

# THANGAM KYC & AML POLICY

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**Registered Office:**

Thangam Capital Pvt.Ltd., KalviKendra Complex, No.341, Salai agaram (via)Koliyanur, Villupuram-605 103. Tamil Nadu.

 **Phone:** 04146-249069/290569  **Email:** admin@thangamcapital.com  **Website:** www.thangamcapital.com

## **Introduction:**

Thangam Capital Private Limited (hereinafter referred to as “Thangam”) has adopted a comprehensive ‘Know Your Customer’ (KYC) standards and ‘Anti Money Laundering’ (AML) standards in accordance with the guidelines as prescribed by the RBI to all Non-Banking Financial Companies.

## **RBI Guidelines on KYC:**

Reserve Bank of India (RBI) on February 25, 2016 (bearing ref no. RBI/DBR/2015-16/18 DBR.AML.BC. No.81/14.01.001/2015-16) notified the Know your customer (KYC) Directions, 2016 (KYC Directions, 2016), inter alia, directing that every Regulated Entity shall have a Know your customer (KYC) Policy duly approved by the Board of Directors. These directions have been issued by the RBI in terms of the provisions of Prevention of Money-Laundering Act, 2002 (PMLA) and the Prevention of Money-Laundering (Maintenance of Records) Rules 2005.

## **Objective:**

This KYC policy has been framed for following purpose:

- i. To eliminate the criminal activities from using company for money laundering activities;
- ii. to verify and have a better understanding about the customer financial transactions and manage the risk pre-emptively.
- iii. to have an effective system and procedure for customer identification and verifying its / his /her identity and residential address and conduct customer due diligence (CDD) based on the risk factor associated with each customer;
- iv. to help control and mitigate the risk of occurrence of financial frauds, swiftly identify probable transactions of money laundering and related suspicious activities such as transfer or deposit of funds derived from criminal activity or for financing of terrorism, irrespective of whether such money can be traced to a specific act of terrorism or not;
- v. to monitor transactions of a suspicious nature and report the same to the Financial Intelligence Unit- India (FIU- IND).

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### Key Elements:

This KYC Policy framed with the following elements:

1. Customer Acceptance Policy;
2. Customer Identification Procedures;
3. Monitoring of Transaction; and
4. Risk Management.

The Comprehensive explanation on above mentioned elements.

#### 1.Customer Acceptance Policy:

- a. No account is opened in anonymous or fictitious/benami name.
- b. No account is opened where “Thangam” is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer
- c. No transaction or account-based relationship is undertaken without following the CDD procedure. “Thangam” may consider terminating the business relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions being taken after consulting the Principal Officer.
- d. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
- e. ‘Optional’/additional information, is obtained with the explicit consent of the customer after the account is opened.
- f. Taking adequate steps 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.
- g. Circumstances in which, a customer is permitted to act on behalf of another customer, is clearly spelt out in conformity with the established law and practice.
- h. Customer Acceptance Policy shall not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.
- i. “Thangam” shall not deny of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged and accept them as member after conducting the proper due diligence on the client to whom the loans are disbursed as per the RBI KYC norms

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## 2. Customer Identification Procedures:

Customer identification means identifying the customer and verifying his/ her/ its identity

by using reliable, independent source documents, data or information.

- a. The prospective clients who are to be sanctioned loans have to be identified in a systematic manner before establishing a relationship. This is necessary to ensure that the person with whom the relationship is going to be established is the person who is intended to have relationship with “Thangam” and the basic details given are true and verifiable.
- b. The key and principal verification would involve the name of the person, his/her address and his/her identity through photograph.
- c. Being satisfied means that the “Thangam” must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.
- d. “Thangam” shall accept any one or more of the following original documents to establish the identity of the client i.e. legal name or any other names used. The original documents shall be presented by the prospective clients along with a photocopy for identification.
  - i. Letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.
  - ii. Ration Card
  - iii. Voter’s Identity Card issued by the Election Commission of India
  - iv. Passport
  - v. Driving License
  - vi. Permanent Account Number Card
  - vii. Voter’s Identity Card issued by the Election Commission of India
  - viii. Job card issued by MGNREGA duly signed by an officer of the State Government  
(Subject to the “Thangam” satisfaction)
  - ix. The e-KYC service of Unique Identification Authority of India (UIDAI) shall be accepted as a valid process for KYC verification under the PML Rules, as
    - the information containing demographic details and photographs Made available from UIDAI as a result of e-KYC process is treated as An ‘Officially Valid Document’, and
    - transfer of KYC data, electronically to the RE from UIDAI, is accepted As valid process for KYC verification.

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e. "Thangam" shall accept certain documents mentioned below to establish the correct Permanent address of the clients. The original document shall be presented for verification along with a photocopy. The term "Permanent correct address" means the address at which a person usually resides and can be taken as the address as mentioned in the document accepted by the "Thangam" for verification of the address of the customer. While some of the documents mentioned in key elements 2(d) may contain the address also, that is

- i. Passport
- ii. PAN Card
- iii. Voter's ID
- iv. Driving License
- v. Letter issued by UIDAI/Aadhar

Such documents shall be accepted as proof of permanent address. In such cases separate additional documents to establish permanent address are not required.

f. The customers shall not be required to furnish an additional officially valid documents (OVD), if the OVD submitted by the customer for KYC contains both of identity and proof of address. "Thangam" can obtain an additional OVD with the consent from the customer and an explanation to the customer for obtaining the additional OVD.

g. A customer shall not be required to furnish separate proof of current address, if it is different from the address recorded in the OVD. In such cases, the "Thangam" shall merely obtain a declaration from the customer indicating the address to which all correspondence will be made.

h. In case it is observed that the address mentioned as per 'proof of address' has undergone a change, "Thangam" shall ensure that fresh proof of address is obtained within a period of six months.

i. If an existing KYC compliant customer of "Thangam" desires to open another account with the "Thangam", there shall be no need for a fresh CDD exercise.

j. KYC verification once done by one branch/office of the "Thangam" shall be valid for transfer of the account to any other branch/office of the "Thangam", provided full KYC verification has already been done for the concerned account and the same is not due for periodic Updation and a self-declaration from the account holder about his/her current address is obtained in such cases.

k. "Thangam" Branch Manager (BM) conducts a proper Customer Due Diligence process before disbursing the loan to the clients.

l. "Thangam" verifies credit history and information on clients by obtaining the necessary data from Credit Information Companies (CIC) as per RBI direction from time to time.

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### 3. Monitoring of Transaction:

The guidelines of RBI and AML require close monitoring of transactions in the normal course. Since the credit facilities are extended by “Thangam” in the form of loan accounts, there is no scope for the borrowers to operate such accounts like savings or current accounts. In view of this monitoring of transactions does not arise. The accounts are monitored normally from the angle of timely repayment or for follow up of overdue instalments.

### 4. Risk Management:

- I. “Thangam” well equipped to mitigate the different type of risk that may arise during the business operation as per the Thangam’s Risk Management Policy.
- II. The AML (Anti Money Laundering) provisions are not applicable normally “Thangam” is a non-deposit or operative accounts with “Thangam” and hence money laundering attempts in such a scenario is remote.
- III. At the time of opening an account if it is observed that name of the prospective borrower is similar to the name appearing in the list circulated by RBI, then such information has to be immediately reported in the formats to the Director, FIUIND.
- IV. “Thangam” shall ensure that its accounts in banks are not used for the purpose of money laundering in any manner specified in the Act. This is done through reconciliation of all bank accounts by Finance Department on a Periodic basis, at least monthly.
- V. The majority of customers of “Thangam” fall within medium or High risk category as the borrowers are unsecured.
- VI. The Prospective borrowers who provide insufficient or suspicious information are to be treated as high risk clients and normally “Thangam” shall not enter into any relationship with such clients.

### 5. Principal Officer:

In terms of RBI instructions “Thangam” appointed a designated officer as principal officer who shall be responsible for furnishing of information to FIU-IND as required under PML Act and the Rules.

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The role and responsibilities of the principal officer as per the Prevention of Money Laundering Act, 2002 and FIU-IND Compliance

- (i) Overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML issued from time to time and obligation under Prevention of Money Laundering Act, 2002, rules and regulations made there under, as amended from time to time.
- (ii) With a view to enable the principal officer to discharge his/her responsibilities, it is necessary that the principal officer and other appropriate staff should have timely access to customer identification data and other CDD (Client Due Diligence) information, transaction records and other relevant information. Further “Thangam” should ensure that the principal officer is able to act independently and report directly to the senior management or to the Board of Directors.
- (iii) Though the RBI has mandated the appointment of a principal officer for all NBFCs, most of the functions supposed to be done by the principal officer are not applicable to “Thangam” as it is a non-deposit taking. Hence most of the provisions contained in AML are not applicable in the normal course except reporting and dealing with fake currency notes which may land in our office while making cash recoveries from clients.
- (iv) To share, furnish and prevent the transaction/information as per Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

## 6. Policy Review:

This policy shall be reviewed and updated as per the amendments issued from time to time by the Reserve Bank of India and the necessary modification takes place incommensurate with business operation.

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