

RIWAAZ INVESTMENTS PRIVATE LIMITED
Regd. Off: 306, Lusa Tower, Azadpur Commercial Complex, Delhi-110033, INDIA,

KYC-Know Your Customer (AML/CFT) Policy

1. Preamble

The Board of Directors (the "Board") of Riwaaz Investments Private Limited (the "Company" or "RIPL"), has adopted the following policy regarding salient features of Know Your Customer ('KYC) *I* Anti-Money Laundering ("AML") norms for RIPL as prescribed by Reserve Bank of India ("RBI").

2 . Purpose:

The policy has been framed in accordance with Reserve Bank of India (Know Your Customer (KYC) **Master Direction - Know Your Customer (KYC) Direction, 2016** and Prevention of Money-Laundering Act, 2002. As per the above referred master circular, RIPL is required to adopt the guidelines contained therein with suitable modifications in accordance with the Company's business activity and ensure that a proper policy framework on KYC and AML measures are formulated and put in place with the approval of the Board.

In terms of the provisions of Prevention of Money-Laundering Act, 2002, Amendment to Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019, RIPL 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.

Further, the policy is amended in accordance with the changes carried out in the Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 issued vide notification no. DOR.AML.BC. No.66/14.01.001/2019-20 dated April 20, 2020.

This policy document envisages the establishment and adoption of measures and procedures relating to KYC, AML and CFT for RIPL in accordance with the requirements prescribed by RBI and modified from time to time.

Prevention of Money-Laundering Act, 2002: In terms of the provisions of Prevention of Money-Laundering Act, 2002, Amendment to Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019, RIPL 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.

This policy document envisages the establishment and adoption of measures and procedures relating to KYC, AML (PMLA) and CFT for RIPL in accordance with the requirements prescribed by RBI and modified from time to time.

The objective

The objective of KYC guidelines is to prevent RIPL from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable the Company to know/understand its customers and their financial dealings better which in turn help them manage the risks prudently. RIPL has framed its KYC policy incorporating the following four key elements: -

- a) Customer Acceptance Policy;
- b) Customer Identification Procedures;
- c) Monitoring of Transactions; and
- d) Risk management.

For the purpose of the KYC policy, a 'Customer' is defined as per Clause 3 i.e. Definitions.

3. a) Customer Acceptance Policy (CAP)

RIPL shall, develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place on the following aspects of customer relationship in RIPL.

- (i) **No account is opened in anonymous or fictitious/ benami name(s)**
- (ii) Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk; customers requiring very high level of monitoring, e.g. Politically Exposed Persons
- (iii) RIPL will apply the CDD procedure at the customer level.
- (iv) RIPL will take care of the documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued by Reserve Bank from time to time;
- (v) RIPL will not open an account or close an existing account where it is unable to apply appropriate customer due diligence measures i.e. it is unable to verify the identity and /or obtain documents required as per the risk categorization due to non-cooperation of the customer or non-reliability of the data/information furnished to RIPL. It may, however, be necessary to have suitable built in safeguards to avoid harassment of the customer. For example, decision to close an account may be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision. For example, decision to close an account may be taken at a reasonably high level (Principal Officer / Director) after giving due notice to the customer explaining the reasons for such a decision;
- (vi) Circumstances, in which a customer is permitted to act on behalf of another person/entity, will be clearly spelt out in conformity with the established law and practices, as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in a fiduciary capacity, and
- (vii) Necessary checks before opening a new account to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, UN Security Council List of Prohibited clients.
- (viii) Where Permanent Account Number (PAN) is obtained from the customer, the same should be verified from the verification facility of Income Tax Act.

b) Customer Identification Procedure ('CIP')

Set out below is RIPL's adopted Customer Identification Procedure that shall be carried out at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when RIPL has a reason to doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. RIPL will obtain information stated below necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. For customers that are legal persons or entities, RIPL will:

- (i) verify the legal status of the legal person/ entity through charter documents and Tax registration etc.
- (ii) verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person through authentic documents and
- (iii) Understand the ownership and control structure of the customer and determine who are the natural persons (Beneficial Owner) who ultimately control the legal person.

According to the regulatory norms, RIPL should take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows' who the beneficial owner(s) is/are.

RIPL should ensure that the identity of the customer, including beneficial owner is done based on disclosures by the customers and documentary evidences submitted alongwith.

4.(A) Risk Management: The Board of Directors of RIPL ensures that an effective KYC program is in place and has established appropriate procedures and is overseeing its effective implementation. The program covers proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility has been explicitly allocated within RIPL to ensure that policies and procedures are implemented effectively.

RIPL have an ongoing (at regular intervals) employee training program so that members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers.

4. (B) Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. RIPL can effectively control and reduce its risk only if it has an understanding of the normal and reasonable activity of the customer so that it can identify transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Since RIPL may not have any deposit accounts, this situation will not arise, but RIPL shall pay special attention to depleting financial ratios, adequacy of collaterals etc. RIPL will put in place a system of **yearly** review of risk categorization of all outstanding accounts and the need for applying enhanced due diligence measures.

RIPL is not empowered to seize any counterfeit currency. However, the following incidents of

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counterfeit currency at the cash counter would be recorded and repeated occurrence would be reported.

- Bulk counterfeit currency of more than 3 pieces at a time;
- Repeated event within a week by the person (customer/employees/vendor partner's employees)
- RIPL will ensure that record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002 (Refer Point 8 for maintenance of records and Point 9 for preservation of records under the PML act) in a separate register at the corporate office of RIPL in electronic form and make it available to the regulatory and investigating authorities. It will also ensure that transactions of suspicious nature and/or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority.

4. Designated Director:

The RIPL has nominated the following person as the "Designated Director" and the same has been duly communicated to FIU:

Designation	HP Singh (Director)
Address	Regd. Office: 306, Lusa Tower, Azadpur Commercial Complex, Delhi-110033, INDIA
Phone No.	011-42475797

The RIPL has appointed the following "Principal Officer", who shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations:

Designation	Amarjeet Singh
Address	Regd. Office: 306, Lusa Tower, Azadpur Commercial Complex, Delhi-110033, INDIA
Contact details	mail id : ajsinghss80@gmail.com
	Phone No.: 011-42475797

5. Money Laundering and Terrorist Financing Risk :

(a) The Company shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise annually to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, the company shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share from time to time.

(b) The risk assessment by the company shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the company. Further, the periodicity- by default 'Annually', of risk assessment exercise

shall be determined by the Board *of* the company, in alignment with the outcome *of* the risk assessment exercise.

(c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated and should be available to competent authorities and self-regulating bodies.

The Company shall apply a Risk Based Approach for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard. Further, the company shall monitor the implementation of the controls and enhance them if necessary.

6. Compliance of KYC Policy

- a. Senior Management for KYC compliance-
 - Mr. Amarjeet Singh - responsible for overviewing the KYC compliance
- b. REs shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

7. Customer Due Diligence Procedures('CDD')

Procedure for obtaining Identification Information

8. For undertaking CDD, REs shall obtain the information from an individual while establishing an account- based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity.

9. Record Management

The following steps shall be taken regarding maintenance, preservation and reporting *of* customer account information, with reference to provisions of PML Act and Rules.

RIPL shall,

- maintain all necessary records of transactions between RIPL and the customer, both domestic and international, **for at least five years from the last date of transaction;**
- preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during business relationship, for at least five years after the business relationship is ended;
- make available the identification records and transaction data to the competent authorities upon request;

10. Reporting Requirements to Financial Intelligence Unit - India

RIPL shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

Explanation: In terms of Third Amendment Rules notified September 22, 2015 regarding

amendment to sub rule 3 and 4 of rule 7, Director, FIU-IND shall have powers to issue guidelines to the REs for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.

11.- The reporting formats and comprehensive reporting format guide prescribed/ released by FIU-IND. The editable electronic utilities/PDF available on <https://fiuindia.gov.in/files/Downloads/Downloads.html> to file electronic Cash Transaction Reports (CTR)/ Suspicious Transaction Reports (STR)/Fake Currency Reports which FIU- IND has placed on its website shall be made use of by REs which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data.

Requirements/obligations under International Agreements Communications from International Agencies

RIPL shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

The details of the two lists are as under:

1. The "ISIL (Da'esh) & Al-Qaida Sanctions List", which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al Qaida Sanctions List is available at <https://www.un.org/scisuborg/sites/www.un.org.sc.suborg/files/1267.pdf>
- i. The "1988 Sanctions List", consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <http://www.un.org/sc/committees/1988/list.shtml>.

Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under VAPA notification dated August 27, 2009

- In addition to the above, other UNSCRs circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of

Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967 The procedure laid down in the UAPA Order dated August 27, 2009 (Annex I of this Master Direction shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.

- Jurisdictions that do not or insufficiently apply the FATF Recommendations
 - (a) FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. **Risks** arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.
 - (b) Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries

that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements. Explanation: The process referred to in Section 55 a & b do not preclude REs from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.

(c) The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/other relevant authorities, on request.

12. Other Instructions

A. Secrecy Obligations and Sharing of Information:

(a) RIPL shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the banker and customer.

(b) While considering the requests for data/information from Government and other agencies, banks shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the banking transactions.

(c) The exceptions to the said rule shall be as under:

Where disclosure is under compulsion of law,

ii. Where there is a duty to the public to disclose,

iii. the interest of the company requires disclosure and

iv. Where the disclosure is made with the express or implied consent of the customer.

(d) RIPL shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.

Documents required for KYC

Features	Documents
Accounts of individuals Legal name and any other names used - Correct permanent address	(i) Passport (ii) Voter's Identity Card (iii) Driving license (i) Aadhaar Number/card (ii) Job card issued by NREGA duly signed by an officer of the State Government <u>For Address:</u> (i) Telephone bill (ii) Bank account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Letter from employer (subject to satisfaction of the bank) (vii) Passport (viii) Voter's Identity Card (ix) Driving license (x) Aadhaar Number/card (any one document which provides customer information to the satisfaction of the bank will suffice)

Accounts of companies Name of the Company Principal place of business Mailing address of the Company - Telephone/Fax Number	(i) Certificate of incorporation and Memorandum & Articles of Association (ii) Permanent Account Number of the company (i) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (ii) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No.60 of the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf (iii) Certificate of Incorporation
Accounts of partnership firms - Legal name Address Names of all partners and their addresses - Telephone numbers of the firm and partners	(i) Registration certificate, if registered (ii) Partnership deed (iii) Permanent Account Number of the partnership firm: and (iv) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Number or Form No.60 of the person holding an attorney to transact on its behalf."; (v) Telephone bill in the name of firm / partners (optional) (vi) Any other prescribed equivalent e-documents (vii) Utility bills such as electricity, water, and landline telephone bills in the name of the company
Accounts of trusts & foundations Names of trustees, settlers, beneficiaries and signatories	(i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) KYC of all the trustees, settlers, beneficiaries owners and signatories (iv) Names and addresses of the founder, the managers / directors and the beneficiaries (v) Permanent Account Number or Form No.60 of the trust; and - Telephone / fax numbers (vi) one copy of an officially valid document containing details of identity and address, one recent photograph and Permanent Account Number or Form No.60 of the person holding an attorney to transact on its behalf (vii) Utility bills such as electricity, water, and landline telephone bills in the name of the company
Accounts of Proprietary Concerns Name, Address and Activity of Proof of the name, address and activity of the concern	(i) Registration the Proprietary Concern. (ii) certificate (in the case of a registered concern), (iii) certificate/license issued by the Municipal authorities under Shop & Establishment Act, sales and income tax returns, (iv) GST certificate, certificate/ registration document issued by Sales Tax / Service Tax/ Professional Tax authorities, License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute (v) Electricity Bill/Telephone Bill (not older than 3 months) (vi) UDYOG Aadhaar No. (vii) PAN no. of proprietor (viii) Identity/Address proof of proprietor (ix) The complete Income Tax return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax Authorities

	<p>(x) Utility bills such as electricity, water, and landline telephone bills in the name of the proprietary concern</p> <p>Any two of the above documents and proprietor's documents would suffice. These documents should be in the name of the proprietary concern.</p>
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RIPL may require additional information about investor for the purposes of satisfying obligations under the PMLA and hence, may take actions that it believes is necessary to comply with PMLA laws which include delaying or refusing any request to establish a relationship or process any transaction.

As per Rule 9(IA) of the Prevention of Money Laundering Rules, 2005 and any amendments thereto shall follow the below mentioned procedure specified for determination of Beneficial Ownership:

- A. Where the client is a person other than an individual or trust, RIPL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:
 - (i) 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.
 - (ii) In cases where there exists doubt under (i) 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
 - (iii) Where no natural person is identified under (i) or (ii) above, the identity of the relevant natural person who holds the position of senior managing official
- B. Where the client is a trust, RIPL 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.
- C. Where the client or the owner of the controlling interest is a Company listed on a stock exchange or is a majority-owned subsidiary of such a Company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

A Considering the business model of PARISHEK

Procedure for obtaining KYC information

For undertaking CDD, REs shall obtain the following information from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:

- a) From an individual who is eligible for enrolment of Aadhaar, the Aadhaar number; the Permanent Account Number (PAN) or the equivalent e-document thereof or Form No. 60 as defined in Income tax Rules, 1962, Voter ID, the proof of possession of Aadhaar number where offline verification can be carried out or not; and such other documents including in respect of the nature of business and financial status of the client, or the equivalent e-documents thereof as may be required by the company.

Provided, where an Aadhaar number has not been assigned to an individual, proof of application of enrolment for Aadhaar shall be obtained wherein the enrolment is not older than 6 months and in case PAN is not submitted, certified copy of an OVD or the equivalent e-document thereof containing details of identity and address and one recent photograph shall be obtained.

Provided further, that from an individual, is not a resident or is a resident in the State of Jammu and Kashmir or Assam or Meghalaya, and does not submit the Permanent Account Number where its client submits his Aadhaar number, ensure such client to redact or blackout his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required under sub-rule (15)

- (b) In case the identity information relating to the Aadhaar number or Permanent Account Number submitted by the customer does not have current address, an OVD as defined in section 3(p) (shall be obtained from the customer for this purpose.

"Provided that in case the OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address: -

- (a) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- (b) property or Municipal tax receipt;
- (c) pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- (d) letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation:

Provided that the client shall submit updated officially valid document with current address within a period of three months of submitting the above documents.".

- (e) RIPL at the time of receipt of the Aadhaar number, shall carry out, with the explicit consent of the customer, e-KYC authentication (biometric or OTP based) or Yes/No authentication.

Provided,

- i. Yes/No authentication shall not be carried out while establishing an account-based relationship.
- ii. In case of existing accounts where Yes/No authentication is carried out, RIPL shall ensure to carry out biometric or OTP based e-KYC authentication within a period of *six* months after carrying out yes/no authentication.
- iii. Yes/No authentication in respect of beneficial owners of a legal entity shall suffice in respect of existing accounts or while establishing an account-based relationship.
- iv. Where OTP based authentication is performed in 'non-face to face' mode for opening new accounts, the limitations as specified in Section 17 shall be applied.
- v. Biometric based e-KYC authentication can be done by bank official/business correspondents/business facilitators/ Biometric enabled ATMs.

Explanation 1: While seeking explicit consent of the customer, the consent provisions as specified in Section 5 and 6 of the Aadhaar (Authentication) Regulations, 2016, shall be observed.

Explanation 2: REs shall allow the authentication to be done at any of their branches.

- (f) The customer shall submit Permanent Account Number or Form No.60, referred to in Section 15(a) above, the Permanent Account Number/ form 60 at the time of commencement of an account-based relationship with RIPL, the Customer shall submit the same within a period of six months from the date of the commencement of the account based relationship. In case the customer fails to submit Permanent Account Number/form 60 within the aforesaid six months period, the said account shall cease to be operational after giving notices till the time Permanent Account Number/ form 60 is submitted by the customer.

Explanation: In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

- (g) RIPL shall duly inform the customer about this provision while opening the account.

- (h) RIPL shall ensure that introduction is not to be sought while opening accounts.