

# **K Z LEASING AND FINANCE LIMITED**

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



**Preamble:** The Reserve Bank of India has been issuing guidelines in regard to the Know Your Customer (KYC) standards which need to be followed by banks and NBFCs and the measures to be taken in regard to Anti Money Laundering (AML)/ Combating the Financing of Terrorism (CFT). NBFCs are required to put in place a comprehensive policy framework, duly approved by the Board of Directors or competent authority authorized by the Board of Directors, in this regard. This policy document has been prepared in line with the RBI guidelines.

### **Objectives, Scope and Application of the Policy:**

The primary objective is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities.

- To lay down explicit criteria for acceptance of customers.
- To establish procedures to verify the bona-fide identification of individuals/non individuals for opening of accounts.
- To establish processes and procedures to monitor high value transactions and/or transactions of a suspicious nature in accounts.
- To develop measures for conducting due diligence in respect of customers and reporting of such transactions.

### **Definition of Customer**

For the purpose of KZ Leasing and Finance Ltd, KYC policy a 'Customer' means a person defined under the KYC policy of the RBI and any amendment from time to time by the RBI which are at present as follows:

- A person or entity that maintains an account and/or has a business relationship with the Company;
- One on whose behalf the account is maintained (i.e. the beneficial owner)
- Any other person or entity connected with a financial transaction which can pose significant reputation or other risks to the Company, for example, a wire transfer or issue of high value demand draft as a single transaction.

### **Customer Acceptance Policy (CAP)**

The guidelines for Customer Acceptance Policy (CAP) for the Company are as follows:

- No account may be opened in an anonymous or fictitious/ benami name(s).
- The Company shall classify customers into various risk categories and based on risk perception decide on the acceptance criteria for each customer category.
- Accept customers only after verifying their identity as laid down in the customer identification procedures.
- While carrying out due diligence the Company will ensure that the procedures adopted will not result in the denial of services to genuine customers.
- For the purpose of risk categorisation of customers, the Company shall obtain the relevant information from the customer at the time of account opening.

## **Customer Identification Procedures (“CIP”)**

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information KZ shall obtain sufficient information necessary to verify the identity of each new customer along with brief details of its promoters and management, whether regular or occasional and the purpose of the intended nature of the business relationship. The requirement as mentioned herein may be moderated according to the risk perception; for example, in the case of a public listed company it will not be necessary to identify all the shareholders.

## **KYC Document requirements:**

### **Proof of Identity and Proof of Address in case of Individuals**

#### **Proof of Identity:**

One Self Attested copy of any one of the following:

1. Passport
2. Photo Pan Card
3. Voter’s ID
4. Driving License
5. ID card issued by any central/state govt.
6. Letter issued by Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number.

#### **Proof of Address:**

One Self Attested copy of any one of the following:

1. Passport
2. Telephone bill
3. Electricity bill
4. Bank Account statement (not later than one month)
5. Letter issued by Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number.

### **Proof of Identity and Principal place of Business in case of non-Individuals**

#### **1. Company**

A certified true copy of all the below documents, duly signed and stamped by a Company Secretary or a Director of the applicant company:

1. Certificate of Incorporation and Certificate of Commencement of Business (if applicable)
2. Memorandum and Articles of Association

3. PAN card
4. List of Directors
5. Latest shareholding structure
6. Resolution of the Board of Directors to borrow the loan amount u/s 179 of the Companies Act, 2013.

If any of the above documents are in any language other than English, it must be translated into English along with a certificate from a translator / notary public.

## **2. Partnership Firms:**

1. Registration certificate, if registered
2. Copy of PAN card. of firm & partners
3. Partnership deed
4. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf
5. Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses
6. List of partners along with addresses
7. PAN Card of partners

## **3. Trust & Foundations:**

1. Certificate of registration, if registered
2. Copy of PAN Card of Trust
3. Trust Deed
4. Power of Attorney granted to transact business on its behalf
5. Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses.
6. PAN Card of trustee
7. List of trustees

**Important:** KZ will follow clear NBFC guidelines on the Customer Identification Procedures to be carried out at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when KZ has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data. Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. KZ will obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. Being satisfied means that KZ 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.

Besides risk perception, the nature of information/documents required would also depend on the type of customer (individual, corporate etc). For customers that are natural persons, KZ will obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. For customers that are legal persons or entities, KZ will:

- verify the legal status of the legal person/ entity through proper and relevant documents;
- 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
- understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person

Where KZ is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, KZ may consider closing the account or terminating the business relationship after issuing due notice to the customer explaining the reasons for taking such a decision.

### **Monitoring and reporting of Transactions:**

Monitoring of transactions will be conducted taking into consideration the risk profile of the account. KZ shall make endeavours to understand the normal and reasonable activity of the customer so that the transactions that fall outside the regular/pattern of activity can be identified, Special attention will be paid to all complex, unusually large transactions and all unusual patterns, which have no apparent economic or visible lawful purpose.

Background of the customer, country of origin, sources of funds, the type of transactions involved and other risk factors shall determine the extent of monitoring. Higher risk accounts shall be subjected to intensify monitoring. KZ shall carry out the periodic review of risk categorization of transactions/customers and the need for applying enhanced due diligence measures at a periodicity of not less than once in six months. KZ shall explore the possibility of validating the new accounts opening application with various watch lists available in the public domain, including the RBI watch list. After due diligence, any transactions of a suspicious nature will be duly reported by a principal officer to Director, Financial Intelligence Unit- India (FIU-IND). To ensure monitoring and reporting of all transactions and sharing of information as required under the law for KYC, the Board may nominate any Director or authorized any other officer(s) to be designated as KZ's Principal Officer with respect to KYC/ AML/ CFT.