

PFC's Know Your Customer (KYC) Policy

PFC's customers, for the purpose of KYC, are categorized as under:

- Lending side customers
- Borrowing side customers

Lending side customers (borrowers) would include state utilities and IPPs. Borrower side customers (investors) include banks, institutions, trusts, corporates etc.

Customer Acceptance Policy and Customer Identification Procedures:

Customer Acceptance Policy requires above customers to fill in PFC's forms to capture the relevant data for individuals, corporates, trusts & foundations, and partnership firms etc, and provide supporting documents as given in the forms as a part of customer identification process.

Monitoring of Transactions: To ensure monitoring and reporting of all transactions and sharing of information as required under the law for KYC, Company Secretary is designated as PFC's Principal Officer.

The collection of data on borrower side would be the primary responsibility of the Entity Appraisal Unit and that the data has to be collected, irrespective whether PFC is the lead or otherwise. Further, to ensure monitoring of PFC's KYC Guidelines, the borrowers may be requested to re-submit their respective forms annually or in case of any change in the structure of the entity.

The collection of data on investor side would be the primary responsibility of the RM Unit and in case of transfers; Investor Services Unit would be responsible for collection of data. While investing in PFC's bonds or public deposits etc., the investors were already furnishing relevant details in the Application Form; hence for investors, the Application Form itself could be used to seek information required for KYC purpose. However, the information to be collected from investors would be available in separate forms for each category of investors.

Risk Management: On borrower side customers, since SEBs are Govt. controlled entities; they are excluded from the purview of PFC's KYC structure. However, corporates, irrespective of its status, would be included. Accordingly, in case of IPPs, the details of the borrower company, its Directors as well as promoter entities would be obtained. Further, the individual details of Directors of the promoting companies would also be included in the purview of PFC's KYC Guidelines.

PFC's investors are categorized, based on perceived risk, into three categories - A, B & C. Category A customers include low risk, Category B contain marginal risk customers while Category C are high risk customers.

PFC's borrowings are mainly wholesale and in the form of loans from scheduled commercial banks, FIs and bonds, which are subscribed by trusts, corporates, banks etc.

Since scheduled commercial banks and FIs are registered with statutory bodies like RBI, they may be exempt from PFC's KYC structure (Category A customers). Similarly, Government departments & Government owned companies, regulators and statutory bodies etc. and Central Board of Trustees may be categorised as Category A customers.

Those entities, which are primary investors in our bonds (Category B & C customers), shall be included in PFC's KYC structure. Further, for the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorised as Category B customers. Further, Category B customers shall include salaried employees whose salary structures are well-defined, public trusts like provident fund trust, pension trusts etc. Likewise, Category C customers shall include (a) non-resident customers, (b) high net worth individuals i.e. those investors who invest more than Rs. 1 Lac (c) private trusts, charities, NGOs and organizations receiving donations, (d) firms with 'sleeping partners'.

KYC for the Existing Accounts: As regards KYC for the existing customers, efforts would be made to collect the relevant details.

Customer Education: The above policy along with relevant forms shall be hosted on PFC's website.

Forms:

PFC's forms to capture the relevant data on borrower front for individuals, corporates, trusts & foundations, and partnership firms etc, are enclosed at **Annexure A**.

PFC's forms to capture the relevant data on investor front for individuals, corporates, trusts & foundations, and partnership firms etc, are enclosed at **Annexure B and C** for Categories B & C customers respectively.

