

AML POLICY
DWAITH ADVISORY PRIVATE LIMITED

1. Introduction of DWAITH ADVISORY PRIVATE LIMITED (DAPL)

DWAITH ADVISORY PRIVATE LIMITED (DAPL) is a SEBI-registered Portfolio Manager having **SEBI PMS registration number INP000008516** based in Bangalore, India.

This Anti-Money Laundering (AML) policy has been prepared in accordance with the Prevention of Money Laundering Act, 2002 (PMLA Act). This policy also takes into account the provisions of the PMLA Act, Master circular issued by SEBI, and the rules laid down by FIU.

2. Overview

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July, 2005. As per the provision of the Act all the intermediaries registered under section 12 of the SEBI Act, 1992 shall have to maintain a record of all the transactions, the nature and value of which has been prescribed in the rules under PMLA. SEBI has also issued circulars to all intermediaries registered with SEBI under section 12 of the SEBI Act providing guidelines on Anti Money Laundering Standards.

As per the provisions of the Act senior management of the intermediary are fully committed to establish appropriate policies and procedures for prevention of money laundering and terrorist financing and ensuring the effectiveness and compliance with all relevant IDAPL and regulatory requirement. They have formulated a system for identifying, monitoring and reporting to law enforcement authorities suspected transactions occurred for Money laundering and terrorist financing.

We, **DWAITH ADVISORY PRIVATE LIMITED (DAPL)**, being registered with SEBI as Portfolio Manager shall maintain a record of all the transaction, the nature & value of which has been prescribed under the Prevention of Money Laundering Act. Such transactions include:

- All cash transactions of the value more than Rs. 10 lacs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued Rs. 10 lacs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
- All suspicious transactions (as defined under Rule 2 of the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005) whether or not made in cash.
- For the purpose of suspicious transactions reporting, apart from transactions integrally connected, transactions remotely connected or related are also to be considered.

3. POLICY STATEMENT

DAPL is fully committed to combat any effort of laundering money earned through drug trafficking, terrorism and any other means of organized and serious crimes by any individual or entity. Towards this **DAPL** has put in place all such processes and procedures of internal control aimed at preventing and impeding any attempt of money laundering and terrorist financing. The policies and procedures to Combat Money Laundering cover:

- Communication of policies relating to prevention of money laundering and terrorist financing to the management and relevant staff that handles account information, securities transactions, money and customers record etc.
- Customer acceptance policy and customer due diligence measures, including requirements for proper identification.
- Maintenance of records.
- Compliance with relevant statutory and regulatory requirements.
- Co-operation with the relevant law enforcement authorities, including the timely disclosure of information.
- Role of internal audit or compliance function to ensure compliance with policies, procedures and control.

4. Prevention of Money Laundering

1. Offence of money – laundering

Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untraced property shall be guilty of offence of money laundering.

2. Punishment for money – laundering

Whosoever commits the offence of money laundering shall be punishable as defined under the act and guidelines.

5. Client Due Diligence (CDD)

The CDD measures comprise the following:

- (a) Obtaining sufficient information in order to identify person who beneficially own or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party are identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a IDAPL person or arrangement.
- (b) Verify the client's identity using reliable, independent source documents, data or information;
- (c) Identify beneficial ownership and control, i.e. determine which individual(s)

ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted-

i. **For clients other than individuals or trusts:** Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

aa) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

bb) In cases where there exists doubt under clause (aa) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

cc) Where no natural person is identified under clauses (aa) or (bb) above, the identity of the relevant natural person who holds the position of senior managing official.

ii. **For client which is a trust:** Where the client is a trust, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

iii. The compliance of the aforementioned provision on identification of beneficial ownership shall be monitored by Partners of DAPL

(d) Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c)

(e) Understand the ownership and control structure of the client;

(f) 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 DAPL's

knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and

- (g) DAPL shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

6. Policy for acceptance of clients:

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses, and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.
- c) Do not accept clients with identity matching persons known to have criminal background: - We check the background of the client in terms of criminal or civil proceedings or by any action of enforcement/regulatory agency worldwide. If yes, we do not open the client account.
- d) Do not accept clients with identity matching with banned person/ entity as per SEBI/ Stock Exchanges in capital market: -We check whether the client's identity matched with persons debarred/ banned by SEBI before opening of account. If we find them in that list then we do not open the account.
- e) **Each client should be met in person:** We perform the in person verification process very diligently. Either the client should visit the company/business associates office or concerned official/business associates may visit the client at their residence / office address. Official /Business associates also verify photocopy of the documents with the original. DAPL relies on the verification carried out by a third party and it obtains records or the information of the client due diligence carried out by the third party or CKYC Registry. As far as possible, we try to open account of known person or person introduced by an existing client.
- f) Accept clients on whom we are able to apply appropriate KYC procedures: Obtain complete identification information from the client. It should be ensured that the initial forms taken by the client are filled in completely. All photocopies submitted by the client should be checked against original documents without any exception. 'Know Your Client' guidelines should be followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) should be obtained and verified.
- g) **Additional CDD while accepting Clients of Special category:** Additional CDD should be done while accepting clients of special category like

- a) Non - resident clients
- b) High net-worth clients,
- c) Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations
- d) Companies having close family shareholdings or beneficial ownership
- e) Politically Exposed Persons (PEP) 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. The additional norms applicable to PEP as contained in the subsequent para 10 of this circular shall also be applied to the accounts of the family members or close relatives of PEPs.
- f) Companies offering foreign exchange offerings.
- g) Clients in high risk countries where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries reputed to be any of the following – Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.
- h) Non face to face clients
- i) Clients with dubious reputation as per public information available etc.

Scrutinize minutely the records/ documents pertaining to clients belonging to aforesaid category.

- h) **Do not compromise on submission of mandatory information/ documents:** Client's account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Accounts where the client refuses to provide information/documents should not be opened. We shall capture data of key person like director & shareholder of all non-individual clients & also taking complete details/documents of Director/ Trustee/ Partners etc mandatory while opening the account. In case of corporate client in order to identify client with cross holding, we capture key person data like details of director, share holder.
- i) The CDD process shall necessarily be revisited, if required, when there are suspicions of money laundering or financing of terrorism (ML/FT).

7. Risk-based Approach:

It is generally recognized that certain clients may be of a higher, medium or lower risk

category depending on the circumstances such as the client's financial background, type of business relationship or transaction etc. As such, DAPL shall apply each of the clients due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that we shall adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for other risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries shall obtain necessarily depend on the risk category of a particular client. Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk.

8. Risk Assessment

- a) We shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to our clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment shall also take into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions (these can be accessed at the URL- http://www.un.org/sc/committees/1267/ag_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>).
- b) The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied.

9. Risk Classification

We should accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose a higher-than-average risk of money laundering or terrorist financing. For this purpose, we need to classify the clients as low risk, medium risk and high risk clients. By classifying the clients, we will be in a better position to apply appropriate customer due diligence process. That is, for high risk client we have to apply higher degree of due diligence.

Risk categorization of client will be based on following parameters:

- a) If the client's location (registered office address, correspondence address) is out of India and in any of the high risk jurisdictions as defined by FATF.
- b) Individual Client having annual income more than Rs. 5 Crores and/or Net worth of Rs. 50 Crores.
- c) Income & Net worth does not commensurate with transactions.
- d) Client dealing in Forex.

Category will be assigned based on the following criteria:

- | | | |
|-----------|---|----------------------------|
| a) High | - | Meets all four parameters. |
| b) Medium | - | Meets three parameters |
| c) Low | - | Meets two or less |

A separate detailed risk profile questionnaire is used to access the risk score.

10. Client identification procedure:

Requirements of a Client Identification Procedure (CIP):

- a) We shall proactively put in place appropriate checking systems to determine whether our client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPS.
- b) We shall obtain approval from Principal Officer/ Designated Partner for establishing business relationships with PEPs.
- c) We shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- d) The client shall be identified by using reliable sources including documents/ information. We shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- e) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority (Principal Officer).

11. Reliance on third party for carrying out Client Due Diligence (CDD)

We may rely on a third party or CKYC Registry for the purpose of:

- a) Identification and verification of the identity of a client and
- b) Determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that we shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

12. Maintenance of Records:

- 1) DAPL shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.
- 2) DAPL shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

- 3) Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, DAPL shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:
 - a) the beneficial owner of the account;
 - b) the volume of the funds flowing through the account; and
 - c) for selected transactions:
 - i. the origin of the funds
 - ii. the form in which the funds were offered or withdrawn, e.g. cheques, etc.
 - iii. the identity of the person undertaking the transaction;
 - iv. the destination of the funds;
 - v. the form of instruction and authority.
- 4) DAPL shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there- under PMLA, other relevant legislations, Rules and Regulations or Exchange bye- laws or circulars.
- 5) More specifically, DAPL shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:
 - a) all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
 - b) all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;
 - c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
 - d) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

13. Procedure and Manner of maintaining information

1. We shall maintain sound information in respect of transactions in hard and soft copies in accordance with the procedure and manner as specified by the Regulatory Authority.
2. We shall evolve an internal mechanism for maintaining such information in such form and at such intervals as specified by the Securities and Exchange Board.
3. We shall observe the procedure and the manner of maintaining information as specified by the Regulatory Authority.
4. Retention of records shall be maintained for a period of five years.

We shall also maintain and preserve the following information in respect of transactions:

- The nature of the transaction.
- The amount of the transaction and the currency in which is denominated.
- The date on which the transaction was conducted.
- The parties to the transaction.

14. Verification of the Records of the Identity of Clients:

1. We shall at the time of opening an account or executing any transaction with it, verify and maintain the record of identity and current address or addresses including permanent address of the client, the nature of business of the client and his financial status.
2. Where the client is an individual, he shall submit to us, one certified copy of an officially valid document containing details of his permanent address or current addresses and such other documents including in respect of the nature of business and financial nature of the client.
3. Where the client is a company, it shall submit, one certified copy of the following documents.
 - a. Certificate of Incorporation
 - b. Memorandum and Article of Association
 - c. A resolution from the Board of Directors and Power of Attorney granted to its managers, officers or employees to transact on its behalf and
 - d. An officially valid documents in respect of managers, officers or employees holding an attorney to transact on its behalf
4. Where the client is a partnership firm, it shall submit one certified copy of the following documents:
 - a. Registration Certificate
 - b. Partnership Deed and
 - c. An officially valid document in respect of the person holding an attorney to transact on its behalf.
5. Where the client is trust, it shall submit one certified copy of the following documents:
 - a. Registration Certificate
 - b. Trust Deed and
 - c. An officially valid document in respect of the person holding an attorney to transact on its behalf
6. Where the client is an Unincorporated Association or Body of Individuals, it shall submit one certified copy of the following documents:
 - a. Resolution of the Managing Body of such association or Body of Individuals
 - b. Power of Attorney granted to him to transact on its behalf
 - c. An officially valid document in respect of the person holding an attorney to transact on its behalf, and
 - d. Such information as may be required by us to collectively establish the IDAPL existence of such an association or body of individuals.

15. Monitoring of transactions

- a) Regular monitoring of transactions is vital for ensuring effectiveness of the Anti Money Laundering procedures. This is possible only if the intermediary has an undertaking of the normal activity of the client so that they can identify the deviant transactions/activities.
- b) DAPL will pay special attention to all complex, unusually large transactions/ patterns which appear to have on economic purpose. DAPL has prescribed internal threshold limit based on the adequacy of the investment for each client accounts and pay special attention to the transactions which exceeds these limits. The background including all documents/office records/memorandums/clarifications and purpose thereof will be examined and recorded in writing. Further such transactions and purpose thereof will be examined and recorded in writing. Further such findings, records and related documents will be made available to auditors and also to EBI/ Stock Exchanges/FIU-IND/other relevant authorities', during audit, inspection or as and when required. These records will be preserved for ten years as is required in PMLA 2002.
- c) DAPL will ensure a record of transaction is preserved and maintained in terms of Section 12 of the PMLA 2002 and that transaction of suspicious nature or any other transaction notified under Section 12 of the Act is reported to the appropriate law authority. Suspicious transaction will also be regularly reported to the higher authorities including the Designated Partner of the company.
- d) Further the Compliance team will randomly examine a selection of transaction undertaken by clients to comment on their nature i.e. whether they are in the suspicious transaction or not.

16. Suspicious Transaction Monitoring & Reporting

1. DAPL ensures that it will take appropriate steps to enable suspicious transaction to be recognized and have appropriate procedures for reporting suspicious transactions. A list of circumstances which may be in the nature of suspicious transaction is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:
 - a. Clients whose identity verification seems difficult or client appears not to cooperate.
 - b. Clients in High-Risk Jurisdiction or clients introduced by banks or affiliate or other clients based in high risk jurisdiction.
 - c. Substantial increase in business without apparent cause.
 - d. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash.
 - e. Transfer of investment proceeds to apparently unrelated third parties.
 - f. Unusual transactions by CSCs and businesses undertaken by offshore banks /

financial services, businesses reported to be in the nature of export-import of small items.

- 2) Any suspicious transactions will be immediately notified to the Compliance Officer within the intermediary. The notifications may be done in the form of a detailed report with specific references to the clients, transactions and the nature/reason of suspicion. However, it will be ensured that there is continuity in dealing with the client as normal until told otherwise and the client will not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The designated Partner and other appropriate compliance staff members will have timely access to customer identification data and other CDD information, transaction records and other relevant information.
- 3) It is likely that in some cases transaction is abandoned/aborted by customers on being asked to give some details or to provide documents. It is clarified that DAPL will report all such attempted transactions in STRs, even if not completed by customers, irrespective of the amount of the transaction.
- 4) DAPL will apply appropriate counter measures for clients failing under CSCs. These measures will include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanism or systematic reporting of financial transactions and applying enhanced due diligence while expanding business relationship with the identified country or persons in that country etc.

17. List of Designated Individuals/ Entities

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>. DAPL shall ensure that accounts are not opened in the name of anyone whose name appears in said list. DAPL shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

18. Procedure of freezing of funds, financial assets or economic resources or related services

18.1 Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA.

18.2 Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered

to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

18.3 We shall ensure effective and expeditious implementation of the procedure laid down in the UAPA Order dated August 27, 2009 as listed below:

a) On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities) from the Ministry of External Affairs (MHA) and forwarded by SEBI. DAPL shall take following steps:

i. Shall maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order (referred to as designated individuals/entities) are holding any funds, financial assets or economic resources or related services held in the form of securities with them.

ii. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, DAPL shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on our books to the Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011- 23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

iii. We shall send the particulars of the communication mentioned in (ii) above through post/fax and through e-mail (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Officer on Special Duty, Integrated Surveillance Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 as well as the UAPA nodal officer of the state/UT where the account is held, as the case may be, and to FIU-IND.

iv. In case the aforementioned details of any of the customers match the particulars of designated individuals/entities beyond doubt, stock exchanges, depositories and registered intermediaries would prevent designated persons from conducting financial transactions, under intimation to Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No. 011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

v. DAPL shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph 18.3 (a) (ii) above carried through or attempted, as per the prescribed format.

b) On receipt of the particulars as mentioned in paragraph 18.3 (a) (ii) above, IS-I Division of MHA would cause a verification to be conducted by the State Police and /or the Central Agencies so as to ensure that the individuals/ entities identified by DAPL are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by DAPL are held by the designated individuals/entities. This verification would be completed within a period not exceeding 5 working days from the date of receipt of such particulars.

c) In case, the results of the verification indicate that the properties are owned by or held for the benefit of the designated individuals/entities, an order to freeze these assets under section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the concerned depository under intimation to SEBI and FIU-IND. The order shall take place without prior notice to the designated individuals/entities.

d) Implementation of requests received from foreign countries under U.N. Securities Council Resolution 1373 of 2001.

- i. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities.
- ii. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds or other assets.
- iii. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within five working days so as to satisfy itself that on the basis of applicable IDAPL principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the nodal officer in SEBI. The proposed designee, as mentioned above would be treated as designated individuals/entities.
- iv. Upon receipt of the requests from the UAPA nodal officer of IS-I Division, the list would be forwarded to DAPL and the procedure as enumerated at paragraphs 18.3 (a) and (b) shall be followed.
- v. The freezing orders shall take place without prior notice to the designated persons involved.

e) Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person

- i. Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to DAPL. DAPL shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph d (ii) above within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) Division of MHA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the concerned stock exchanges, depositories and DAPL. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working days, the nodal officer of IS-I Division shall inform the applicant.

f) Communication of Orders under section 51A of Unlawful Activities (Prevention) Act.

- i. All Orders under section 51A of the UAPA relating to funds, financial assets or economic resources or related services, would be communicated to stock exchanges, depositories and DAPL through SEBI.

19. Reporting to FIU – India

1. In terms of the PMLA rules, DAPL will report information relating to cash and suspicious transactions to The Director, Financial Intelligence Unit India (FIU – IND) at the following address:

Director, FIU – IND
Financial Intelligence Unit India 6th floor, Hotel
Samrat Chanakyapuri New Delhi – 110021

2. DAPL will carefully go through all the reporting requirements and formats as per the provision of PMLA
 - a. The designated Partner will be responsible for timely submission of CTR and STR to FIU-IND
 - b. Utmost confidentiality will be maintained in filling of CTR and STR to FIU-IND. The reports will be transmitted by speed/registered post/fax at the notified address.
 - c. No nil reporting will be made to FIU-IND in case there are no cash/suspicious transaction to be reported.
- 3) DAPL will not put any restrictions on operations in the accounts where a STR has been made. DAPL and its Partners, officers and employees (permanent and temporary) will be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. Thus, it will be ensured that there is no tipping off to the client at any level.
- 4) DAPL, irrespective of the amount of transaction and or the threshold limit envisaged for predicated offense specified in Part B of schedule of PMLA 2002 will file STR if it has reasonable grounds to believe that the transaction involve proceeds of crime.

20. Designation of an officer for reporting of suspicious transaction.

The Principal Officer/ Designated Partner is responsible for the following:

- Communicating the policy on prevention of Money laundering to the employees.
- Receiving reports from employees for any suspicious dealing noticed by them.
- Clarification of any queries from employees on this matter.
- Ensuring that the employees dealing with the clients/prospective clients are aware of the guidelines of DAPL and are advised to follow the same strictly.
- Report any suspicious transactions to appropriate authorities.

21. High standards in hiring policies and training with respect to anti money laundering

DAPL has adequate screening procedures in place to ensure high standards when hiring employees. DAPL will identify properly the key position within their own organization structure having regard to the risk of money laundering and terrorist financing and size of their business. The senior management level has been entrusted with the responsibility of complying with the provisions of the Act and reporting of the suspicious transactions, if any. The employees has been briefed up and trained with the provisions and intentions of the Act putting stress to anti money laundering and anti- terrorist financing.

For & On Behalf of

DWAITH ADVISORY PRIVATE LIMITED




(Harsha Venkatesh)
Director
DIN: 08282348

(Director/ Designated Partner/ Authorised Signatory)