



# KYC & PMLA Policy

---

In compliance with the Master Directions 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, proprietary concerns, companies, partnership firms, Limited Liability Partnerships;
- ii. beneficial owner(s) of the above said entities;

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

- i. 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 'Trusts / Nominees 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. 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
- Aadhar Card
- Driving Licence with photo
- 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
- Aadhar Card
- Ration Card
- Voter's Identity Card
- Driving Licence
- Latest Bank Account statement or Bank Pass Book of Scheduled Bank
- Letter from any recognized public authority
- Letter from employer.

**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 bio-data, residential addresses & copies of their PAN card or Passport.
- Latest shareholding pattern, along with the list of major shareholders having more than 25% of holding in case of Company.
- Resolution of the Board of Directors.
- Latest telephone bill or electricity bill or Registered Rental/Lease /Sale agreement or Shops & Establishment Certificate

ix. 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 will 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 dealing officers 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 Sayeesh Prabhu  
**Designation** : Deputy General Manager (Law)  
**Phone** : 9370918724  
**Email** : sayeeshprabhu@edc-goa.com

**TRANSACTION OF SUSPICIOUS NATURE:**

For identification of suspicious transaction, we should take the precautions which would be exercised by a man of normal prudence. Some of the indicators of suspicious transaction are:

- a) Involvement of funds for illegal activity in Project in industrial concern.
- b) Intending to hide or disguise assets derived from illegal activities.

- c) Intention to evade anti-money laundering guidelines.
- d) Customer has no business or apparent lawful purpose and has no linkage with such business.

### **Obligations under Prevention of Money Laundering Act 2002**

Government of India, Ministry of Finance, Department of Revenue, vide its notification dated July 1, 2005 in the Gazette of India, has notified the Rules under the Prevention of Money Laundering Act (PMLA), 2002. Section 12 of PML Act 2002 places certain obligations on EDC as under : -

- a) Maintenance of records of transactions
- b) Information to be preserved
- c) Maintenance and preservation of record
- d) Reporting to Financial Intelligence Unit – India

The EDC must also preserve and maintain all necessary records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, Aadhar, identity cards, driving licenses, PAN, utility bills etc.) during the course of business relationship for at least eight years from the date of cessation of transaction between the EDC and the customer, so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

### **Information to be preserved**

As per the PML Act, all necessary information in respect of transactions referred to in Rules of PML Act has to be maintained properly, to permit reconstruction of individual transaction, including the following information:

- a) the nature of the transaction;
- b) the amount of transaction
- c) the date on which the transaction was conducted; and
- d) the parties to the transaction
- e) Client due diligence
- f) Maintenance of the records of the Identity of clients.

All Department Heads shall take necessary steps to advise their concerned staff about the importance of compliance with above KYC & PMLA norms for borrowers, as the case may be.

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