

Due Diligence

Procedures and policies followed by the company

We are following the procedure for different areas of operations as under:

This procedure has been explained to all concerned, dealing officials and no deviations are permitted at their level if any deviations required they have to obtain approval from the director.

1. Client Registration and documentation and updations

The branches/ sub brokers given duly stamped empty client agreement forms similarly at head office stamped empty KYC forms are kept ready. As and when the client approaches for account opening the due diligence of the client is carried out by certified staff team at head office and by the branch head/ sub broker at their offices.

The required copies of documents like PAN Number, address proof and bank details DP details etc. are collected and verified with original and originals are returned back to the respective clients. PAN number is verified from Income Tax web site.

The action taken report data is checked before activating the client. Further in person verification is carried out by concern officials mentioned above. The client is made to understand risk in dealing in capital market during in person verification.

Then only the client is activated in UCC and concern client is informed about the Client ID and make to understand the risk dealing in the capital market.

Any updation in address, bank details, DP details etc. the dealing officials collect the proof and verifies with originals and update in back office and this papers are kept with respective KYC's .

All KYCs are stored client code wise Branch wise / sub broker wise and easily accessible.

No client is normally entertained without reference.

We verify the financial details from his bank account and copy of latest income tax return.

We have adopted the concept of maker and checker while dealing with KYC in order to avoid any mistakes.

The copy of client registration form is given to the client and acknowledgement is obtained.

We do not offer any promotional schemes nor offer any thing free to the clients.

We do not out source client registration work.

Further we also ensure the updating in net worth and income every year on 1st April. And ask clients to update the same every year

Total numbers of clients are approx 15000

2. Sales Policies followed by the member:

We do not have the sales personnel or relation ship managers as such and we do not induce any client to trade nor do we give our views about market movements. We also do not provide any market tips. All trades exclusively occurred at the instances of the clients .Whenever we decide to consider for opening any new branches or accepting any new sub broker details market survey is conducted and complete due diligence of sub broker is carried out.

3. Order receipt and execution:

Orders are received either on phone or in person at head office, branch/ sub broker office. They are punched in to the systems carefully as instructed by the client. In case of client trading by telephone, client's voice is recognized by concerned operators. In case of doubts operators are instructed to reconfirm by calling the client at the registered contact numbers with us. We do not have telephone recording system for orders at authorized person locations.

4. Sending contract notes, daily margin statement quarterly statements of accounts to the clients

We send Electronic contract notes and margin statements along with financial ledgers ; acknowledgement is obtained through ECN Logs. In case bounced mail we send hard copies and acknowledgment is obtained.

We send electronically on daily basis the outstanding positions along with M To M, margin paid and short fall in margin (if any) to each client.

5. Collection of pay in , margin , limits setting for exposures & turnover for clients, terminals, branches & sub broker level (Risk Management)

Risk management team continuously monitor to ensure that each and every clients timely meets his PAYIN obligation. In case of delay from clients side in PAY IN appropriate action is taken. We have written down policies for risk management and which is also exhibited to the clients. We debit late payment charges in the case of late payment received against the debit balances to the clients.

Further Dividend account is reconciled on daily basis and zero balance is maintained in dividend payable account. The dividend is paid out to respective clients on the receipt of the same.

We do not allow any third party transfers in any client accounts nor do we intend to accept cash or DD or bankers cheques.

6. Monitoring debit balances

RMS team continuously monitors debit balances and ensure a strict follow up at client level as well as at branch/ sub broker level. Every day statement of outstanding is send to each dealing offices. The old debit balances over 7 days are watched and trading limits are closed.

7. Transfer of trades :

We do not transfer any trades in back office. The transfer of trades on account of mistakes done by dealing operators are only transferred as per the system lay down by the exchange. However, such transfer of trades are very few and on account of mistakes done by operators.

8. Investor's redressed Mechanism

Any complain is received on phone, orally or by email the first thing we ask them to give it in writing. Complain is entered in complain register and put up before compliance officer. The compliance officer issues appropriate instructions and the resolution are arrived at. The complain register is maintained at head office clients are informed about the E mail for investor's grievances through contract note

The director monitors the pending investor complains and also calls the client and the branch/ sub brokers in charge and appropriate action is taken for rederesal and necessary instructions are issued to the concerned officials.

The director during the personal hearing with the client examines all aspects and also verifies relevant records and payments made by the clients. We do not maintain more then one back office software.

9. Payments, receipts of fund and Securities from / to clients.

The pay out is made and pay in received from the clients through a designated bank account declared by the clients. Any PAY IN cheques is received from any other accounts is not entered until and unless an intimation in this regard is being provided by the respective client. We do not use clients stocks for any other purposes other than making pay in on his behalf. No third party transfers of securities are permitted

10. Receipts, deliveries of securities from/ to clients

The pay out is made and pay in received from the clients through a designated DP account declared by the clients. Any PAY IN is received from any other accounts is not entered until and unless an intimation in this regard is being provided by the respective client.

11. Power of Attorney

We do not taken Power of attorney in any trading accounts however POA for demat account taken to transfer of securities as per instruction of client as per POA.

12. Capacity of systems with reference to volume

We have adequate and updated system installed at our Head office which addresses our trading as well as back office needs.

13. Branch audit

We carry out branch/ sub brokers inspection every year and check all aspects as laid down by SEBI like sign board, display of notice board, SEBI certificate, contact person name and telephone number. Further, we also verify that no cash dealing is done by the branch.

Further we also verify that branch do not obtain the signed blank DP Instructions from the clients.

We check from the clients that they receive statement of accounts, contract notes etc.

We also maintain the report of branch/ sub broker's inspection carryout by us.

We have appointed internal auditor as prescribed by the exchange with detailed scope as specified by the exchange. Any adverse remarks made

by the internal auditors are placed before the board and corrective action are undertaken immediately.

No new branches are opened without survey conducted in that area. In case we decide to open the branch the sub broker registration is obtained first and then only terminal is activated in case of sub brokers branches and company does not wish to open new branches own in the present circumstances.

14.PMLA

We have a separate a written down policy which has been explained to all our dealing officials. The policy is regularly reviewed by the directors.

Due diligence is carried out for

- a. Opening a client account
- b. Entering in to a sub broker agreement
- c. Appointing any personnel

We carry out in person verification of the clients and therefore there are no benami accounts.

We do not have any accounts as specified entities in guideline for anti money laundering by SEBI.

In due diligence of the clients we also ask the client to fill up the introducers column and signature of the introducer is obtained.

We are in the process of establishing automated alerts for dormant and suspicious transactions in the back office software.

We have appointed the principal officer and the Anti Money Laundering Policy has been forwarded to FIU.

We make aware our clients and branch in charge about Anti Money Laundering Policy and impart training to them from time to time.

Further, we also classify the clients into different categories like high risk clients, low risk clients and medium risk clients with specific reference to ANTI MONEY LAUNDING policy.

We have developed the reporting system for suspicious transactions.

15.Internet trading

We have obtained permission for internet trading and KYC agreement is obtained for clients wishing to do internet trading.