

BEST FINANCE CORPORATION LIMITED – KYC POLICY

RBI-Reg. No. - N-07-00785

CIN-U65921TZ2009PLC015595

KYC POLICY

Introduction:

In compliance with RBI circular DNBS (PD).CC No. 34/10.01/2003-04 dated January 6, 2004 on the guidelines on 'Know Your Customer' norms. BFCL is implementing the rules thereunder and regulatory prescriptions of the Reserve Bank of India (RBI) on Anti-Money Laundering (AML) Controls, Combatting the Financing of Terrorism (CFT) and Know Your Customer (KYC).

Objective of KYC:

1. The objective of KYC is to prevent frauds and to secure the company from intentional or unintentional theft.
2. This enables BFCL to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently.
3. To monitor any suspicious transaction.

Definition of customer:

- 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);
- Beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under the law, and
- Any person or entity connected with a financial transaction which can pose significant reputational or other risks to the company, say, a wire transfer or issue of a high value demand draft as a single transaction.

Key points in KYC:

- Customer Acceptance Policy;
- Customer Identification Procedures;
- Monitoring of Transactions; and
- Risk management.

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Customer Acceptance Policy (CAP)

BFCL ensures that:

- (i) No Account is opened anonymous or fictitious/benami name
- (ii) Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be clearly spelt out in conformity with the established law and practice of banking as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in the fiduciary capacity.
- (iii) Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc. Customers requiring very high level of monitoring, e.g., Politically Exposed Persons (PEPs) may, if considered necessary, be categorised even higher;
- (iv) BFCL applies enhanced due diligence measures based on the risk assessment of customer's source of interest thereby requiring intensive 'due diligence' for higher risk customers to avoid money laundering, especially those for whom the sources of funds are not clear.
- (v) Documentation requirements and other information are collected according to their category keeping in mind the requirements of PML Act, 2002 and guidelines issued by Reserve Bank.
- (vi) No customer's account or loan account is opened or closed without appropriate customer due diligence measures.
- (vii) The other person is acting on behalf of the customer it should be clearly spelt out.
- (viii) Necessary checks are made before opening a new account so as 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.

Customer Identification Procedure (CIP)

- (i) Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information.
- (ii) The information/documents are collected according to the nature and type of customer.

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- (iii) For customers that are natural persons, BFCL will obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph.
- (iv) For customers that are legal persons or entities, the BFCL will obtain
 - (i) verify the legal status of the legal person/ entity through proper and relevant documents
 - (ii) 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,
 - (iii) understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person.

Monitoring of Transactions

- (i) BFCL pays attention to all the transaction which fall outside of the usual.
- (ii) To avoid any risk of loss, BFCL pays extra attention to large transaction and transactions which are in unusual pattern.
- (iii) BFCL takes note of the customers background, country, source of Fund and the risk factor involved in those transactions and ensures that all the transaction are made under section 12 of the PML Act, 2002.

Risk Management

- (i) The directors are put responsible for the implementing of KYC.
- (ii) The customers are categorized in various level to ensure risk management.
- (iii) There are various internal checks to avoid any Risk and to prevent from fraudulent activity.
- (iv) BFCL devise procedures in consultation with boards for creating risk profiles of their existing and new customers and apply various anti money laundering measures keeping in view the risks involved in a transaction, account or business relationship.
- (v) BFCL ensure that their customers are following the anti money laundering policies and procedures and it applies enhanced 'due diligence' procedures for transactions carried out through the correspondent accounts.

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Customer Due Diligence:

BFCL performs Customer Due Diligence (CDD) process to have Background checks and other screening on the customer to ensure that they are properly risk-assessed before being onboarded is at the heart of Anti-Money Laundering (AML) and Know Your Customer (KYC) initiatives. It is designed to prevent financial crimes like money laundering, terrorist financing, human and drug trafficking and fraud.

For undertaking CDD, BFCL shall obtain the following information from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal.

Features	Documents
Accounts of individuals -Legal name and any other names used -Correct permanent address	 (i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving licence (v) Identity card (subject to the company's satisfaction) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of company. (i) Telephone bill (ii) Gas Bill (iii) Bank account statement (iv) Letter from any recognized public authority (v) Electricity bill (vi) Ration card (vii) Letter from employer (subject to satisfaction of the company) (any one document which provides customer information to the satisfaction of the company will suffice)

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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 (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners
Accounts of trusts & foundations - Names of trustees, settlers, beneficiaries and signatories - Names and addresses of the founder, the managers/directors and the beneficiaries - Telephone/fax numbers	(i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlors, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses (iv) Resolution of the managing body of the foundation/association (v) Telephone bill

Customer and staff education program

1. Staff are well trained to process the KYC procedure and also educate customer from time to time.
2. The customers are educated about the KYC process and their importance.
3. 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.

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Applicability to branches and subsidiaries outside India

These guidelines are followed by all of our branches throughout India. When local applicable laws and regulations prohibit implementation of these guidelines, the same will be brought to the notice of Reserve Bank.

Appointment of Principal Officer

BFCL may appoint a senior management officer to be designated as Principal Officer. Principal Officer is located at the head/corporate office of the Company and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. The officer will maintain close liaison with enforcement agencies, banks and any other institution which are involved in the fight against money laundering and combating financing of terrorism.

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- ¹ BFCL- Best Finance Corporation Limited
 - KYC- Know Your Customer
 - RBI- Reserve Bank of India
 - AML- Anti Money Laundering
 - CFT- Combatting the Financing of Terrorism
 - PEP- Politically Exposed Persons
 - PML Act, 2002- Prevention of Money Laundering Act, 2002
 - CDD- Customer Due Diligence