



**VISAGAR**  
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## KYC & PMLA Policy

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In compliance with the circular 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 based on RBI Guidelines

#### **(1) THE BACKGROUND:**

RBI has issued Master Direction Know Your Customer (KYC) Directions, 2016" having reference no. Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016. The Master Direction issued is mainly in respect of 'Know Your Customer' (KYC) Guidelines and Anti Money Laundering Standards (AML) based on 'Prevention of Money Laundering Act, 2002 and rules thereunder, the recommendations made by the Financial Action Task Force (FAFT) on anti-money laundering standards and amendments made in the PMLA, 2002 from time to time. Compliance with these standards by all financial institutions has become imperative. These Directions lay down the minimum requirements/ disclosures to be made in respect of clients.

#### **(2) OBJECTIVES:**

- To put in place systems and procedures to help control financial frauds, identify money laundering and suspicious activities and safeguarding the company from being used, intentionally or unintentionally, by criminal elements for money-laundering activities. KYC procedures enable the company to know/ understand their customers and their financial dealings in better way which in turn helps manage the risks prudently.
- To put in place systems and procedures for customer identification and verifying his/ her identity and residential address.
- To monitor transactions of suspicious nature
- The policy will be disseminated to all employees at all levels in the organisation who deal/ handle account information, loan transaction, money and customer records etc. relating to the client.

#### **3) PRINCIPAL OFFICER/ COMPLIANCE OFFICER AND DESIGNATED DIRECTOR:**

Company shall appoint a principal officer/ compliance officer. He/ She will be located at the corporate office of the Company and shall be responsible for internal controls and procedures

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relating to implementation of this policy and identifying and reporting any suspicious transaction or activity to the concerned authority.

The principal officer/ compliance officer will be a Head of operations of the company and should be able to discharge the function with independence and authority. The board of directors or its nominated committee can change the principal officer of the compliance officer

The principal officer shall maintain close liaison with the enforcement agencies and other institutions who are engaged in the fight against the money laundering financing.

#### **4) KYC NORMS:**

The Company will collect the relevant supporting/ proofs and financial information/ documents as may be required to establish the genuine identity of the client or the beneficial owners, as the case may be.

KYC is strictly reviewed as per RBI circular dated 27.02.2013 which provide for identification of ultimate or end beneficiary or controlling power and to take all reasonable steps to identify them. End beneficial ownership means holding more than 25% of shares/ capital/ profit of juridical person is corporate then above percentage is replaced with 15% in corporate or partnership firm or body of individuals or unincorporated association.

#### **5) Client Due Diligence Process:**

##### **Verification and Due diligence for KYC:**

- Ensure that all required documents including the KYC form are complete in all respect
- Ensure that all the supporting documents and other additional documents are collected and are self attested by the client himself
- In case of corporate clients, ensure that Resolution of Board of Directors approving the transaction and naming the authorised persons for carrying out the necessary formalities on letter head of the Company
- Ensure that corporate client is authorised to enter into loan transaction and carry out the activity for which the loan is being taken as per Memorandum of Association and Article of Association
- Conduct the due diligence of the client for knowing the client's background, history, financial status/ capability, assessment of business partners and to verify genuineness of the client.
- Cross check PAN details of the client like permanent Account Number, Name, Father's Name (in case of individual client), Date of Birth/ Incorporation with the details on the website of the Income Tax Department
- In case the PAN details are not matching substantially with PAN details printed on PAN card and PAN details appearing on IT website, take appropriate action to get it clarified from the client.



- In case of default or any action taken by any regulatory authorities against such client is found on verification then seek clarification from client and coordinate with client or Company to find out further details in such default and status as on date.
- A copy of all the documents executed by client shall be given to him, within reasonable time from the date of acceptance of loan request. Client shall acknowledge the receipt of the same.

#### **6) Due Diligence from PMLA point of view:**

- Company shall determine from available sources of information whether the client or potential client or the beneficial owner of such client is politically exposed person (PEP)
- Approval of senior management will have to be obtained for establishing business relationship with PEPs and their family members and close relatives. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, obtaining senior management approval to continue the business relationship is necessary.
- Company shall obtain sufficient information in order to identify persons who beneficially own or control or influence a client's loan account.
- Whenever it is apparent that the loans account maintained is beneficially owned by a party other than the client, that party will be identified using client identification and verification procedures.
- Company shall conduct ongoing due diligence and scrutiny, i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the Company's knowledge about the customer, its business and risk profile.
- Documentation requirements and other information will be collected in respect of different classes of clients depending on perceived risk and having regard to the requirements of the PMLA, guidelines issued by RBI from time to time. Indicative list for additional documents that may be obtained from High Risk Clients:
  - Annual Statements of the Accounts/ financial information
  - Source of funds/ Securities (if any)
  - Last 6 months bank statements
  - Last 6 months demat transaction statements
  - Employment/ Profession Status and Certificate thereof,
- Necessary checks are in place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceeding by any enforcement agency.
- Necessary checks also be conducted for existing clients on ongoing basis to ensure that they are not falling in banned list provided by stock exchanges/ SEBI/ RBI/ from time to time.

#### **7) Client Acceptance Policy:**

- The Company has to ensure that the existing guidelines regarding Customer / business acceptance is strictly followed. Existing/ Past relationship with the client should be verified and ensure that the client is not on the negative list/ defaulter list
- A detailed search to be carried out to find that the client is not in defaulters/ negative list of regulators.
- An assessment shall be made of the financial worthiness of the client by obtaining appropriate declarations at KYC stage
- Any transaction from the client shall be accepted only after customer acceptance procedure is completed.

#### **8) Client Identification Procedures:**

- Verify the customer's identity using reliable, independent source documents, data or information; may use the SEBI or exchange permitted documents or can also review more documents as necessary based on case to case
- Identify beneficial ownership and control of the prospective client; i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted and also in case of POA holder.
- In case of non-individual customers , a copy of document governing their conduct shall also be obtain, will depend on the risk category of the customer
- Obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of relationship. Each original document shall be seen prior to acceptance of a copy. The authorised person's signature to be obtained on the KYC kit stating that " All Originals seen and verified" and also to put stamp of in-person verification by the employee of the Company
- Failure/ Refusal by prospective client to provide satisfactory evidence of identity shall be noted and reported to higher authority within the organisation.

#### **9) Risk Management:**

The Company may categorise 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 regulatory requirement. The internal audit machinery shall be at all point of the 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.

There shall be a system of periodic review of risk categorisation of accounts. Review of risk categorisation of customers/ clients shall be carried out at a periodicity of not less than once in six months.

#### 10) Record Keeping:


- To retain all identification, transaction & KYC documentation for the minimum period of 10 years.
- To retain the records relating to reporting if any made by Principle officer to FIU-IND for suspicious transaction with their correspondence supporting
- The record shall be retrievable, when required
- To keep on record, the dates when Anti Money Laundering training was given, the nature of the training and the names of the staff who has received such training.

#### 11) Confidentiality:

The information collected from the customers for the purpose of opening of account will be kept as confidential and the company will not divulge any details thereof for cross selling or any other purposes. The company will ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard. Any other information from the customer will be sought separately with the client's consent and after opening the account.

For Visagar Financial Services Limited



  
Tilokchand Kothari  
Director