

KYC & PMLA Policy

In compliance with the Circular issued by the RBI regarding 'Know Your Customer' guidelines & 'Anti-Money Laundering Standards' to be followed by all NBFCs, the following KYC & PMLA policy of the company has been adopted by the Board of Directors of the company.

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

(I) Objectives :

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

(II) Definition of Customer:

For the purpose of this KYC & PMLA policy, a Customer is:

- i. a person or entity that maintains an account and/ or has a business relationship with the company in respect of lending and investments and this includes individuals, companies, partnership firms, banks, mutual funds, Limited Liability Partnerships, unincorporated entities, trusts and / or overseas corporate bodies and in respect of its wind power business, its suppliers, vendors and consumers in any capacity, whether as an individual or otherwise as explained herein;
- ii. beneficial owner(s) of the above said entities;
- iii. professional intermediaries, such as stock brokers, chartered accountants and solicitors as permitted under law; or
- iv. any other person or entity connected with a financial transaction, which can pose significant reputational or other risks to the company.

(III) Procedure for Customer Identification & Acceptance & other matters:

- i. The company, besides its financial services business, is also engaged in the business of wind power generation and distribution. In respect of power generation business, the customers are suppliers and vendors, besides its consumers to whom the power is sold / distributed. In respect of financial services, the activities mainly comprise of investments in equities and fixed income securities, both within the group as well as outside, and hence here, the customer of the company can be broadly classified into the categories, as referred to in Para II (i) above.
- ii. Customer identification means identifying the customer and verifying his / her identity by using reliable and independent source of documents, data or information to ensure that the customer is not a fictitious person.
- iii. 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 ensure 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. The company shall periodically monitor its customer base with the RBI circulars and information providing such lists of terrorists or terrorist organizations.
- iv. The company may collect such documents and other information in respect of different categories of its customers depending on perceived risk and keeping in mind the requirements of Prevention of Money Laundering Act, 2002 and guidelines issued by the RBI from time to time. Besides risk perception, the nature of information / documents required would also depend on the type of the customer (individual, corporate etc.)
- v. The company may prepare a profile for each new customer based on risk categorization. The customer profile may contain information relating to customer's identity, profile, social / financial status and nature and location of its business activity.
- vi. There are certain indicative guidelines issued by RBI from time to time for customer identification requirements with regard to matters, such as 'Trust / Nominee or Fiduciary Accounts, Accounts of companies & firms, Client Accounts opened by professional intermediaries, Accounts of Politically Exposed Persons resident outside India and Accounts of non face-to-face customers and these guidelines may also be adhered to, to the extent applicable.

- vii. 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. Decision to deal with such persons as a customer shall be taken up at a senior management level and shall be subjected to enhanced monitoring.
- viii. While opening accounts as described above, the customer would be made aware that if at any point of time, the balances in all his/her accounts with the company (taken together) exceeds rupees fifty thousand (Rs.50,000) or total credit in the account exceeds rupees one lakh (Rs.1,00,000), no further transactions will be permitted until the full KYC procedures is completed.
- ix. One or more of the following valid self-attested documents may be called for from the customers as proof of their identity and address:

Type of Customer Documents

In case of Individuals

Identity proof: (Copy of one of the following)

- Income Tax Pan Card
- Passport
- Voter's Identity Card
- Driving Licence
- Bank Pass Book with photo (Scheduled Bank)

Residence proof: (Copy of one of the following)

- Latest Telephone bill
- Latest Electricity bill
- Registered rental/lease/sale agreement
- Passport
- Ration Card
- Voter's Identity Card
- Driving Licence
- Latest Bank Account statement or Bank Pass Book of Scheduled Bank
- Latest Credit Card statement
- Latest Demat account statement

In case of Non-Individual

Identity & Residence proof (Copies of the following)

- *Income Tax Pan Card*
 - *Incorporation Certificate & Memorandum & Articles of Association (Registration Certificate & Deed, in case of Partnership firm/Trust)*
 - *List of Directors/Partners/Trustees along with their residential addresses & copies of their PAN card or Passport.*
 - *Latest shareholding pattern, along with the list of major shareholders having more than 20% of holding in case of Company.*
 - *Latest telephone bill or electricity bill or Registered Rental/Lease /Sale agreement or Shops & Establishment Certificate*
- x. *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/group companies.*

(IV) Ceiling & Monitoring of Transactions :

- i. *The company normally does not and would not have large cash transactions. However, if and when cash transactions of Rs.10 lakhs and above are undertaken, the company will keep proper record of all such cash transactions in a separate register maintained at its office.*
- ii. *The company shall monitor transactions of a suspicious nature on an ongoing basis for the purpose of reporting it to the appropriate authorities. The extent of monitoring by the Company will depend on the risk sensitivity of the account and special attention will be given to all complex unusually large transactions, which have no apparent economic or lawful purpose.*
- iii. *The company shall promptly report such high value cash transactions or transactions of a suspicious nature to the appropriate regulatory and investigating authorities.*

(V) Risk Management:

The company may categorize its customers into 'High Risk' & 'Others' 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. The internal audit machinery shall be at all points of time staffed adequately with individuals who are well versed in such policies and procedures. The company for this purpose, if required, may also engage independent risk management companies/agencies and solicit their independent opinion. The compliance in this regard is being and will continue to be put up before the Audit Committee/Board on a periodical basis.

(VI) Customer & Staff Education:

The company may have an ongoing employee training programme, so that staff members are adequately trained in KYC procedures, who in turn may also educate customer from time to time. The frontline investment and lending and operating managers shall be fully equipped with the compliance requirements of KYC guidelines in respect of new customer acquisition and shall adhere to the Customer Identification & Acceptance procedure as above. The rationale of KYC guidelines shall be updated periodically to new staff members also on an ongoing basis. The company shall also prepare an information data file compiling all relevant particulars of its customers, which may be of a personal nature. The said data shall also comprise all related KYC information in respect of existing and past customers.

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

Name: Shri Kevin D'sa

Designation: CFO & President (Business Development)

Phone: 020 66106601

Email: kevin@bajajfinserv.in

Shri Kevin D'Sa, CFO & President (Business Development), Shri V S Raghavan, CEO(O), BHIL, Shri V Rajagopalan, VP(F), Shri J Sridhar, CS, BAL and Ms Sonal Tiwari, CS shall take necessary steps to advise their concerned staff about the importance of compliance with above KYC & PMLA norms for depositors and borrowers, as the case may be.

In addition to the guidelines given under the aforesaid Policy, the company may also stipulate other guidelines through its Investment Policy & other policy documents and the same are also to be adhered to.

26 March 2011

SANJIV BAJAJ

MANAGING DIRECTOR