

POLICIES AND PROCEDURES (MANDATORY) OF B. D. SHROFF SECURITIES PVT. LTD.,

This document outlines various policies and procedures framed and followed by B.D.SHROFF SECURITIES PVT.LTD. ("BDSSPL") with respect to its dealing with its clients and as a Stock Broker on Bombay Stock Exchange Ltd.,(BSE).

The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of BDSSPL , depending upon regulatory changes, its risk management framework, other market conditions, etc

A) Refusal of orders for penny stocks:

There are shares of certain companies which are known as "Penny Stocks". There is no formal list of "Penny Stocks" issued by the Exchanges or SEBI. However from time to time the Exchanges issue a list of "Illiquid Stocks" and "Penny Stocks" may form a part of them but not necessarily so.

BDSSPL recognizes that it is the clients privilege to choose shares in which he/she/they would like to trade. With respect to trading in "Penny Stocks":

- BDSSPL may allow solely on its own discretion, acceptance of orders of the client in "Penny Stocks" .Prior to acceptance of such orders, BDSSPL reserves the right to ask the client for compulsory settlement/pay full upfront margin/upfront delivery of securities for settlement. It is known that trading in "Penny Stocks" are highly risky and that any financial obligations/losses thus aroused will be borne exclusively by the client alone.
- BDSSPL may refuse to execute any client's orders in "Penny Stocks" without assigning any reason for the same.
- Clients must ensure that trading in "Penny stocks do not result in creation of artificial volume or false or misleading appearance of trading.
- Clients are expected not to place orders in "Penny Stocks" at prices which are substantially different from the prevailing market rates.
- BDSSPL will not be responsible for any loss of opportunity by the client on our refusal to execute client's orders in "Penny Stocks".
- BDSSPL reserves the right to refuse or restrict the execution of any transaction requests of the Client on certain stocks depending on various conditions like volume, value, illiquidity, even though a client may have credit balance or sufficient margin in the trading account or restrictions in Z group/T group or restrictions on ASM/ GSM securities appearing in SMS list.

B) Setting up Client's Exposure limits:

- Exposure limits for each client is determined by the Risk Management System based on
 - a) Net Worth information,
 - b) Clients financial capacity
 - c) Past track record/Goodwill of the client
 - d) Prevailing market conditions
 - e) Ledger Balance/Margin deposited by the client in form of funds/securities pledged with BDSSPL.
- BDSSPL retains the discretion to set and modify from time to time any clients exposure limits as decided above. BDSSPL will not disclose their rational/logic of their decision about fixation of limits.

C) Applicable Brokerage Rate:

- BDSSPL will charge brokerage to the clients at a rate as may be mutually agreed from time to time.
- Brokerage will be exclusive of Transaction Charges, Stamp Duty, Security Transaction Tax, Service Tax, SEBI Turnover fees or any other tax/levy imposed by the Exchange/SEBI/or any other government agencies.
- The maximum brokerage chargeable shall be 2.5% of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale/purchase value of a share is Rs10/- or less a maximum brokerage of 25 paise per share may be collected.
- The applicable brokerage rate is mentioned in the Client registration form and any change in the brokerage rate in future will be communicated to the client.

D) Imposition of penalty/delayed payment charges by either party specifying the rate and the period not resulting in funding by the broker in contravention of the applicable laws.

- Any Penalty and other charges levied by Exchanges or any authority in connection with /or as a consequence of /in relation to any orders/trades/deals/actions of the client the same will be borne/recovered from the respective client s as long as such recovery is not restricted by law.
- All clients who have agreed to have a "Running Account" with BDSSPL will have to make payments due to the Company on or before the due date.

- BDSSPL is not in the business of funding client's positions, hence delayed payment charges will not be charged.
- In cases of cheque bouncing, BDSSPL will recover the bank charges plus applicable taxes from the clients. Clients will also be liable to return the securities delivered to their DP's through auto payout system
- No interest or charges will be paid by BDSSPL to any client on retention of funds or securities towards meeting future settlement obligations and in respect of "Running Account" authorizations.

E) The right to sell client's securities or close client's positions, without giving notice to the client on account of non payment of clients dues:

- In the event a client fails to make payment on the due date then BDSSPL reserves the right to liquidate/close out /square off any open positions (limited to the extent of settlement/margin obligation) without giving prior notice, all or any of the clients positions as well as securities /collaterals placed as margin for non payments of margin or other amounts due from such client in respect of settlement or any other dues that are recoverable from the particular client by BDSSPL.
- The proceeds will be adjusted towards the client's liabilities/obligations.
- Any loss or financial charges on account of such close-out/liquidation shall be debited to the clients account.
- The Client is aware and understands that IF the selling of such shares is not enough to recover the dues/debit balance if any in the clients account, BDSSPL can legally send a notice to the client to clear the outstanding balance to avoid further legal proceedings.
- The stock broker may, in his absolute and sole discretion, square-off any outstanding position of the client due to any restriction in relation to volume of trading/outstanding business or margins stipulated by the Exchange, clearing corporation/clearing house and/or the stock broker and/or any other extra ordinary event warranting such square off, without prior intimation to the client.

F) Shortages in obligations arising out of internal netting of trades

In case of internal shortage positions, the same shall be sent for self-auction facility where available. Where self-auction facility is not available/ not availed (and if permissible at the respective exchange), the securities shall be purchased back in the account of the seller who has not delivered, and the securities so purchased shall be given to the buyer in the receipt of the same. In case the securities cannot be purchased back for any reason whatsoever, the positions will be closed out as per Exchange formula

G) Conditions under which a client may not be allowed to take further position or the broker may close the existing position of the client.

BDSSPL shall have absolute discretion and authority to limit client's volume of business or to close any existing position of a client without giving any prior notice to the client under the following mentioned conditions:

- If the particular client is a Defaulter of an amount due to BDSSPL.
- Value of collateral is insufficient to meet losses incurred by the client.
- If there are insider trading restrictions on the client
- If the client is undertaking any illegal trading practice or the client is suspected to be indulging in money laundering activities.
- If the particular client is barred from trading on the exchange by the any Exchange and or SEBI
- If in view of the management of BDSSPL the market conditions turn extremely volatile or unfavourable.
- Breach of Bye Laws, Rules and Regulations of the Exchanges and/or SEBI directives.
- Breach of market and/or client-wise permitted position limit.
- Any other reasons as may be provided by BDSSPL from time to time.

H) Temporarily suspending or closing a client's account based at the Client's request:

- A client may request BDSSPL to temporarily suspend his account through a written request stating the reason for temporary suspension and period of suspension.
- Whenever, any suspended account wants to resume trading, a request will have to be made in writing and BDSSPL may ask for updated financial information and other details before reactivating such an account.

I) Deregistering a Client:

BDSSPL shall be entitled to deregister a client with immediate effect in any of the following circumstances:

- SEBI or any other regulatory body has passed an order against such a client, prohibiting or suspending such client from trading in Securities Market.
- Such client has been indicated by SEBI or the Exchanges or any other regulatory body in case of market manipulation or insider trading.
- Such clients name appears in the UN list of prohibiting entities or SEBI debarred list
- If the action of the client are prima facie illegal/improper or such as to manipulate the price of any securities or disturb the normal functioning of the market, either alone or in conjunction with others.
- If there is any commencement of a legal process against the Client under any law in force
- On death/lunacy or other disability resulting in inaction of the client.
- If the client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy law or being a Company goes into liquidation or has a receiver appointed in respect of its assets or refers itself the Board of Industrial and Financial Reconstruction or any other law providing protection as a relief undertaking.
- The particular client has defaulted in making payment on the due date, if there is reasonable apprehension that the client is unable to pay, or the Client has admitted its inability to pay its debts.
- If the client is in breach of any term, condition or covenant.
- If any covenant or warranty of the client is incorrect or untrue in any material respect.
- At the request of the client for the same
- By trading member with advance notice
- Breach of Bye Laws, Rules and Regulations of the Exchanges and/or SEBI directives.
- Client's inability to provide important financial/non financial documents/any such mandatory documents as may be required by BDSSPL from time to time and/or as directed by the Exchanges/SEBI.

J Inactive Client Account

- A client's account may be treated as inactive if there is no activity in an account for a period of more than 12 months. Reactivation of such clients will be only done after due diligence by BDSSPL, with recent proofs and any upgradation in the KYC form.

K Additional information under SEBI circular ref. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20-Jun-2019

- As per the SEBI circular ref. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20-Jun-2019 and the Frequently Asked Questions issued by the Stock exchanges on 27-Sep-2019, the following policies will be followed by us:

1. Where securities lying with BDSSPL in collateral or otherwise are in excess of what can be retained by BDSSPL as per the norms of the exchanges, such excess securities will be returned to the client at the time of funds settlement
2. Any instructions to BDSSPL for maintaining running account of securities shall stand deleted and BDSSPL shall not act upon such instructions
3. In case of non-meeting of settlement obligations, the positions of the clients shall be liquidated in the manner as prescribed in the Risk Management policy of BDSSPL.

4. The payment terms would be that the clients have to meet their margin and settlement obligations at a level as prescribed by the exchanges in the manner as prescribed in the Risk Management policy of BDSSPL.