



**Know Your Customer
&
Anti Money Laundering Policy
(KYC and AML Policy)**

Laxmi India Finleasecap Private Limited

(Sapne dekho Bade Dekho Hamare Saath Unhe Pura Hote Hue Dekho)



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1. Introduction

Laxmi India Finlease Private Limited (“LIFC”), the Company is a Non-Banking Financial Company ('NBFC') having valid Certificate of Registration with Reserve Bank of India ('RBI') vide registration no. B-05.07063 dated 28th March 2001 under current RBI classification as NBFC –Non Deposit Non Systemically Important Company (NBFC-ND-NSI) with more than 20 years of experience in asset finance business.

It is focused on offering financing of MSME, Loan against property, commercial vehicles (HCV, LCV, MUV, SUV), Tractors, Two-wheelers, Personal and Business Loan.

2. Regulatory Requirement

As per RBI guidelines issued vide their circular dated July 1, 2015 and subsequent amendments on time to time, all NBFCs are required to formulate a KYC Policy with the approval of their respective boards. The policy has been amended to comply with the new guidelines prescribed by RBI vide circular no. **DNBR (PD) CC No. 051/03.10.119/2015-16**

The objective of the KYC policy is to prevent Laxmi India Finlease Private Limited from being used, intentionally or unintentionally by criminal elements for money laundering.

3. About the Policy

KYC is an acronym for “Know your Customer”, a term used for the customer identification process. It involves making reasonable efforts to determine true identity and beneficial ownership of accounts, source of funds, the nature of customer’s business, reasonableness of operations in the account in relation to the customer’s business, etc. which in turn helps the banks to manage their risks prudently.

LIFC has framed its KYC procedure which states that LIFC will collect three types of proofs from their customers. They are:-

- a) Recent Photograph
- b) Proof of identity
- c) Proof of address

KYC procedure specifies certain commonly available documents as proof of personal identification and address proof, so as to not to cause inconvenience to those intending to take up loans from us. Our Branch officials will also be able to provide guidance regarding the different types of documents that are acceptable for taking a new loan. List of these documents is available in annexure.



4. KYC Standards:

LIFC's KYC Policy consists of the following key elements.

- 1) Customer Acceptance Policy
- 2) Customer Identification Procedures
- 3) Monitoring of Transactions; and
- 4) Risk management

4.1. Customer Acceptance Policy

Customer Acceptance Policy refers to the general guidelines in allowing Customer's to open loan accounts with the company. At the time of providing loans the following aspect should be properly adhered with:

- No loan accounts shall/can be opened in with anonymous or fictitious names
- Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk.
- customers categorized as high risk shall require very high level of monitoring, e.g. Politically Exposed Persons (PEPs) may, if considered necessary, be categorized even higher;
- When the identity of the customer matches with any person who has a known criminal background or banned entities, the loan account cannot be opened.

4.2. Customer Identification Procedure

Customer identification means refers to the process of identifying the customer and verifying his/her identity with the help of reliable, independent source documents, data or information. NBFCs have been advised to lay down a Customer Identification Procedure to be carried out at different stages i.e. while establishing a relationship; carrying out a financial transaction or when the NBFC has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

For the purpose of the KYC Policy, a Customer is defined as:

- A person or entity that has relationship with the NBFC;
- One on whose behalf the account is maintained (i.e. the beneficial owner);
- Any person or entity connected with a financial transaction, which can pose significant reputation or other risks to the NBFC.



Documents

The features to be verified and documents required from the customers may vary. A list of documents which can be sought from customers is mentioned in Annexure I.

Periodic Update of KYC documents as per RBI Guidelines.

According to the Reserve Bank of India's (RBI's) guidelines on KYC (Know Your Customer) norms, NBFCs are required to periodically update identification data of their customers, including the customer's photograph, proof of identity and proof of address. Updating KYC details regularly also ensures the security of your accounts to keep your loan account compliant with RBI's KYC guidelines. It is necessary for each customer to update the NBFC about his/her latest communication details.

4.3. Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. The Company can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. The Company will pay special attention to all complex, unusually large transactions and all unusual patterns, which have no apparent economic or visible lawful purpose in such type of transactions.

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, 2002. It may also be ensured that transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the PML Act, 2002, shall be reported to the appropriate law enforcement authority by the Principal Officer.

4.4. Risk management

Principal Officer and staff ensure that KYC policy is effectively implemented at all branches and HO of the company.

Company has an internal audit team to evaluate and ensure adherence to the KYC policies and procedures including legal and regulatory requirements. Concurrent/ Internal Auditors specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard.

We have an ongoing employee training programme for the members of the staff for KYC procedures. Training programmes are prepared for all different profiles like frontline staff, compliance staff and staff dealing with new customers as per their profiles.



5. Review

The Company's Managing Director has been entrusted with the responsibility of enforcement of this policy. They are hereby given absolute power to jointly or severally, make necessary changes, amendments or additions or removals for operational aspects of the policy within the overall spirit and guidance from time to time for reasons like technology or process upgradation, regulatory changes, maintaining competitive edge or responding to changes in market or risk environment, etc. This is required to ensure full operational freedom to the senior management and make the management team more adaptive to rapid changing external environment. All changes so made shall be noted to the policy approving authority during the next policy review.

The Managing Director can decide on delegation of authority and can design or redesign MIS systems and reporting as they see fit to improve the responsibility and accountability within the team hierarchy.



Annexure I

Customer Identification Procedure features to be verified and Documents that may be obtained from the customers Documents Customer Identification Procedure Features to be verified and documents that may be obtained from customers Features	Documents
Accounts of individuals Legal name and any other names used Correct permanent address	(i) Aadhar Card (ii) PAN card (iii) Voter Identity Card (iv) Driving license (v) Bank account statement (vi) Electricity bill (vii) Ration card (viii) Income Proof (If Salaried)
Accounts of 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
Accounts of 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