



7. Know Your Customer Policy (KYC)/Anti Money Laundering Policy (AML):

Table of Contents

7. Know Your Customer Policy (KYC)/Anti Money Laundering Policy (AML):	1
7.1 Background:	1
7.2 Objectives:	1
7.3 Customer	2
7.4 Legal obligation on the part of Company:	2
7.5 Key elements of KYC policy	2
7.5.1 Customer Acceptance Policy	2
7.5.2 Risk management	2
7.5.3 Customer Identification Procedure:	3

7.1 Background:

Tamil Nadu Industrial Development Corporation Limited is a deposit taking NBFC. However, TIDCO has stopped taking deposits and corporate loans are given on case-to-case basis as per Government directions. Hence, the RBI guidelines on KYC will be complied with as and when the deposits are accepted and loans are given.

7.2 Objectives:

As per the provisions of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, TIDCO is required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. The objective of the policy is to ensure all the requirements of the act are complied with and mechanisms are put in place to ensure and monitor such compliance.



7.3 Customer

As per RBI master circular on KYC, for the purpose of KYC Norms, a 'Customer' is defined as a person who is engaged in a financial transaction or activity with the reporting entity and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

7.4 Legal obligation on the part of Company:

1. TIDCO shall ensure compliance with KYC Policy through:
 - (i) Fixing responsibility for KYC compliance and allocation of responsibility for effective implementation of policies and procedures.
 - (ii) Independent evaluation of the compliance functions of the company's policies and procedures, including legal and regulatory requirements.
 - (iii) Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
 - (iv) Submission of quarterly audit notes and compliance to the Audit Committee.
2. TIDCO shall not outsource decision-making functions of determining compliance with KYC norms while other activities without decision making function maybe outsourced and TIDCO shall retain responsibility for the overall function.

7.5 Key elements of KYC policy

7.5.1 Customer Acceptance Policy

TIDCO does not accept deposit from customers. In case any deposits are accepted or loans are given, TIDCO will ensure no fictitious/benami accounts are opened and customer due diligence is carried out as per RBI guidelines.

7.5.2 Risk management

For Risk Management, company has a risk-based approach which includes the following.

- (a) Customers (borrowers) shall be categorized as low, medium and high risk category, based on the assessment and risk perception of the company.



(b) Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc.

7.5.3 Customer Identification Procedure:

As and when TIDCO accepts deposits or gives loans, RBI's guidelines on customer identification would be complied with.

Identification procedures are to be followed in the below mentioned cases:

- (a) New customer,
- (b) International money transfer of a non-account holder
- (c) Doubts on authenticity or inadequate identification data
- (d) Selling goods, payment of credit dues or reloading of prepaid/travel cards for more than ₹ 50,000.
- (e) Transactions for more than ₹ 50,000 for a non-account customer.
- (f) Customer is intentionally structuring a transaction into a series of transactions below the threshold of ₹ 50,000
- (g) Address mentioned as per 'proof of addresses' has undergone a change.

However, where a customer categorized as low risk expresses inability to complete the documentation requirements TIDCO may complete the verification of identity within a period of six months from the date of establishment of the relationship

Customer due diligence would be undertaken and on-going due diligence would be carried out as per RBI guidelines for customers once TIDCO starts accepting deposits or gives loans.

Periodic updation is carried out at least once in every two years for high-risk customers, once in every eight years for medium risk customers and once in every ten years for low-risk customers as per procedure mandated by RBI.

The Executive Director of TIDCO will be the Designated director for compliance of KYC/AML policy. The documents as required by RBI guidelines will be verified by Finance cell and Legal cell of TIDCO.



TIDCO shall ensure all RBI guidelines including those pertaining to cryptocurrencies are duly complied with.

The policy would be reviewed and updated and when the need arises.

(The policy will be reviewed every three years or as and when there are changes in RBI guidelines, whichever is earlier.)