



GENERAL POLICY AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING

Based on Anti Money Laundering (AML) Standards/Combating Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries Under Prevention of Money Laundering Act, 2002 and Rules framed there-under.

PREVENTION OF MONEY LAUNDERING ACT, 2002 [PMLA]

Objective: The objective of PMLA:

- Prevent money-laundering.
- Combat/prevent channelising of money into illegal activities and economic crimes.
- Provide for confiscating property derived from, or involved/used in, money laundering.
- Penalise the offenders of money laundering offenses.
- Appointing an adjudicating authority and appellate tribunal for taking charge of money laundering matters.
- Provide for matters connected and incidental to the acts of money laundering.

Nodal Agency: Financial Intelligence Unit – India (FIU-IND), set up by the Government of India as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for: The Enforcement Directorate in the Department of Revenue, Ministry of Finance, the Government of India is responsible for investigating the offences of money laundering under the PMLA. Financial Intelligence Unit – India (FIU-IND) under the Department of Revenue, Ministry of Finance is an independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister. FIU-IND is the central national agency responsible for receiving, processing, analysing, and disseminating the information relating to suspect financial transactions. It is also responsible for:

Registered Office
Svobodha Infinity Investment Advisors Pvt. Ltd.,
#1-2-302, First Floor, Gagan Mahal, Hyderabad 500 029
CIN: U93090TG2017PTC117066

Corporate Office
Svobodha Infinity Investment Advisors Pvt. Ltd.,
Plot No. 19/1, Opposite Pulse Pharmaceuticals,
HUDA Techno Enclave,HITEC City, Hyderabad 500 081

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- Coordinating and strengthening the efforts of national and international intelligence,
- Investigations for pursuing the global efforts against money laundering and related crimes.

The scheduled offences are separately investigated by agencies mentioned under respective acts, for example, the local police, CBI, customs departments, SEBI, or any other investigative agency, as the case may be.

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Objectives for Policy and Procedure:

- i. to put in place systems and procedures to help control financial frauds, identify money laundering and suspicious activities and safeguarding the company from being unwittingly used for transfer or deposit of funds derived from criminal activity or for financing of terrorism;
- ii. to put in place systems and procedures for customer identification and verifying his / her identity and residential address; and
- iii. to monitor transactions of a suspicious nature.

Principal Officer Designation and Duties

The company has designated Mr. Prakash Raju (*General Manager*) as the Principal Officer for its Anti-Money Laundering Policy, with full responsibility for its implementation.

The duties of the Principal Officer will include monitoring the company's compliance with AML obligations and overseeing communication and training for employees namely; frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new customers. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU – IND).

The company shall provided the FIU with contact information for the Principal Officer, including name, title, mailing address, e-mail address, telephone number and facsimile number. The company will promptly notify FIU of any change to this information.



Policies and Procedures to Combat Money Laundering and Terrorist Financing:

The Company shall undertake ‘**Client Due Diligence Process,**’ commensurate with the field/background of the given Client belongs.

Broadly, the Company shall undertake the following for the purpose of ‘**Client Due Diligence Process**’:

- Policy for acceptance of Clients;
- Procedure for identifying the Clients;
- Risk Management;
- Monitoring of Transactions.

For the purpose of the above, the Company shall undertake the following activities as Policy:

- Communication of the policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records, etc. whether in branches, departments or subsidiaries;
- Client acceptance policy and Client 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; and
- Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of



reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard;

- The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of Clients and other such factors.

Policy for acceptance of Clients

- Each Client shall be classified as individuals, HUFs, firms, public and private limited companies or other corporate entities, non-resident Indians and persons of Indian origin, etc., and accordingly, Due Diligence procedure shall be carried out to suit each type of Client, in compliance with the guidelines and following know your client formalities prescribed by SEBI/exchanges;
- The Company shall ensure that it has proper information pertaining to the Client and that no account will be opened in a fictitious / benami name or on an anonymous basis, for which the Company shall mandatorily take the PAN Card, or any other acceptable ID proofs (or any analogous ID proof in case of NRI/Non-resident Clients) and enter the details of the Client as per the PAN details provided;
- The Accounts shall be opened in the name of the Client only and in case of beneficial ownership, the Company shall ensure that the same is genuine and such opening of beneficial account is not undertaken with any mala-fide intentions on the part of the Client;
- The documents (ID proofs) provided by the Client shall be adequately scrutinised for any discrepancy and any suspicion should be sorted out at this particular stage, along with the decision as to whether or not such Client shall be accepted or not;



Procedure for identifying the Clients

Customer identification means identifying the customer and verifying his/her identity by using reliable and independent source of documents, data or information to ensure that the customer is not a fictitious person.

- The Company shall procure all the documentary evidence from the prospective Clients, as per Exchange's circular no. NSE/INSP/2004/31 (Ref. No. NSE/INSP/5387) for KYC norms;
- The documents so procured shall be cross-checked with reliable, independent source documents, data or information like Government Documentary evidence;
- The copies of documents so received shall be verified with the original copies presented by the Client and also the said copies shall be verified by the Company/self-attested by the Client;
- The Company shall call for additional documents, in case the Company is of the opinion that there exists certain doubt with respect to the true identity of the Client and shall satisfy itself as to the genuineness of the Client;
- The company shall ensure that its customer is not a fictitious person by verifying the identity of the customer through documentation and shall also carry out necessary checks, so as to ensure that the identity of the customer on the basis of the documents obtained does not match with any person with known criminal background or with banned entities, such as individual terrorists or terrorist organizations;
- The company shall take into account, to the extent applicable the indicative guidelines issued by RBI from time to time for customer identification requirements with regard to matters, such as `Trusts / Nominees or Fiduciary Accounts, Accounts of companies & firms, Client Accounts opened by professional intermediaries, Accounts of Politically Exposed Persons resident outside India and Accounts of non face-to-face customers;



Risk Management

The company may categorize 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.

Following Factors shall be taken into consideration when ascertaining the Risks involved:

- Client residential / office/ correspondence address
- Background of the client
- Type of customer
- Nature of business activity carried out by the client
- Manner of making payments for the transactions undertaken
- Type of securities in which transaction entered
- Nature of transaction
- Trading Turnover
- Clients of special category as mentioned below:
 - Non-resident clients
 - High net worth clients,
 - Trust, Charities, NGOs and organizations receiving donations
 - Politically exposed persons (PEP) of foreign origin
 - Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
 - Companies offering foreign exchange offerings
 - 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.

- Non face to face clients
- Clients with dubious reputation as per public information available etc.
- The Company shall, to the best of its abilities, endeavor to mitigate the perceived risks ascertained on the basis of stringent Due Diligence with respect to each distinct Client;

Other Measures:

Maintenance of records

The Principal Officer will be responsible for the maintenance of following records:

- All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.
- 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.
- All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as demat account, security account maintained by the registered intermediary.
- Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith -
 - gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
 - appears to be made in circumstances of unusual or unjustified complexity; or



- appears to have no economic rationale or bonafide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism
- As per the PML Act, all necessary information in respect of transactions referred to in Rules of PML Act has to be maintained properly, to permit reconstruction of individual transaction, including the following information:
 - a) the nature of the transaction;
 - b) the amount of transaction
 - c) the date on which the transaction was conducted; and
 - d) the parties to the transaction
 - e) Client due diligence
 - f) Maintenance of the records of the Identity of clients.

Monitoring Accounts For Suspicious Activity

Each department within the Company, working towards maintenance of records with respect to the Clients and activities within their accounts shall on a continuous basis, monitor the accounts of the Clients and shall forthwith inform the Principal Officer in case any irregularity/discrepancy is observed in the activities and/or the Client.

The Principal officer shall therefrom undertake further investigation for better understanding the issue at hand;

On continuous monitoring, the following may inter-alia be events that may give rise to suspicion:

- a) Involvement of funds for illegal activity in Project in industrial concern.
- b) Intending to hide or disguise assets derived from illegal activities.
- c) Intention to evade anti-money laundering guidelines.
- d) Customer has no business or apparent lawful purpose and has no linkage with such business.



Reporting to FIU-IND

The Principal Officer shall make a note of all the suspicious activities/transactions, as mentioned above and shall report the same to the FIU-IND within the time limit as per relevant act, rules and regulations.

Utmost confidentiality shall be maintained while filing reports to FIU-IND, and the Principal Officer/ any other officer of the Company having access to such information, shall ensure that there is no tipping off to the client at any level and account will be operated as per prevailing act, rules and regulations.

Customer & Staff Education:

The company may have an ongoing employee training programme, so that staff members are adequately trained in KYC procedures, who in turn may also educate customer from time to time. The frontline dealing officers shall be fully equipped with the compliance requirements of KYC guidelines in respect of new customer acquisition and shall adhere to the Customer Identification & Acceptance procedure as above. The rationale of KYC guidelines shall be updated periodically to new staff members also on an ongoing basis. The company shall also prepare an information data file compiling all relevant particulars of its customers, which may be of a personal nature. The said data shall also comprise all related KYC information in respect of existing and past customers.

The Company shall alter the Policy to effect the same in spirit and/or comply with any guidelines, notifications, rules, regulations, etc. for the time being in force, and may also stipulate other guidelines through other policy documents.