



# **Baid Leasing and Finance Co. Ltd.**

## **KNOW YOUR CUSTOMER (KYC) POLICY**

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Company Circulation

## Version Control

Document Version	Description of Change/ Annual Review	Date	Prepared / Changed by
1.0	Annual Review	<b>22nd June 2021</b>	Office of Chief Financial Officer

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Company Circulation

## **PREAMBLE:**

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 (RE) 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.

Baid Leasing and Finance Co. Ltd. (BLFCL) is essentially an Asset Finance Company (AFC). It is categorized as a Non-deposit taking NBFC (Regulated Entity (RE) as defined under these Directions). It is mainly engaged in the business of financing of second hand motor vehicles and providing loans. Accordingly, the following KYC Policy has been adopted by the Board suitably.

## **OBJECTIVES:**

### **To have a clearly laid out:**

1. Customer acceptance policy,
2. Risk Management,
3. Customer Identification procedure (CIP) and
4. Monitoring of transactions.

### **With a view to:**

- (i) Put in place 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;
- (ii) Have in place a system of assessing and monitoring the risk factors associated with each customer;

## **DEFINITIONS:**

For the purpose of this Policy-

- i. **“Customer”** means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

**Comment:** Above definition also includes **“Walk-in Customer”** means a person who does not have an account based relationship with the Company, but undertakes transactions with the Company.

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Company Circulation

- ii. **“Customer Due Diligence (CDD)”** means identifying and verifying the customer and the beneficial owner using ‘Officially Valid Documents’ as a ‘proof of identity’ and a ‘proof of address’.
- iii. **“Regulated Entities” (REs)** means
  - a) all Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operative Banks (UCBs) /State and Central Co-operative Banks (St.CBs / CCBs) and any other entity which has been licensed under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as ‘banks’
  - b) All India Financial Institutions (AIFIs)
  - c) **All Non-Banking Finance Companies (NBFC)s**, Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs).
  - d) All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)
  - e) All authorized persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
- iv. **“Officially Valid Documents” (OVD) for ID and Address Proof:**
  - a) Passport;
  - b) Driving License (DL);
  - c) PAN Card;
  - d) Voter ID card;
  - e) Job card issued by NREGA duly signed by officer of the state government;
  - f) Aadhaar card or UID.

**Other terms not specifically defined here shall have the same meaning as assigned to them under the KYC Directions, 2016 or the PMLA.**

**CUSTOMER ACCEPTANCE POLICY (CAP), RISK MANAGEMENT CUSTOMER IDENTIFICATION PROCEDURE (CIP), MONITORING OF TRANSACTIONS:**

**1. Customer Acceptance Policy:**

- Customers who are acceptable to the Company as per the Risk categorization should fulfill all criteria related to submission of Officially Valid Documents (OVD) as defined by RBI from time to time and more specifically stated under the Customer Identification Procedure in the table set out separately.
- The Company shall refrain from opening an account, where it is unable to apply appropriate Customer Due Diligence (CDD) measures.
- In the event, the customer is permitted to act on behalf of another person/entity; the company shall verify that the customer has the necessary authority to do so by scrutinizing

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Company Circulation

- the authorizing document/s.
- An account shall not be opened by the company in an anonymous or fictitious/ benami name(s).
- Optional/ additional information shall be obtained 'with the explicit consent of the customer after the account is opened.
- **CDD** Procedure shall be followed for all the joint account holders, while opening a joint account

## **2. Risk Management:**

- Risk categorization of customers shall be undertaken on the basis of various factors, such as nature of employment, business activity of the customer, location of customer and his/its clients, mode of payments, volume of turnover, social / financial status and credit history. The company may at its discretion identify additional factors that it may wish to utilize for customer acceptance based on risk profile.
- The company may categorize its customers into 'High Risk / Medium Risk / Low Risk' according to risk perceived based on its experience and review it from time to time. The company may devise procedures for creating risk profiles of its existing and new customers and apply various Anti-Money Laundering measures keeping in view the risks involved in a financial transaction or a business relationship. The company's internal audit and compliance functions shall play an important role in evaluating and ensuring adherence to KYC policies and procedure, including legal and regulatory requirement.

## **3. Customer Identification Procedure:**

- The Company shall ensure that customer identification process is undertaken, whenever an account based and non account based relationship is being established.
- While undertaking customer identification, the company shall ensure that the decision-making functions of determining compliance with KYC shall not be outsourced.
- BLFCL shall be adequately satisfied with the information furnished by each new customer with respect to identity of the customer and the purpose of the intended nature of relationship with the company. The satisfaction of the company with respect to the information/ documents furnished by the customers should be such that if circumstances necessitate, it shall ensure that it is in a position to satisfy the competent authorities that CDD was duly observed by the company, based on the risk profile/categorization of the customer.
- As stated in the Customer Acceptance Policy, the company shall ensure that its customer is not a fictitious person by verifying the identity of the customer through documentation and shall also carry out necessary checks, so as to confirm that the identity of the customer on the basis of the documents obtained does not match with any person with known criminal background or with banned entities, such as individual terrorists or terrorist organizations.
- Following documents may be called from the customers as OVD, containing details of proof of their identity and address:

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Company Circulation

**1) For Individual:**

- A. KYC Form as per format prescribed in Annexure I (enclosed)**
- B. Certified copy of one OVD.
- C. One recent photograph self attested.

**2) For Sole Proprietary Firms:**

- A. KYC Form as per format prescribed in Annexure II (enclosed)**
- B. Certified copy of one OVD.
- C. In addition **any two of the following** documents as a proof of business/ activity in the name of proprietorship firm shall also be obtained:
  - Registration Certificate;
  - Certificate/ License issued by municipal authorities under shop and Establishment Act;
  - Sales and income tax returns;
  - CST/VAT certificate;
  - Certificate/ registration document issued by Sales Tax/ Service Tax/ Professional Tax Authorities;
  - IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT / License /certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute;
  - Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities;
  - Utility bills such as electricity, water, and landline telephone bills.

**3) For Legal Entity:**

**Company:**

- A. KYC Form as per format prescribed in Annexure II (enclosed)**
- B. One Certified copy of **each** of the following documents shall be obtained:
  - Certificate of incorporation
  - Memorandum and Articles of Association
  - A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf
  - OVD in respect of managers, officers or employees holding an attorney to transact on its behalf.

**Partnership Firm:**

- A. KYC Form as per format prescribed in Annexure II (enclosed)**
- B. One Certified copy of **each** of the following documents shall be obtained:
  - Registration certificate
  - Partnership deed
  - OVD in respect of the person holding an attorney to transact on its behalf.

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**Trust:**

- A. KYC Form as per format prescribed in Annexure II (enclosed)**
- B. One Certified copy of each of the following documents shall be obtained:**
  - Registration certificate
  - Trust deed
  - OVD in respect of the person holding a power of attorney to transact on its behalf.

**Unincorporated Association or a Body of Individuals:**

- A. KYC Form as per format prescribed in Annexure II (enclosed)**
  - B. One Certified copy of each of the following documents shall be obtained:**
    - resolution of the managing body of such association or body of individuals
    - power of attorney granted to transact on its behalf
    - OVD in respect of the person holding an attorney to transact on its behalf and
    - Such information as may be required by the RE to collectively establish the legal existence of such an association or body of individuals.
- The local address for correspondence, for which their proof of address is not available, shall be verified through 'positive confirmation' such as acknowledgment of receipt of letter, cheque books, ATM cards, telephonic conversation, visits to the place, or the like.
  - In case it is observed that the address mentioned as per 'proof of address' has undergone a change, company will ensure that fresh proof of address is obtained **within a period of six months.**
  - In addition to verification through one or more of the above said documents, the company may also call for suitable introduction by a person known to the company.
  - If an existing KYC-compliant customer of the Company desires to open another account with it, there shall be no need for a fresh CDD exercise.
  - Periodic updation shall be carried out at least once every two years, for high risk customers, once every eight years, for medium risk customers and once every ten years, for low risk customers.

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Company Circulation

#### **4. Monitoring of Transactions:**

The extent of monitoring shall be aligned with the risk category of the customers.

#### **INFORMATION OBTAINED FROM CUSTOMERS:**

All the information collected from the customers by the company shall be kept confidential and all such information shall be treated as per the agreement/terms and conditions signed by the customers. Additionally, the information sought from each customer should be relevant to the risk perceived in respect of that particular customer, should not be intrusive and should be in line with the guidelines issued by the RBI in that behalf.

#### **RECORD MANAGEMENT:**

The Company shall take steps in the direction of maintenance and preservation of the records pertaining to KYC and transactions for the time duration of 5 years for KYC-related and transaction- related documents as prescribed by RBI.

#### **OTHER REQUIREMENTS:**

All other requirements under FATCA/CRS/PML/FIU-Ind relating to appointment of designated officer/director, principal officer and reporting requirements relating to filling of Suspicious Transaction Report (STR), Cash Transaction Report (CTR), counterfeit currency report (CCR) and other applicable reports filling under FATCA will be complied with in terms of the direction of the RBI or the other authorities to the extent applicable to BLFCL.

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<b>Proposed by:</b>	
<b>Name</b>	<b>Signature</b>
Mr. Aditya Baid, Chief Financial Officer	
<b>Reviewed by:</b>	
Mr. Aman Baid, Whole Time Director	

<b>Approving Authority</b>	Board of Directors
<b>Date of Approval/ Review</b>	June 22, 2021

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Company Circulation