

SHRIRAM CREDIT COMPANY LIMITED

Version 1.0.0.0 Dated 30th Oct 2013

Know Your Customers – Policies and Procedures

The Reserve Bank of India had issued Know Your Customer (KYC) guidelines for non-banking financial companies (NBFCs). The boards of directors of the NBFCs had been advised to formulate policies and procedures to operationalise and ensure the observance of these guidelines in respect of all new customers.

The NBFCs had also been advised to complete the identification process in respect of the existing customers by June 30, 2004. These guidelines were applicable to all NBFCs including Miscellaneous Non-Banking Companies (Chit Fund Companies) and Residuary Non-Banking Companies.

In view of the above RBI guidelines, the following policies and procedures were designed by the company to comply with the KYC guidelines wherein certain personal information of the customer is obtained. The objective of doing so is to enable the NBFC to have positive identification of its customers. This is also done in the interest of customers, for the purpose of safeguarding their hard earned money.

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 lender to manage their risks prudently. The objective of the KYC guidelines is to prevent NBFCs being used, intentionally or unintentionally by criminal elements for money laundering.

Updating KYC details regularly also ensures to keep loan account compliant with KYC guidelines. It is necessary for each customer to update the NBFC about his/her latest communication details.

Accordingly, Shriram Credit Company Limited has also framed its KYC procedure which states that a photograph and documentary proof of personal identification and an address proof are required to be provided by the customer to the Company. Our KYC procedure specifies certain commonly available documents approved by the regulatory authority as proof of personal identification and address proof etc, so as to not to cause inconvenience to those intending to take up loans.

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Following are the documents collected from our clients:

Individual Clients

- 1) Recent Photograph
- 2) Identity Proof as stipulated by RBI i.e. PAN Card (To be submitted mandatorily), Passport, Voter Identity Card, Driving License, Unique Identification Number (UID) (Aadhaar) and identity card/ document with applicant's Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
- 3) Address Proof: Any individual wishing to be a client of Shriram Credit Company Ltd has to provide a valid address proof viz. Passport, Driving License, Voter Identity Card, Ration card, Bank Account Statement/Passbook -- Not more than 3 months old, Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old, Registered Lease or Sale Agreement of Residence, Flat Maintenance bill, Insurance Copy, Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts, Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority, Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
- 4) Bank Detail: All clients need to provide at least one bank account details being operated in his/her name.
- 5) Clients also need to provide their signature proof as it appears in his bank account.
- 6) Income Proof

In addition to the documents scrutinized for individual clients, corporate clients need to provide the following

Corporate Clients

- Copy of its Memorandum & Articles of Association under which corporate are allowed to invest in stock market.

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- Copy of Incorporation Certificate.
- Details of Directors.
- Latest Share holding pattern including list of all those holding more than 5% in the share capital of the company.
- Copy of Balance Sheet for last two financial years.
- Copy of Resolution of Board of Directors' approving participation in equity/derivatives/debt trading and naming authorized persons for dealing in securities.

Partnership firm

- Registration certificate
- Partnership deed
- PAN card of partners
- Authorization letter for the person authorized to open and operate the account
- Proof of identity and address of the authorized person

The Central Documentation Team shall scrutinize the documents and proposal form and the Risk Manager shall verify the credit worthiness of the potential borrower/guarantor from the available references and market information. They should also verify the correctness of the document received for Proof of Identity/Address Proof with the Proposal form.

Internal Audit

The Internal Audit department should verify all the Loan documents at the Documentation cell for the Loan disbursement made by the Company for the adherence of the KYC guidelines framed by the company on monthly basis. In case of any deviation noticed should be reported immediately to the concerned approving Authority.

Internal audit should also follow-up for the discrepancies noticed in their next visit and if they found that the same is not rectified, then the same should be reported to the Audit Committee