



TANLA'S ANTI MONEY LAUNDERING POLICY

1. PREAMBLE

Money Laundering is a serious threat to financial system of all countries and it leads to destruction of the country's sovereignty and character. This has been widely recognized at the international level.

The recognition has culminated in concerted efforts the world over to fight this ultra-criminal activity thru enactment of stringent laws, regulations and measures aimed at securing financial systems against money laundering. The three basic tenets of Anti Money Laundering i.e., Know Your Customer (KYC), Source of funds and End use/destination of funds have been covered in the policy enclosed.

The adoption of this policy is aimed at increasing awareness of money laundering activity and its ill effects and to simultaneously contribute, on the part of employees to counter ML in a significant way, including guarding against the ML all times. Good compliance is generally best facilitated by a willing adoption the regime of best practice.

2. RATIONALE/OBJECTIVE OF THE POLICY:

ML is the process which criminals engineer to cover the real origin and ownership of dirty or illegal money emanating from criminal illegal activities, and thereby render the prosecution and confiscation of funds so generated, impossible. In the light of above, the objectives have been laid down as enumerated below:

- (a) Enable the Company to conduct clean, commercial business, conforming to standards set by Industry; within the framework designed by regulations
- (b) To follow, without exception, the widely accepted standards used for KYC compliance.
- (c) To report and take suitable action, upon detecting the suspicious activity involving shades of money laundering
- (d) To comply with applicable laws in India with reference to ML and adhere to standards accepted internationally by the financial world on the subject.

3. MONEY LAUNDERING:

The activity is an involvement in any transaction/or series of transactions that is designed to disguise the nature/source of proceeds derived from illegal activities, which may comprise drug trafficking, terrorism, organized crimes, murders, fraud, etc. It is important for all employees to be conversant and be absolutely familiar with the ML process (described below) as they must



be vigilant all the times and should any of the aspects involved in ML process touch/surface our business they must be able to read the danger signal and blow the whistle.

4. KNOW YOUR CUSTOMER (KYC)

4.1 Introduction:

The importance of KYC approach, a very essential and preliminary aspect, need not be over emphasized.

4.2 Objectives:

- (a) To establish procedures to verify the bonafide identification of clients/customers.
- (b) To establish process and procedures to monitor business transactions of high value and suspicious in nature.
- (c) Establish systems for conducting due diligence and reporting of such activities.

The focus of KYC is 'back to basics' where elaborate standard for obtaining detailed information regarding new customers at the initial stage and that of existing customers over a period of time would be achieved. This would help in establishing the genuineness and bonafides of customers and keeping a watch over transactions, particularly those of a suspicious nature, in relation to the Company and reporting these to the regulators/law enforcers.

4.3 Transaction of Suspicious Nature:

For the identification of suspicious transaction, we should take the precautions which would be exercised by a man of normal prudence. Some of the indicators of suspicious transaction are:

- i. Involvement of funds for illegal activity.
- ii. Intending to hide or disguise assets derived from illegal activities.
- iii. Intention to evade anti-money laundering guidelines.
- iv. Customer has no business or apparent lawful purpose and has no linkage with such transaction.

4.4 Transactions of Large amounts:

The Company has to decide the limit for transactions which could be paid off in the normal course without much enquiry, beyond the set limit the Company shall have in place procedure to enquire into the origin and genuinity of such payments.



It will be a prudent practice to segregate after scrutiny, the large sized transactions and satisfy ourselves about such transactions. Accordingly, the following threshold limits would be put in place for all concerned departments to scrutinize such entries and to satisfy themselves about the genuineness of the same.

Transactions Value Limit: Rs. 1, 00, 00, 000/-(equivalent £ 10, 000/-)

5. RETENTION OF RECORDS:

§ Customer Profiles

§ Reports made to government authorities concerning suspicious customer activity relating to possible money laundering or other criminal conduct together with supporting documentation.

§ Any other documents required to be retained under applicable money laundering laws/regulations.

All financial transactions records are to be retained for at least 5 years after the transaction has taken place and are to be made available for scrutiny of Law enforcing agencies, Audit functionaries as well as Regulators, as and when required.

6. TRAINING:

Staff would be trained on an ongoing basis for strict implementation of KYC guidelines and AML measures.

7. DUTIES/RESPONSIBILITIES

It shall be the duty of employees to promptly inform the top management of information regarding suspicious transactions and to concerned law enforcing authority in consultation with Solicitors.

8. THE IMPORTANCE OF KYC GUIDELINES TO THE EMPLOYEES:

The employees will conduct themselves in accordance with the highest ethical standards and in accordance with the extant regulatory requirements and laws. Staff should not provide advice or other assistance to individuals who are indulging in money laundering activities.

9. APPOINTMENT OF (Money Laundering Restriction-Officer) MLRO & DUTIES OF (Money Laundering Restriction-Officer) MLRO:



The Company shall appoint an official of fairly senior cadre with sufficient operational experience and investigative mind. He would have the necessary freedom to act on his own authority and should report to Chairman & Managing Director.

1. The MLRO's role would be to maintain controls and procedures aimed at deterring criminal elements.

2. He will also be instrumental in adhering to KYC principle and effective customer identification and should provide necessary guidance to accounting staff, wherever necessary.

3. His vigilance in computerized and non-computerized, transactions and track patterns would be important.

4. He shall keep himself abreast of all latest developments in, AML area in other organizations and countries and effect the changes in AML measures suitably to improve AML exercise by the Company.

5. MLRO will

a) Maintain up-to-date list of high risk countries,

b) Identify for the Company, the high, moderate and low risk activities from AML angle.

c) Identify unusual transactions.

6. Depending on the Suspicious Transaction Report (STR), he shall co-ordinate with senior management to decide on continuing the relationship with increased caution/alert with the customer.

In this context, he would decide to report the suspicious transaction to Regulatory law enforcement agencies.

7. He shall arrange to conduct training for staff with latest course material on AML and case studies.

8. MLRO will report to Chairman & Managing Director at frequent intervals, the progress and status of the AML measures in vogue and improvements, findings and Company's on-going preparedness on AML activity.

The MLRO function is crucial and important and we will need to recruit a suitable person who, in addition to the MLRO functions, could also act as compliance officer of the Company.