mandate or post-dated cheques, our monitoring structure will be relevant to our nature of operations. The Company will pay special attention to all unusually large transactions involving large cash. Risk categorization as is mentioned in this policy may be updated as and when required by the management. In case of overdue/default accounts where there is scope for meeting or vetting the profile of this customer again, due diligence if found necessary will be carried out. Subsequent to our sanction, during the period of part disbursement till full disbursement if any unusual transaction/development comes to our knowledge relating to money laundering the same will be verified and notified as required, The Company will ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2005. The Company will ensure that transactions of suspicious nature as defined in Annexure II and/or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the

appropriate law enforcement authority, as and when detected by our officials through the Principal Officer.

b. The Company will maintain proper record in accordance with the PML Act, 2005, of all cash transactions (deposits and withdrawals) of Rs.10,00,000/- [Rupees Ten Lakh] and above. As a matter of policy, the Company does not accept deposits in cash over Rs.10,00,000/- [Rupees Ten Lakh], no loan is disbursed in cash and no monthly instalment above Rs.10,00,000/- [Rupees Ten Lakh] is accepted in cash. Any transactions of suspicious nature as per Annexure II are to be reported to the Principal Officer immediately. In addition, thereto, the Branches shall on monthly basis furnish a certificate to the Principal Officer evidencing that neither such prohibited transactions and/nor cash transaction as specified in the policy have taken place.

c. The Company and all its Branches / Offices while reporting the Suspicious Transactions (STR) shall be guided by and follow the guidelines as specified in the 'Guidance Note on Effective Process of STRs Detections and Reporting for Housing Finance Sector, issued by Financial Intelligence Unit – India (FIU), Ministry of Finance in consultation with National Housing Bank dated 30th December, 2015. The Red Flag Indicators (RFI) / Parameters for, STR identification as specified in the subject guidance note being made part of this Policy for reporting of STRs.

d. Reporting requirement Under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS).

e. FATCA & CRS Under FATCA and CRS, the Company shall adhere to the provisions of the Income Tax Rules Especially Rule 114F, 114G and 114H and determine whether the Company is a reporting financial institution as defined in Income Tax Rule 114F and if so, shall take following steps for complying with the reporting requirements:

- i. Register on the related e-filing portal of Income Tax Department as Reporting Financial Institutions at link https://incometaxindiaefiling.gov.in/post_login --> My Account --> Register as Reporting Financial Institution.

Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.

Explanation – The Company shall refer to the spot reference rates published by Foreign Exchange Dealers' Association of India (FEDAI) on their website at <http://www.fedai.org.in/RevaluationRates.aspx> for carrying out the due diligence procedure for the purposes of identifying reportable accounts in terms of Rule 114H of Income Tax Rules.

- ii. Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H of Income Tax Rules.
- iii. Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
- iv. Constitute a "High Level Monitoring Committee" under the Designated Director or any other equivalent functionary to ensure compliance.
- v. Ensure compliance with updated instructions/ rules/ guidance notes/ Pre-releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time.
- vi. In addition to the above, other United Nations Security Council Resolutions(UNSCRs) circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

9. Risk Management

- a. **Internal Audit:** The Company's internal audit department will evaluate and ensure adherence to the KYC policies and procedures. As a general rule, the compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. Internal Auditors may specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board along with their normal reporting frequency.
- b. **Employee Hiring and Training:** The Company will ensure adequate screening mechanism as an integral part of its personnel recruitment hiring process. This shall include reference checks and profile checks through authorized vendors and industry references. The company shall also have an ongoing employee training program so that the members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.
- c. **Customer Education:** The Company will educate the customer on the objectives of the KYC program so that customer understands and appreciates the motive and purpose of collecting such information.

- d. **Introduction of New Technologies:** The Company will pay special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that may favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes as and when online transactions are started /accepted by the Company.
- e. **Non-Cooperation by the customer in respect of KYC norms:** Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, the Company will follow up with the existing identified customers for KYC compliance, Closure decision if at all is required will depend upon our internal assessment and will be taken at Functional Heads and above only after issuing due notice to the customer explaining the reasons for taking such a decision.
- f. **Applicability to branches and subsidiaries outside India:** The above guidelines will also apply to the branches and majority owned subsidiaries located abroad, especially, in countries which do not or insufficiently apply the CKYCR Recommendations, to the extent local laws permit as and when the Company opens overseas branches. When local applicable laws and regulations prohibit implementation of these guidelines, the same will be brought to the notice of National Housing Bank and RBI. RBI may advise further necessary action by the Company including application of additional measures to be taken by the Company to manage the Money Laundering/ Terror Financing risks.
- g. **Appointment of a Designated Director and Principal Officer:** The Company has designated the Managing Director as 'Designated Director' and the National Operations Head as 'Principal Officer.' In no case shall Principal Officer" be appointed as 'Designated Director'. The Principal Officer is located at the Corporate Office and will be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He will maintain close liaison with enforcement agencies, HFCs and any other institution which are involved in the fight against money laundering and combating financing of terrorism. He will also ensure that there is proper system of fixing accountability for serious lapses and intentional circumvention of prescribed procedures and guidelines. However, any such action has to be documented and placed before the management committee of the Company. Principal Officer will also report any unusual matter/information to the management committee of the company as and when it occurs.
- h. **Maintenance of Records of Transactions (As per Rule 3 of the Prevention of Money Laundering Rules 2005):** The Company will maintain proper record of the under mentioned transactions:

- All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency, though by policy the Company do not accept cash deposits in foreign currency;
 - All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
 - 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; and
 - All suspicious transactions as mentioned in Annexure II
- i. Information to be preserved: The Company will maintain the following information in respect of transactions referred to in the preceding point on "Maintenance of records of transactions"
- The nature of the transactions
 - The amount of transactions and currency in which it was denominated
 - The date on which the transaction was conducted and
 - Parties to the transactions
- j. The Company sanctions and disburses files on the system; hence it has a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required. However, the Company will maintain account information 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 will make available 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 will ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN Card, UID Card, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business relationship is ended. Apart from this, the application form, copy of loan agreement, NOC, other document either photocopy or cancelled original copy will be kept for next ten years after the full closure of the account. However, preservation and maintenance of the documents will be in paper form and an electronic image form.

The identification of records and transaction data will be made available to the competent authorities upon request only through the Principal Officer under this policy with his approval.

Additionally, the Company shall take necessary steps to maintain, preserve and report customer account information as per the provisions of Chapter VII of RBI guidelines.

- k. **Reporting to Financial Intelligence Unit – India**

The Principal officer will report information relating to cash and suspicious transactions if detected to the Director, Financial Intelligence Unit-India (FIU-IND) as advised in terms of the PMLA rules, in the prescribed formats as designed and circulated by NHB/RBI at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Tower-2, Jeevan Bharati Building,
Connaught Place, New Delhi-110001

i. Money Laundering and Terrorist Financing Risk Assessment

- The Company will carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically (Half Yearly and Annually) to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels.
- Company shall apply Risk Based Approach ('RBA') for mitigation and management of the identified risk.
- The risk assessment by the Company shall be properly documented and the outcome of the exercise shall be put up to the Board or Risk Management Committee of the Board to which power in this regard has been delegated.

m. Under the unlawful Activities (Prevention) (UAPA) Act, 1967, reporting entities (RES) have specific obligations to combat terrorism:

- Monitoring Accounts: The Company should not have accounts in the names of individuals/entities listed by the United Nations Security Council (UNSC) for suspected terrorist links. Further, the Company should regularly check two specific UNSC lists and other lists provided by the Indian government for updates.
- Reporting Suspicious Accounts: If the Company comes across accounts resembling listed individuals/entities, it should report them to the Financial Intelligence Unit - India (FIU-IND) and notify the Ministry of Home Affairs (MHA).
- Freezing of Assets: The Company should strictly follow the UAPA Order of February 2, 2021, for freezing assets associated with unlawful activities.

n. Under the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005, Reporting Entities (RES) have specific obligations:

The Company shall:

- a) Follow the Ministry of Finance's procedure for implementing Section 12A of the WMD Act, 2005.
- b) Not engage in transactions if the individual/entity matches the designated list.
- c) Verify customer information against the designated list during onboarding and periodically.
- d) Report any matches to the Central Nodal Officer (CNO) and file Suspicious Transaction Reports (STRs).
- e) Refer to the designated list, available on the FIU-India portal.
- f) Prevent financial transactions if there are clear reasons to believe they fall under the Act's purview and inform the CNO.
- g) Comply promptly with asset freezing orders from the CNO.
- h) Follow the process for unfreezing assets as outlined in Paragraph 7 of the Order dated January 30, 2023.

10. Miscellaneous

- i. The Company shall maintain secrecy regarding customer information arising out of the contractual relationship between the company and customer. All AADHAR numbers provided by customers will be masked and will not be displayed or shared except as required for availing subsidy and other benefits from Governments - Central or State or Local under schemes
- ii. Even while considering request for data/information from Govt and other agencies, the company shall satisfy itself that the information being sort is not of a nature which will violate provisions of the law pertaining to secrecy.
- iii. The Company shall capture KYC information for sharing with the Central KYC records registry ("CKYCR") in the manner mentioned in the rules and as required by the revised KYC templates prepared for Individuals and legal entities as the case may be.
- iv. The Company where it acts as an agent for selling third party products shall comply with applicable law/regulations. The company shall develop system capabilities for capturing, generating and analysing alerts for filing of CTR/STR in respect of the transaction relating to such third party products.
- v. Compliance under Foreign Contribution (Regulation) Act, 1976:-The Company shall also ensure that provisions of the Foreign Contribution (Regulation) Act (FCRA), 1976 are duly adhered to. FCRA regulate the acceptance and utilization of foreign contribution or foreign

hospitality received by certain specified persons or associations such as candidates for election, journalist, Judges/Government servants, political party, etc. However, law permits certain persons or associations to accept the foreign contribution with the approval of the Central Government, as per the provisions of FCRA. In those cases, copy of approval or letter of intimation shall be taken from the customer.

11. Amendment

The Company may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall also be amended as required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

Annexure I

CUSTOMER IDENTIFICATION PROCEDURE FEATURES TO BE VERIFIED AND DOCUMENTS THAT MAY BE OBTAINED FROM CUSTOMERS

PAN Mandatory for all applicants along with any one of the following

1. Mandatory Documents (Self Attested) for Individuals.

- Passport
- UID Card ('Aadhar Card')
- Voter Identity Card
- Driving License (Subject to state Guidelines and Regulations)

No other document will be accepted as Officially Valid Documents ("OVD") for ID proof. In view of the change in the definition of 'Officially Valid Documents' the documents mentioned in the revised PML Rules would be accepted. The Company does not have any discretion to accept any other document for this purpose.

Further, in addition to the above documents the Company shall also accept the below mentioned documents as proof of identity and address:

- a. E-KYC services of Unique Identification Authority of India (UIDAI) – through which the information containing demographic details and photographs is made available from UIDAI as a result of e-KYC process. However, for the purpose the individual / customer has to authorize the UIDAI by explicit consent to release his / her identity / address through biometric identification to the Company's branches / offices.
- b. e-Aadhar downloaded from UIDAI website, subject to the following:
 - i. If the prospective customer knows only his / her Aadhaar number, the Company may print the prospective customer's eAadhaar letter in its branch/ office directly from the UIDAI portal; or adopt eKYC procedure as mentioned in paragraph I above;
 - ii. If the prospective customer carries a copy of the eAadhaar downloaded elsewhere, the Company may print the prospective customer's e-Aadhaar letter in its branch/office directly from the UIDAI portal; or adopt e-KYC procedure as mentioned in I above; or confirm identity and address of the resident through simple authentication service of UIDAI.
- c. Physical Aadhaar card/ letter issued by UIDAI containing the details of name, address and Aadhaar number received through post.

Correct permanent address for proof of residence of individuals

- i. Telephone bill
- ii. Account Statement of a scheduled commercial bank
- iii. Letter from any recognized public authority.
- iv. Electricity bill
- v. Ration Card
- vi. Letter from Employer (Signed by HR/Proprietor / Owner), subject to satisfaction of the Company.
- vii. Any one documents which the customer provides to the satisfaction of the Company will suffice, which may include the following:
 - a. Leave & License Agreement or Rent Agreement having the validity as on date of entering into a relationship with the Company;
 - b. Piped Gas Connection Bill/Post Paid Mobile Bill (carrying the present address of the customer, provided that the said bills are not older than 2months
 - c. A person not having an address proof in his/her own name may provide an address proof (as accepted by the Company) of any close relative (e.g. Spouse, son, daughter, parents) supported by a document establishing their relationship (e.g. PAN Card, Passport, Birth Certificate. etc.) supported with a declaration that the said customer is residing with the relative whose address proof is being provided to the Company;
 - d. Acceptance of notarized affidavit as address proof in the rural areas.

1. Companies

- Name of the company
- Principal place of business
- Mailing address of the company
- Telephone/Fax Number
 - i. Certificate of Incorporation and Memorandum & Articles of Association
 - ii. Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account.
 - iii. Power of Attorney granted to its managers, officers or employees to transact business on its behalf
 - iv. Copy of PAN / allotment letter
 - v. Copy of the telephone bill

2. Partnership Firms

- Legal name
- Address
- Names of all partners and their addresses-

- Telephone numbers of the firm and partners
 - i. Registration certificate, if registered
 - ii. Partnership deed
 - iii. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf
 - iv. Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses
 - v. Telephone bill in the name of firm/partners

3. Trusts, Societies & Foundations

- Names of trustees, settlors, beneficiaries and signatories
- Names and addresses of the founder, the managers/directors and the beneficiaries Telephone/fax numbers
 - i. Certificate of registration, if registered
 - ii. Power of Attorney granted to transact business on its behalf
 - iii. Any officially valid document to identify the trustees, settlors, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses
 - iv. Resolution of the managing body of the foundation/association
 - v. Telephone bill

4. Unincorporated Association or Body of Individuals:

For opening an account of an unincorporated association or a body of individuals, one certified copy of each of the following documents shall be obtained:

- b. resolution of the managing body of such association or body of individuals;
- c. Permanent Account Number or Form No.60 of the unincorporated association or a body of individuals;
- d. power of attorney granted to transact on its behalf;
- e. one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf identification information as mentioned under
- f. Such information as may be required by the HFC 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' and the term 'body of individuals' includes societies

Juridical person not specifically covered in the earlier part

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, one certified copy of the following documents shall be obtained:

- (a) Document showing name of the person authorized to act on behalf of the entity;
- (b) Aadhaar/PAN/ OVD 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 by the HFC to establish the legal existence of such an entity/ juridical person.

7. Identification of Beneficial Owner

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of Rule 9(3) of the Rules to verify his/ her identity shall be 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, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

NOTE:

It is herewith clarified that if the address provided by the customer(s) is the same on the document submitted for identify proof, the subject document may be accepted as a proof of both identity and address. However, if the current address mentioned by the customer is different from the address indicated on the document submitted for proof of identity, a separate proof of address should be obtained as per the list of documents mentioned above.

Annexure II

LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO BUILDER/PROJECT/CORPORATE CLIENTS:

a. LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO INDIVIDUALS:

- a. Customer is reluctant to provide information, data, documents;
- b. Legal structure of client has been altered numerous times (name changes, transfer of ownership. Change of corporate seat).
- c. Unnecessarily complex client structure.
- d. Individual or classes of transactions that take place outside the established business profile, and expected activities/transaction unclear.
- e. Submission of false documents, data, purpose of loan, details of accounts and reluctant to provide information, data, documents.
- f. Refuses to furnish details of source of funds by which initial contribution is made, sources of funds are doubtful etc;
- g. Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
- h. Approaches a branch/office of the Company , which is away from the customer's residential or business address provided in the loan application, when there is a branch/office nearer to the given address;
- i. Unable to explain or satisfy the numerous transfers in the statement of account/ multiple accounts;
- j. Initial contribution made through unrelated third party accounts without proper justification;
- k. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount;
- l. Suggesting dubious means for the sanction of loan;
- m. Where transactions do not make economic sense;
- n. Unusual financial transactions with unknown source.
- o. Payments received from un-associated or unknown third parties and payments for fees in cash where this would not be a typical method of payment.
- p. There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
- q. Encashment of loan amount by opening a fictitious bank account;
- r. Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;
- s. Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
- t. Multiple funding of the same property/dwelling unit;
- u. Request for payment made in favor of a third party who has no relation to the transaction;

- v. Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated.
- w. Multiple funding / financing involving NGO / Charitable Organization / Small / Medium Establishments (SMEs) / Self Help Groups (SHGs) / Micro Finance Groups (MFGs)
- x. Frequent requests for change of address;
- y. Overpayment of installments with a request to refund the overpaid amount.
- z. Investment in real estate at a higher/lower price than expected.
- aa. Clients incorporated in countries that permit bearer shares.

Annexure III

RED FLAGS / PARAMETERS TO IDENTIFY SUSPICIOUS TRANSACTIONS (STR)

List of RED FLAG INDICATORS (RFI) for STR identification:

In order to facilitate an effective reporting regime of STRs by HFCs, the note identifies a list of RFIs that may be further identified as a Suspicious Transaction and then reported as a STR, upon due verification.

The RFIs are identified as situations that may be encountered by HFCs in particular and are categorized under the following broad categories:

- a. Customer Centric;
- b. Transaction / Loan Account Centric;
- c. Property / Property document Centric; and
- d. Cases (falling under a, b & c above) that would require auto reporting
- e. List of RFIs pertaining to builder/project loans

As such the suggested RFIs are essentially situations that would require further analysis as they have the potential of being a STR. The Principal Officers are expected to sensitize the respective HFCs of the RFIs and should there be adequate justification, the RFIs may then be reported as STRs to the Principal Officer for further reporting to the FIU. Mere sighting of the enumerated situations is not expected to be reported as a STR on an "as is" basis as the same is in the nature of possible trigger of reporting as a STR and should be accordingly reported after adequate diligence and with proper justification.

There are certain parts (as specifically indicated) that would need to be assessed by the company, in lines of its business practices, and determine the point of trigger of the RFI for the company.

Upon such identification, the company would approve these RFIs by the Board and incorporate the same as a part of the respective KYC policy.

Thus in order to ensure effective reporting of STRs, the note identifies the following transactions/ situations as RFIs which (upon adequate diligence and justification) may be identified as a Suspicious Transaction and then onward reported as a STR.

Part A: RFIs that are Customer Centric:

1. Identity of Customer
 - a. Submission of false Identification Documents.
 - b. Customer holding multiple PAN.

- c. Identification documents which could not be verified within reasonable time or replaced with another set of Identification documents.
- d. Accounts opened with names very close to other reputed business entities.
- e. Customer uses aliases and a variety of similar but different addresses.
- f. Customer spells his or her name differently from one transaction to another, without justification.
- g. Name of customer indicated differently in different KYC documents enabling creation of multiple customer identities.
- h. A customer/company who is reluctant or refuses to provide complete information, data, documents and to reveal details about its activities or to provide financial statements /Employment related documents / KYC documents.
- i. Doubt over the real beneficiary of the loan account
- j. The customer is reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons.
- k. The customer approaches a branch/office of a HFC, which is away from the customer's residential or business address provided in the loan application, when there is HFC branch/office nearer to the given address.
- l. Changes in mailing address of the Customer more than [twice] in last 6 months
- m. Unusual capital, partnership, management or employment structure of companies compared to other institutions in the same sector or general company structure.
- n. Current data not updated with relevant regulatory authorities, without justification.
- o. Existing or new partners/shareholders abstaining from giving information about their personal and commercial background, having indications that they did not have interest, education or experience in the field in which the company operates

2. Background of a Customer

- a. The customer details matched with watch lists (e.g. UN list, Interpol list etc.)
- b. Notice/Letter from a law enforcement agencies / Regulators/ Other Government Agencies: In case of such notices received, Principal Officer should be informed for further action /advise on the matter. This notice shall be treated as an alert to analyze the transactions in such accounts and if the transactions appear to be suspicious the same should be included in the STR along with the details mentioned in the "Ground of Suspicion". These Accounts are to be reported even if they are closed.
- c. Adverse Media / Public News: Branches / offices should check for adverse media coverage with the names of the customer. The names of customers that are pointed as suspects or accused in such reports shall be searched and in case of matches the same may be further internally analyzed for reporting purposes.

- d. Customer shows income from "foreign sources" on loan application without providing proper documentation.

3. Credit Bureau Information

Multiple addresses reflecting against the name of the customer which has not been shared / or does not match with the employment history / residence details provided.

Part B: RFIs that are Transaction / Loan Account Centric:

1. Multiple Accounts

- a. Use of Bank A/c's of Third Parties for payment of EMIs as per NHB/RBI guidelines.
- b. Change in the bank account from which PDC/ ECS are issued as per company policy
- c. Total amount of payments through DD, Cash and 3rd party Cheques valued as per NHB/RBI guidelines
- d. Customer appears to have recently established a series of new relationships with different financial entities.

2. Nature of Activity in an Account

- a. Unusual activity compared with past transactions.
- b. Encashment of loan amount by opening a fictitious bank account.
- c. Activity inconsistent with what would be expected from declared business/profile of the customer.
- d. Loan Accounts with original tenor of more than 1 year are foreclosed within 6 months after disbursement of loan.
- e. Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated.
- f. Overpayment of instalments in cash with a request to refund the excess amount.
- g. Customer conducts transactions at different physical locations in an apparent attempt to avoid detection.
- h. Customer presents confusing details about the transaction or knows only few details about its purpose.
- i. Customer's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact customer shortly after opening account.

- j. Account indicated by customer to receive interest payment against a deposit placed is attached by Government Authorities

3. Nature of Transactions:

- a. Unusual or unjustified complexity shown in a Transaction that may normally be done in simpler manner.
- b. Initial contribution made through unrelated third party accounts without proper justification;
- c. No economic rationale or bonafide purpose behind the transaction.
- d. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount
- e. Suggesting dubious means for the sanction of loan

4. Value of Transactions:

- a. Value just under the reporting threshold amount in an apparent attempt to avoid reporting.
- b. Multiple related cash transactions which are broken to just below the following thresholds:
 - i) Rs. 50,000/- in a day
 - ii) Rs.10,00,000/- in a month
- c. Value inconsistent with the client's apparent financial standing.

5. Transactions amongst family members:

Transaction between members of the same family to avail a loan wherein there is no genuine transaction / rationale.

Part C: RFIs that are Property / Property document Centric:

- a. Cash payment indicated in the Sale Deed/Agreement, Cash payment shown as consideration paid to the seller for purchase of a property and the source of which cannot be explained or proof not provided by the customer.
- b. Valuation of property Valuation of property shown considerably lower in the sale deed than the government approved rate / RESIDEX, especially on sale deeds executed within a period of 12 months.
- c. Change in Ownership without rationale Converting/changing the individual properties in the name of Company/Trust/HUF/Partnership Firm/LLP by executing a sale deed at a low price or by way of any type of agreement, attorney, arrangement (registered or not) and

subsequently in quick succession further transaction is shown at a considerably higher amount in favor of third parties.

- d. Refusal to share own Contribution Details Specifically in cases where the source is specified as "Funds from Family" and the customer fails or refuses to divulge any information or proof on where the concerned family member is providing the funds from.
- e. Property repurchased Customer buys back a property that he or she recently sold without justification

Part D: RFIs that may be considered to be auto generated through system:

- a. Foreclosure by a customer in a very short period: Loan Accounts with original tenor of more than 1 year are foreclosed within 6 months after disbursement of loan.
- b. Frequently change in repayment bank account during currency of account:
 - i. Change in the bank account from which PDC/ ECS are issued more than [*] in last [6/12] months
- c. Negative information about customer through external sources/ database or Notice received from any Agency / Regulator/ Other Government Agencies
 - i. The customer details matched with watch lists (e.g. UN list, Interpol list etc.)
 - ii. Notice/Letter from a law enforcement agencies / Regulators/ Other Government Agencies: In case of such notices received, Principal Officer should be informed for further action /advise on the matter. This notice shall be treated as an alert to analyse the transactions in such accounts and if the transactions appear to be suspicious the same should be included in the STR along with the details mentioned in the "Ground of Suspicion". The Accounts are to be reported even if they are closed.
 - iii. Adverse Media / Public News: Branches / offices should check for adverse media coverage with the names of the customer. The names of customers that are pointed as suspects or accused in such reports shall be searched and in case of matches the same may be further internally analyzed for reporting purposes.
- d. Frequent change of Address without reasonable explanation Changes in mailing address more than [*] in last 6 months
- e. Account having a large volume of repayments by depositing DD, Cash and 3rd party Cheques
 - i. Total amount of payments through DD, Cash and 3rd party Cheques valued at [*] EMI's / part payments in last 30 days
- f. Transaction more than specified percentage of the EMI, paid in cash by a Delinquent Borrower. for more than 6 months repays the loan in cash beyond [*] the original EMI.
- g. Cash transactions: Multiple related cash transactions which are broken to just below the following thresholds:

- i. Rs. 50,000/- in a day
 - ii. Rs.10,00,000/- in a month
- h. Separate bank accounts: Use of Bank A/c's of Third Parties for payment of EMIs at more than [*] occasions.

Part E: Additional List of RFIs pertaining to Builder / Project Loans:

- a. Builder approaching the HFC for a small loan compared to the total cost of the project;
- b. Builder is unable to explain the sources of funding for the project;
- c. Approvals/sanctions from various authorities are proved to be fake; suspects or accused in such reports shall be searched and in case of matches the same may be further internally analyzed for reporting purposes
- d. Builder retains substantial number of the Units in the Project in his or his family member's names
- e. Builder has known political connections / shareholders or directors of his company are individuals with suspicious background
- f. Frequent Reconstitution of partnership/ proprietorship without justification.
- g. Allotting different numbers to the same flat in different style/order.



Fair Practice Code

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1. Introduction

Pursuant to the notification issued by the National Housing Bank on Fair Practices Code guidelines vide its Circular No. NHB (ND)/DRS/Pol-No.16/2006 dated 5th September, 2006, the Board of Directors of the Company in its meeting held on November 29, 2017, had approved and adopted the "Fair Practice Code" to provide transparency in business dealing with the customers of the Company, which came into force with immediate effect.

As part of the best corporate practices and in line with the amendment in the guidelines issued by the National Housing Bank vide its Master Circular No. NHB(ND)/DRS/REG/MC-03/2019 dated July 01, 2019. JM Financial Home Loans Limited (JMFHLL) has compiled Fair Practice Code (Code) and has been approved and adopted by the Board of Directors of the Company with immediate effect. Further, said policy is updated as per Reserve Bank of India (RBI) vide its Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021.

The said code deals to promote good and fair practice, increase transparency, encourage market forces; promote a fair and cordial relationship between borrower / Customer and the Company and to foster confidence of the customer in the housing finance system of the Company. The Code has the following key elements.

The Fair Practices Code guidelines shall be published on the Company's website i.e. www.jmflhomeloans.com.

1.1. Objectives

- To promote good and fair practices by setting minimum standards in dealing with customers;
- To increase transparency so that the Customers can have a better understanding of what they can reasonably expect of the services;
- To encourage market forces, through competition, to achieve higher operating standards;
- To promote a fair and cordial relationship between Customers and JMFHLL; and
- To foster confidence in the housing finance system

1.2. Application of code

- All parts of this Code shall apply to all the products and services whether they are provided by JMFHLL across the counter, over phone, by post, through interactive electronic devices, on the internet or by any other method
- The code shall be applicable across all aspects of operations including marketing, loan origination processing and servicing and collection activities. Our commitment to Fair

Practice Code would be demonstrated in terms of employee responsibility, efficiency, monitoring and auditing programs training and technology

- Through regular training programs, meeting, seminars, circulars and other modes of the communication employees would be made aware of the code so that there is a strong commitment for fair and quality lending and efficient and fair services

1.3. Commitments

JMFHLL shall adhere to this code to act fairly and reasonably in all dealings, on the ethical principle of integrity and transparency, to meet the standard practices prevalent in the housing finance industry.

JMFHLL would provide clear information, without any ambiguity, to the customer in understanding: Products and services together with its terms and conditions including interest and service charges.

1.4. Benefits available to customer

JMFHLL will deal quickly in correcting mistakes, if any, and attend to customer's complaints in light of the objectives of this code.

JMFHLL shall treat all personal information of customers as private and confidential and shall not divulge any information to third person unless required by any law or Government Authorities including Regulators or Credit Agency or where the sharing of information is permitted by the customer.

JMFHLL would provide, on request, copy of the Code to the existing borrowers and new Customers prior to commencement of business transaction.

JMFHLL shall not discriminate its customers on the basis of age, race, caste, gender, marital status, religion or disability. However, the restrictions if any, as mentioned in the Loan products, shall continue to apply.

2. Display and Transparency

JMFHLL will act transparently and reasonably in all dealings with customers, by ensuring that:

- a) JMFHLL shall meet the standards and commitments for the products and services JMFHLL offers
- b) The products and services of JMFHLL shall meet relevant laws and regulations in letter and spirit
- c) JMFHLL would provide information on interest rates, common fees and charges through:
 - i. Putting up notice in branches;
 - ii. Providing tariff schedule.

2.1. Fees and Charges

JMFHLL shall transparently disclose to the borrower all information about: -

- Fees/ charges payable for processing the Loan application,
- The amount of fees refundable if Loan amount is not sanctioned / disbursed,
- Pre-payment options and charges, if any
- Penalty for delayed repayment of principal amount and or payment of interest if any
- Conversion charges for switching Loan from fixed to floating rates or vice-versa
- Existence of any interest re-set clause and any other matter which affects the interest of the borrower.

The company would disclose "all in cost" inclusive of all charges involved in processing / sanction of loan application in a transparent manner. It would also be ensured that such charges/fees are non-discriminatory.

3. Advertising, Marketing and Sales

JMFHLL:

- Shall ensure that all advertising and promotional material is clear, and not misleading.
- in any of its advertisement in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available to the customer on request.
- if avails of the services of third parties for providing support services shall require that such third parties to handle customer's personal information (if any available to such third parties) with same degree of confidentiality and security as the Company would.
- may from time to time, communicate to Customer's various features of their products availed by them. Information about their other products or promotional offers in respect of products / services may be conveyed to customers only if he / she has given his / her consent to receive such information/service.
- shall prescribe a Code of Conduct for the Direct Selling Agencies (DSAs)/ other intermediaries whose services are availed to market products / services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through phone.
- in the event of receipt of any complaint from the customer that the Company's representative / courier agency or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.

4. Loans

4.1. Applications for loans and their processing

- Standard schedule of fee/ charges relating to the loan application depending on the segment to which the accounts belong will be made available to all the prospective borrowers in a transparent manner.
- Loan application form will indicate the list of documents required to be submitted with the application form. In case Company needs any additional information, customer would be contacted immediately.
- Receipt of completed application forms will be duly acknowledged.
- The acknowledgement would also include the approximate date by which the Customers/Borrowers should call on the Company for preliminary discussions, if deemed necessary.
- All Loan applications will be disposed of within a period of 4 weeks from the date of receipt of duly completed loan applications i.e. with all the requisite information/papers.
- In case of rejection of Loan application, irrespective of category of loans or threshold limits, the same would be conveyed in writing along with the main reason(s), which led to rejection of the Loan application.
- JMFHLL shall not discriminate amongst physically challenged, disable/differently able or blind persons in any manner while dealing them. JMFHLL shall treat such person with humanitarian approach and give priority over other visiting clients at the branch in attending his queries/application of such persons. Also, JMFHLL shall take special efforts to make it easy and convenient for customers like senior citizens, physically challenged, differently abled or blind and illiterate persons while providing service.

4.2. Loan appraisal and terms / conditions

- In accordance with JMFHLL's prescribed risk based assessment procedures, each loan application will be assessed and suitable margin/securities will be stipulated based on such risk assessment and JMFHLL's extant guidelines, however without compromising on due diligence.
- The sanction of credit limit along with the terms and conditions thereof is to be conveyed to the loan applicant in writing and applicant's acceptance of such terms and conditions will be obtained in writing. Such terms and conditions as have been mutually agreed upon between JMFHLL and borrower prior to the sanction will only be stipulated.
- Copy of Loan documents, along with a copy of all relevant enclosures will be made available to the all the loan applicant Standard sanction letter would include instances of approval, disallowance, etc. The Company is under no legal obligation to consider increase/additional limits/facilities without proper review/assessment.
- The Company should not deny any services to visually impaired customers, who use their thumb impression. If necessary, the Company may take a Declaration of Thumb Impression as an additional document from visually impaired customer.

4.3. Disbursement of Loans including changes in terms and conditions

- Disbursement of Loans sanctioned is to be made immediately on total compliance of terms and conditions including execution of Loan documents governing such sanction.
- Any change in terms and conditions, including interest rate and service charges, will be informed to the borrowers in case of account specific changes and in case of others by Public Notice/display on Notice Board at the branches/on and JMFHLL's website from time to time.
- JMFHLL shall give notice to the Borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fees/charges, etc.
- If any such change is to the disadvantage of the customer of JMFHLL, he/she may within 60 days and without notice close his/her account or switch it without having to pay any extra charges
- Changes in interest rates and service charges will be effected prospectively. Consequent upon such changes any supplemental deeds documents or writings are required to be executed, the same shall also be advised. Further, availability of facility will be subject to execution of such deeds documents or writings.

4.4. Post Disbursement supervision

- Post disbursement supervision, particularly in respect of loans up to Rs. 3 lakhs would be constructive with a view to taking care of any genuine difficulties that the borrower may face.
- Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities JMFHLL would give reasonable notice to the borrower.
- All securities pertaining to the Loan would be released on receipt of full and final payment of the loans subject to any legitimate right or lien and set off for any other claim that JMFHLL may have against the borrowers. If such right is to be exercised, borrowers would be given due and proper notice with requisite details.

4.5. Other general provisions

- JMFHLL will refrain from interference in the affairs of the borrower except for what is provided in the terms and conditions of Loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the JMFHLL as lender). However, this does not imply that JMFHLL's right of recovery and enforcement of security under Law.
- JMFHLL will not discriminate on the grounds of gender, caste or religion in its lending policy and activity.
- In the case of recovery, JMFHLL will take necessary / usual measures as per laid down guidelines and extant provisions and would operate within the legal framework. JMFHLL is already having a "Collection and Recovery Policy".
- In case of request for transfer of borrower's account, either from the borrower or from a Bank/Financial Institution, JMFHLL's consent shall be conveyed within 21 days from the date of receipt of request.

4.6. Guarantors

When a person is considered to be a guarantor to a loan, JMFHLL shall inform him/her the following under acknowledgement-

- Letter/ Deed of Guarantee stating the terms of liability as guarantor.
- JMFHLL shall keep him/her informed of any default in servicing of the loan by the borrower to whom he/she stands as a guarantor.

4.7. Privacy and Confidentiality

All the borrower's personal information shall be treated as private and confidential (even when he/she is no longer our customer) and shall be guided by the following principles and policies. The Company shall not reveal information or data relating to the customers' accounts to anyone, including other companies in the group, other than in the following exceptional cases:

- If the information is to be given by law;
- If there is a duty towards the public to reveal the information;
- If the Company's interests require to give the information (for example, to prevent fraud) but the same will not be used by the Company as a reason for giving to anyone else, including other entities in the group, for marketing purposes without customers' permission;
- If the customer asks the Company to reveal the information, or with his / her permission by acceptance of the terms and conditions of the loan agreement, to provide such information to our associates companies when we have tie-up arrangements for providing other financial service products;
- If the Court / authorities so direct or required by any regulatory authority (ies) including reference agencies or CIBIL etc.
- If provided by someone else inadvertently.

4.8. Regulation of excessive interest charged

- The Company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers would be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter;
- Policy for penal interest/ charges (if any) is laid down by the Company.
- The rates of interest and the approach for gradation of risks, and penal interest (if any) would be made available on the website of the Company. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- The rate of interest and penal interest (if any) would be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

- The instalments collected from borrowers would clearly indicate the bifurcation between interest and principal.
- The Company would put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

4.9. Credit reference agencies

At the time of loan application, the Customer will be informed that his / her details will be shared with the credit agencies for the checks JMFHLL may undertake for appraisal.

The Company will provide information to credit reference agencies about the personal debts, the customer owes to it if:

- a) He/she have fallen behind with the payments
- b) The amount owed is not in dispute; and
- c) He /she have not made satisfactory proposal for repaying the debt, following the Company's formal demand.

In these cases, the Company shall intimate Customer in writing its plan to give information about the debts he/she owe it to credit reference agencies. At the same time, the Company shall explain to the Customer the role of the credit reference agencies and the effect the information they provide can have on their ability to get credit.

The Company may give credit reference agencies other information about the customer's account if he/she has given permission to do so.

The Company shall provide the Customer with a copy of the information which the Company has given to the credit reference agencies about the customer, if so demanded by him/ her.

4.10. Collection of dues

Whenever loans are given, JMFHLL would explain to the borrower that the repayment process by way of amount, tenure and periodicity of repayment. However, if the borrower does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the borrower by sending him/her notice or by making personal visits and / or repossession of security, if any.

JMFHLL staff or any person authorized to represent the company in collection of dues or/and security repossession shall identify himself / herself and display the authority letter issued by the JMFHLL and upon request, display his/her identity card issued by the JMFHLL or under authority of the JMFHLL. The company shall provide the borrowers with all the information regarding overdue.

The employees of JMFHLL or any person authorized to represent JMFHLL in collection or/ and security repossession will follow the following guidelines:

- Borrowers would be contacted ordinarily at the place of his/her choice and in the absence of any specified place at the place of his/her residence and if unavailable at his residence, at the place of his business/occupation
- Borrowers privacy should be respected
- Interaction/conduct with customer in a civil manner
- Borrowers would be contacted between 0700 hours and 1900 hours, unless special circumstances of the customer's business or occupation require otherwise
- Borrowers request to avoid call at a specific time and place shall be honored as far as possible
- Time and number of calls and also content of conversation shall be documented
- Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues
- All assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner
- During visits to customer's place for dues collection, decency and decorum shall be maintained.

4.11. Complaints and Grievances

Internal Procedures

- The Company would endeavor to deal quickly and sympathetically to correct any mistake committed by its staff/system/process and would cancel any charges wrongly accrued due to such mistakes.
- The Company would provide suitable alternative avenues to alleviate problems arising out of technological failures.
- To redress borrower grievances, he/she may write or call the Branch Manager of the concerned Branch clearly stating the nature of grievance along with necessary documents, if any, and the borrower will be provided a Complaint Reference Number.
- To Company has adopted a policy for Consumer Grievance Redressal, whereby necessary details and steps to be followed by customer to file/escalate their complaint is incorporated. The policy for Consumer Grievance Redressal is available on the website of the Company i.e. www.jmflhomeloans.com.

4.12. Know your customer (KYC) policy

The Company shall carry out due diligence as required under "Know Your Customer" (KYC) policy of our Company. The borrower will be asked to submit or provide necessary documents or proofs for the same. The Company shall ensure obtaining only such information so as to meet Company's KYC, Anti Money Laundering or any other statutory requirements.

The Company shall provide the Loan application form / account opening forms and other material to the customer and the same shall contain all details of essential information required to be furnished and documents to be produced for verification and/or for record for meeting the KYC requirements.

As per the guidelines issued by RBI vide its Master Direction - Know Your Customer (KYC) Direction, 2016 read with RBI Notification RBI/2019-20/235 DOR.NBFC (HFC).CC. No.111/03.10.136/2019-20 dated May 19, 2020, the Company has implemented e-KYC verification. The e-KYC verification service is valid under the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

The Company shall explain the procedural formalities and provide necessary classifications sought by the borrower while opening a loan account.

4.13. Branch Closure / Shifting

JMFHLL shall give notice to the borrower in the event of closure/shifting of its branch office

4.14. Complaints

JMFHLL will strive for customer satisfaction within the framework of law, adopted policies and procedures.

In case of any grievance, the customer may approach the In-Charge of the business location where he / she had his / her account and register the complaint in the 'Complaint Register' available.

On registering the complaint, the customer should obtain complaint number and date for future reference

Customer may also write / communicate with the concerned location for redress of the grievance. (For list of locations, please log on to website - www.jmflhomeloans.com)

In case the response is unsatisfactory or no response is received, the complaint should be escalated to the following:

By letter
To Chief Executive Officer
JM Financial Home Loans Limited,
7th Floor,
Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400025

or send e-mail to: ceo.homeloans@jmfl.com

In case the response is unsatisfactory or not received the response from the company within reasonable time (6 weeks) or is dissatisfied with the response received, the Consumer may approach NHB at the following address /Grievance Registration & Information Database System (GRIDS):

National Housing Bank
Department of Regulation and Supervision
(Complaint Redressal Cell) 4th Floor, Core 5-A,
India Habitat Centre Lodhi Road,
New Delhi – 110003

Link for register the Complaint(s) under Grievance Registration & Information Database System (GRIDS): <https://grids.nhbonline.org.in>

The Status Report on all complaints shall be placed before the Board of Directors for their review on a quarterly basis.

4.15. Release of Movable / Immovable Property Documents on Repayment/ Settlement of Loans

In case the Company has received closure of loan account request and has also received full repayment, the Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days from the date of receiving full repayment/ settlement of the loan account. The customer can collect the original movable / immovable property documents either from the branch office of the Company, where the loan account was serviced or any other office where the documents of the customers are available.

Further, in case of demise of the sole borrower or joint borrowers, the Company return of original movable / immovable property documents to the legal heirs as per the Standard Operating Procedures (SOPs) as adopted by the Company from time to time, which shall also be displayed on the website of the Company for customer's information.

The Company shall compensate the customer in following cases –

- a. Where the delay is beyond 30 days after full repayment/ settlement of loan in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry the Company and the delay is attributable to the Company, it is required to pay delay fees of ₹5,000/- for each day of delay beyond 30 days.
- b. In case of loss/damage to original movable / immovable property documents, either in part or in full, the Company shall assist the customer in obtaining duplicate/certified copies of the

movable / immovable property documents and the delay is beyond 60 days after full repayment/ settlement of loan. The Company shall bear the associated costs, in addition to delay fees of ₹5,000/- for each day of delay beyond 60 days.

The Company is required to communicate to the customer the reason for delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry the Company.

5. General

The company shall:

- Explain the key features of its loan products including applicable fees and charges while communicating the sanction of the Loan.
- Advise what information/documentation required from borrower to enable him / her to apply. Borrower would also be advised regarding what documentation is needed from him / her with respect to borrowers' identity, address, employment, etc. and any other document that may be stipulated by statutory authorities (e.g. PAN details) in order to comply with legal and regulatory requirements.
- Verify the details mentioned by the borrower in the loan application by contacting them at their residence and / or on business telephone numbers and / or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary by the Company.
- Borrower would be informed to co-operate if the Company needs to investigate a transaction on his/her account and with the police/ other investigative agencies, if the Company needs to involve them.
- The Company would advise the borrower that if he / she act fraudulently, he/she will be responsible for all losses on his/her account and that if he/she act without reasonable care and this causes losses, he/she may be responsible for the same.
- Not to discriminate on the basis of race, caste, gender, marital status, religion or disability.
- Not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude JMFHLL from instituting or participating in schemes framed for different sections of the society.

6. Force Majeure

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfill the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

In order to enhance the value and relevance to the borrowers, this code shall be under review from time to time.

7. Amendment

The Company may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall also be amended as required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

राष्ट्रीय आवास बैंक NATIONAL HOUSING BANK

(भारतीय रिजर्व बैंक के संपूर्ण स्वामित्व में / Wholly owned by the Reserve Bank of India)



पंजीकरण प्रमाणपत्र CERTIFICATE OF REGISTRATION

(जनता की जमा राशियां स्वीकार करने के लिए वैध नहीं)
[NOT VALID FOR ACCEPTANCE OF PUBLIC DEPOSITS]

सं. / No. 11.0162.17

1987 के राष्ट्रीय आवास बैंक अधिनियम की धारा 29ए के तहत
राष्ट्रीय आवास बैंक को प्रदत्त शक्तियों का प्रयोग करते हुए

जेएम फाइनेंशियल होम लोन लिमिटेड

को दूसरी तरफ उद्धृत शर्तों पर
जनता से जमा राशियां स्वीकार किए बिना
आवास वित्त संस्थान का व्यापार प्रारंभ करने / ~~करते रहने~~ के लिए
यह पंजीकरण प्रमाण पत्र एतद्वारा जारी किया जाता है।

In exercise of the powers conferred on the National Housing Bank by
Section 29A of The National Housing Bank Act, 1987

JM Financial Home Loans Limited

is hereby granted Certificate of Registration
to commence / ~~carry on~~ the business of a housing finance institution
without accepting public deposits
subject to the conditions given on the reverse.

मेरे हस्ताक्षर के अधीन नई दिल्ली में आज वर्ष दो हजार सत्रह
के नवंबर माह के सत्रहवें दिन जारी किया गया।
Given under my hand at New Delhi this seventeenth day of the month of
November in the year two thousand seventeen



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

प्राधिकृत हस्ताक्षरी
Authorised Signatory

श्रीराम कल्याणरामन / Sriram Kalyanaraman
प्रबंध निदेशक एवं मुख्य कार्यकारी अधिकारी / MD & CEO

शर्तें / Conditions

1. पंजीकरण के प्रमाणपत्र अथवा इसकी प्रमाणित प्रति को कंपनी के पंजीकृत तथा अन्य कार्यालय / शाखाएं यदि कोई हैं, में प्रदर्शित किया जाएगा।

2. कंपनी को पंजीकरण प्रमाणपत्र उसके आवास वित्त कंपनी (रा. आ. बैंक) के निर्देशों में उन सभी शर्तों एवं पैरामीटरों, जो कि 1987 के राष्ट्रीय आवास बैंक अधिनियम की धाराओं 30 एवं 31 के आधीन समय - समय पर जारी किए जाएं, के अनुपालन के अधीन जारी किया जाता है।

3. कंपनी को राष्ट्रीय आवास बैंक की ओर से जारी तथा उसके लिए यथा लागू निर्देशों, दिशा निर्देशों/ अनुदेशों इत्यादि की सभी अपेक्षाओं का अनुपालन करना आवश्यक होगा।

4. यदि कंपनी प्रत्यक्ष अथवा अप्रत्यक्ष रूप से किसी विज्ञापन में ऐसी कोई प्रचार सामग्री इत्यादि उपदर्शित करना चाहती है कि कंपनी को पंजीकरण का प्रमाणपत्र दिया गया है, तब ऐसे विज्ञापन/ प्रचार सामग्री में, अन्य बातों के साथ - साथ, निम्नलिखित विवरण अवश्य होना चाहिए :

"कंपनी के पास 1987 के राष्ट्रीय आवास बैंक अधिनियम की धारा 29ए के अधीन राष्ट्रीय आवास बैंक की ओर से जारी किया गया पंजीकरण का प्रमाणपत्र दिनांकित 17-11-2017 है। तथापि, राष्ट्रीय आवास बैंक कंपनी की वर्तमान सुदृढ़ वित्तीय स्थिति अथवा उसके किसी कथन की परिशुद्धता अथवा कंपनी द्वारा किये गए अभ्यावेदनों अथवा अभिव्यक्त सम्मति के बारे में और जमाराशियां के पुनर्भुगतान / कंपनी द्वारा देय राशियों के भुगतान के लिए न कोई उत्तरदायित्व स्वीकार करता है, न ही कोई गारंटी लेता है।

5. कंपनी को सार्वजनिक जमाराशियां स्वीकार करने / रखने की अनुमति नहीं दी गई है।

6. जिस तारीख को कंपनी ने किसी आवास वित्त संस्थान का व्यापार प्रारंभ किया है, उस तारीख की सूचना रा. आ. बैंक को तुरंत दी जाएगी।

7. अन्य निबंधन एवं शर्तों के लिए कृपया हमारे दिनांक 20-11-2017 के पत्र संख्या एन एच बी (एन डी) / डी आर एस/रजि. / 11308 / 2017 का संदर्भ लें।

1. The Certificate of Registration or a certified copy thereof shall be kept displayed at the Registered Office and other offices/ branches, if any, of the company.

2. The Certificate of Registration is issued to the company subject to its continued compliance with all the conditions and parameters in the Housing Finance Companies (NHB) Directions issued from time to time in terms of Sections 30 and 31 of the National Housing Bank Act, 1987.

3. The company shall be required to comply with all the requirements of the Directions, Guidelines/ instructions, etc., issued by the National Housing Bank and as applicable to it.

4. If the company desires to indicate directly or indirectly in any advertisement, publicity brochure, etc., that the company has been granted Certificate of Registration, such advertisement/ brochure should, *inter alia*, invariably contain a statement as under:

"The company is having a valid Certificate of Registration dated 17-11-2017 issued by the National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinion expressed by the company and for repayment of deposits/ discharge of liabilities by the company".

5. The company is not allowed to accept / hold public deposits.

6. The date when the company has commenced business as a housing finance institution shall be advised to the NHB promptly.

7. For other terms and conditions, please refer to our letter No.

NHB(ND)/DRS/REG/ 11308 / 2017
dated 20-11-2017



CONSUMER EDUCATION LITERATURE

PREFACE:

Reserve Bank of India (RBI) vide its circular dated November 12, 2021 on Prudential norms on Income Recognition, Asset classification and provisioning pertaining to Advances (IRACP norms) has harmonized /clarified certain aspects of the extant regulatory guidelines applicable to NBFCs/HFCs in order to ensure uniformity in the implementation of IRACP norms across all lending institutions.

JM Financial Home Loans Limited (JMFHLL or “the Company”), is registered with the National Housing Bank as a housing finance company and will follow the above norms.

With a view to increase an awareness among the borrowers, RBI requires the NBFCs to frame Consumer Education Literature explaining with examples the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process

CONSUMER EDUCATION LITERATURE:

a. Overdue and date of overdue:

Any amount due to the Company under any credit facility shall be treated as overdue if it is not paid on the due date fixed by the Company. Borrower accounts shall be flagged as overdue by the Company as a part of the day- end process for the due date and date of overdue shall be calendar date for which the day-end process is run.

Example: If the due date of a loan account is March 31, 2021 and full dues are not received before the Company runs the day-end process for this date, the date of overdue shall be March 31, 2021.

b. Classification as Special Mention Account (SMA):

- ✓ Classification of the borrower accounts as SMA shall be done as part of day-end process for the relevant date and the SMA classification date shall be the calendar date for which the day-end process is run.
- ✓ The basis for classification of SMA categories shall be as follows:

SMA sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days

c. Classification as Non-Performing Asset (NPA):

Classification of the borrower accounts as NPA shall be done as part of day-end process for the relevant date and the NPA classification date shall be the calendar date for which the day-end process is run.

NPA means:

- an asset, in respect of which, interest has remained overdue for such period as may be prescribed by RBI from time to time;
- a term loan inclusive of unpaid interest, when the installment is overdue for such period as may be prescribed by RBI from time to time;
- a demand or call loan, which remained overdue for such period as may be prescribed by RBI from time to time;
- a bill which remains overdue for such period as may be prescribed by RBI from time to time;
- the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short term loans/advances, which facility remained overdue for such period as may be prescribed by RBI from time to time;
- any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for such period as may be prescribed by RBI from time to time;
- the lease rental and hire purchase installment, which has become overdue for such period as may be prescribed by RBI from time to time; and
- in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes nonperforming asset.

Example: If the due date of a loan account is March 31, 2021 and if it continuous to remain overdue till June 29, 2021, then the borrower account will be classified as NPA as on June 29, 2021 upon running day-end process on June 29, 2021.

d. Upgradation of accounts classified as NPA:

- It is said that loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower.
- In case if the borrower is having more than one credit facilities, the loan account will be upgraded from NPA to standard category only when entire principal and interest outstanding amount pertaining to all credit facilities is paid by the borrower.
- No delinquency should be present in any of the credit facilities availed by the borrower from the Company.