RATHOD JEWELLERY MANUFACTURING LIMITED

(formerly known as Rathod Jewellery Manufacturing Private Limited)

CIN: U36910PN2012PTC142922

Registered Office: Plot No. F-12/1, MIDC Shiroli, Kolhapur, Hatkanangle, Maharashtra, India – 416122.

ANTI-MONEY LAUNDERING COMPLIANCE POLICY

Rathod Jewellery Manufacturing Limited ("**Company**") is committed to complying with all applicable anti-money laundering ("**AML**") laws and regulations in the jurisdictions in which it does business, and to implementing internal controls reasonably designed to prevent violations of such laws and regulations.

This AML compliance policy (the "**Policy**") sets out the core standards and policies for AML compliance to which the Company and all of its directors, officers, employees and agents must adhere in the day-to-day execution of their roles and responsibilities. The Company will take immediate and appropriate action against anyone who violates this policy up to and including termination of employment or relationship.

Prevention of Money Laundering Act (PMLA), 2002:

This is the core legislation, defining money laundering offenses and outlining obligations for various entities.

Section 3 of the PMLA, 2002 (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 1[proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming] it as untainted property shall be guilty of offence of money-laundering.
Explanation. --For the removal of doubts, it is hereby clarified that, --
(i) a person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely: --

A. concealment; or

B. possession; or

C. acquisition; or

D. use; or

E. projecting as untainted property; or

F. claiming as untainted property,

in any manner whatsoever;
(ii) the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever."

In addition to PMLA, other relevant laws include:

a) Unlawful Activities (Prevention) Act, 1967:
   This act deals with unlawful activities and can be relevant in AML/CFT contexts.
b) Benami Transactions (Prohibition) Act, 1988:
   This act prohibits benami transactions, which can be used for money laundering.

Main elements of the PMLA, 2002

Reporting Entities:

These are the entities required to comply with AML regulations, including banks, financial institutions, intermediaries, and professionals dealing with money.

By Notification No. S.O. 4681(E) dated December 28, 2020 issued by the Department of Revenue, Ministry of Finance, Government of India, every person carrying on the activity of trading in bullion, jewels, precious metals or precious stones has also been notified as a person carrying on a designated business or profession under the PMLA, and is accordingly a reporting entity in respect of cash transactions with a customer of a value equal to or exceeding INR 10,00,000 (Rupees Ten Lakh), carried out in a single operation or in several operations that appear to be linked. The Company is a reporting entity on this basis.

Customer Due Diligence (CDD):

Reporting entities must verify the identity of their clients and conduct ongoing monitoring of transactions.

Suspicious Transaction Reporting (STR):

Entities must report any transactions they suspect are related to money laundering or terrorist financing to the Financial Intelligence Unit-India (FIU-IND).

Record Keeping:

Reporting entities must maintain records of transactions for a specified period (at least five years, after the business relationship between a client and the reporting entity has ended or the account has been closed, whichever is later.

Regulatory Bodies:

The Department of Revenue, Ministry of Finance, Government of India, together with the Financial Intelligence Unit – India ("FIU-IND"), regulate and oversee AML compliance by dealers in precious metals, precious stones and jewels such as the Company. The Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), and Insurance Regulatory and Development Authority of India (IRDAI) perform an equivalent role for banks, securities intermediaries and insurers, respectively.

Enforcement:

The Enforcement Directorate (ED) and FIU-IND are responsible for investigating and prosecuting money laundering offenses.

International Cooperation:

India is committed to global efforts to combat money laundering and terrorist financing and actively participates in international collaborations.

Company Policy & Procedure for PMLA, 2002 Provisions.

This Policy represents the basic standards of the Anti-Money Laundering policy of the Company.

This Policy is in effect, and copies of this Policy will be distributed to all suppliers and all relevant employees, who must be thoroughly familiar with this Policy and give effect to the matters contained in it.

Definitions & Procedures

Money Laundering

Money laundering is a generic term used to describe any process that conceals the origin or derivation of the proceeds of crime so that the proceeds appear to be derived from a legitimate source.
Money laundering is sometimes wrongly regarded as an activity that is associated only with organized crime and drug trafficking. It is not. It occurs whenever any person deals with another person's direct or indirect benefit from crime.

Money laundering is a crime that is most often associated with banking and money remittance services. Whilst banks are often an essential part of successful laundering schemes, the goods and services that dealers in precious metals, precious stones and jewels offer are also vulnerable to abuse by money launderers.

Additional Due Diligence Measures for High-Value Transactions

The Company shall undertake the following additional due diligence measures in relation to customers and suppliers involved in high-value transactions in bullion, precious metals, precious stones or jewellery:

- Verifying the identity of the customer or supplier on the basis of officially valid documents, and, where the transaction is conducted on behalf of another person, verifying the identity of such other person;
- Ascertaining the source of funds or of the goods being supplied, and satisfying itself as to the genuineness of the transaction, particularly where its value is unusually large or inconsistent with the customer's or supplier's known profile;
- Applying enhanced due diligence measures where the customer or supplier is a politically exposed person, or where the transaction otherwise presents a higher money laundering or terrorist financing risk.

Goals and objectives

The main purpose of the Policy is to establish the essential standards designed to prevent the money laundering activities. Other objectives pursued by this Policy are as follows:

- We are Promoting a "Know Your Customer" policy as a cornerstone principle for the business ethics and practices;
- Conducting self-assessments of compliance with AML policy and procedures.

Adherence to this Policy is fundamental to ensuring full compliance with applicable anti-money laundering legislation.

The company will not have any relationship with any shell banks.

The company is committed to examining its anti-money laundering strategies, goals and objectives on an ongoing basis and maintaining an effective AML Policy.

Monitoring and reporting of suspicious transactions/activity

All personnel must be diligent in monitoring for any unusual and potentially suspicious transactions/activity basing on the relevant criteria applicable in the national or international jurisdiction.

The reporting of suspicious transactions/activity must comply with the international laws/regulations.

Record keeping

Records shall be kept of all documents obtained for the purpose of identification and all transaction data as well as other information related to money laundering matters in accordance with the applicable anti-money laundering laws/regulations of the country;

All records must be kept for at least five years, in accordance with the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005;

Training

Training on anti-money laundering will be provided to those new employees who work directly with customers and to those employees who work in other areas that may be exposed to money laundering and terrorist financing threats which includes;

Identification and reporting of transactions that must be reported to government authorities, examples of different forms of money laundering and internal policies to prevent money laundering against targeted foreign countries and shall cooperate fully with government agencies, self- regulatory organizations and law enforcement officials.

GRIEVANCE MECHANISM:

The Company has established this grievance procedure to hear concerns about violations of this AML Policy.

The Principal Officer designated by the Board shall be responsible for implementing and reviewing this procedure.
Concerns can be raised by interested parties via email or telephone to:
Tel: 9825308075
Email: cfo@rathodjewellery.in

PROCEDURE FOR GRIEVANCE HANDLING

On receiving a complaint, we will aim to:

- Get an accurate report of the complaint.
- Explain our complaint procedure.
- Find out how the complainant would like it addressed/ resolved.
- Assess the eligibility of the complaint and, where applicable, decide who should handle it internally. In cases where we are unable to address the complaint internally (e.g. where our company is too far removed from the origin of the issue raised in the complaint), we may redirect it to a more appropriate entity or institution, such as the relevant supplier or industry body.
- Where the issue can be handled internally, seek further information where possible and appropriate.
- Identify any actions we should take including hearing from all parties concerned, and monitoring the situation.
- Advise the complainant of our decisions or outcomes.
- Keep records on complaints received and the internal process followed, for at least five years.

Responsibility

This Policy is endorsed by the Board. The Principal Officer shall oversee its implementation in relation to transactions and the registration of new suppliers.

RATHOD JEWELLERY MFG. LTD. KOLHAPUR