

INTERNAL CONTROL POLICY

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 deviation is required, they have to obtain approval from the director.

1. Client Registration and documentation and updations

The head office, branches/ sub brokers maintain client agreement forms. As and when the client approaches for account opening, the due diligence of the client is carried out by the authorized person at the 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. 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 concerned officials mentioned above. The client is made to understand risk while dealing in securities market during in person verification.

Then only the client account is activated in UCC and concerned. client is informed about the Client Code.

Any updation in address, bank details, DP details etc. is done by the dealing officials after collecting the proof and verifying with the original. The same is updated in back office records and modification form file is maintained for record.

All KYCs are stored client code wise, Branch wise / sub broker wise or in the way that it is easily accessible.

No client is entertained if he walks in for client registration.

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

VINOD SHARES LTD.

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 outsource client registration work.

Further we also ensure that net worth and income details of active clients are updated every year on 1st April.

Sales Policy 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 are exclusively occurred at the instance of the client .Whenever we consider opening of any new branches or appointing any new sub broker, detailed market survey is conducted and complete due diligence of sub broker is carried out.

2. Closure of client account and dormant account

Any clients who has not traded over six month and have zero balance or insignificant debit or credit balance are treated as dormant accounts. The dealing officials are advised to re confirm the trade request made by such account holders.

The clients who have not traded over two years are deleted from the server and if client desires to trade new KYC is obtained.

Any accounts where there is no trading activity over two years and having no significant balance such accounts are closed on annual closing of books of account and the balance amount on those account is transferred to Kasar account and such accounts are closed . A letter is obtained from the client to close the account.

We do not allow client to transfer from one branch/ sub broker to another branch/ sub broker.

3. Order receipt and execution:

Orders are received either on phone or in person at head office, branch/ sub broker office. They are punched into 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 convey over telephone in case trade has taken place against his limit orders.

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

We print contract notes in duplicate. Original copy is sent to clients and acknowledgment of client is obtained in duplicate copy and maintained day wise.

The contract notes are sent through ECN and the acknowledgement is obtained through ECN Logs. In case of bounced mail, we send hard copies and acknowledgment is obtained. The designated email ID and password is issued to the client through a welcome letter. In case client desires to change his/ her Email Ids, the letter to that effect is obtained and change is carried out.

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. The margin shortfall is monitored by the director on daily basis.

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

The trading activity of the client is continuously monitored. In case of delay from client in PAY IN, an appropriate action is taken. The trading limits are reduced or zeroed till such time the full PAY IN is received. Similarly the branch/ sub broker limits are also reduced or closed. Normally, we face the issues of timely PAY IN from the clients when market is falling, in such event we call each and every client to either square up their position or make the PAY IN by next day morning. In the event of any doubt, the positions are squared up if the market is continuously falling.

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.

We do not undertake funding 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 accept cash or DD or bankers cheque.

Client is permitted to offer the approved securities as margin & we shall apply the VAR margin for the purpose of hair cut & thereafter the credit of the balance amount shall be given to each & every client.

6. Monitoring debit balances

The debit balances in client account are continuously monitored and the follow up at client level as well as at branch/ sub broker level is done. The statement of outstanding is send to each dealing offices. The old debit balances over 15 days are watched and trading limits are closed. In the event, net debit over 90 days are treated as bad and appropriate action is taken for recovery of the same.

7. Liquidation of client position :

In case, client do not pay shortfall in margin on T + 1 basis, we telephone the client and square up of his/ her positions provided client do not provide assurance for the payment in a day or two.

8. Policies for Internal Shortages:

Clients are instructed not to sale securities purchased yesterday in the event of sale stocks purchased on previous trading day and received short from the exchange it goes to auction and the client's account is debited on account of auction. We do not hold any securities of the client unless payment is outstanding over Rs. 1 Lakh.

9. 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 laid down by the exchange. However, such transfer of trades are very few and on

account of mistakes done by operators. The operators are trained and warned to avoid such mistakes.

10. Investor's Redressal Mechanism

If any complain is received on phone or verbally the first thing we ask client is to provide the same in writing. Complain is entered in complain register and put up before the board. The board issues appropriate instructions and the resolution are arrived at.

The complain register is maintained at head office. Clients are informed about the contact no. & E mail for investor's grievances and same is displayed on the notice board and also on the website.

The board monitors the pending investor complains and also calls the client and the branch/ sub brokers in charge immediately after market hours and appropriate action is taken for redressal.

11. Allotment, surrender of trading terminals.

We have CTCL as front-end. We have allotted client id and default password to all our branches and sub brokers based on appropriate NCFM certificates and the information is uploaded to the Exchange in required modules.

At head office, we use NEAT and NEAT OP. The IDs have been created and required information have been uploaded to the exchange and are supported by NCFM certificates

All CTCL IDs are uploaded to the exchange in ENIT and after successful updation, branches are allowed to log in.

The limits are set based on the deposits given by the branch/ sub brokers.

We carry out surprised inspection of the branches and ensure that no unauthorized use of the trading terminal is done by the branches. We also maintain the branch inspection report.

The procedure for opening and closing of branches/ sub brokers is explained at Point No. 17.

VINDO SHARES LTD.

In case of closing the business with sub broker the cancellation procedure like issuing public notice and surrendering the sub broker registration to SEBI the exchange.

12. 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 rejected and if the client is produces the proof of account , in such case the additional bank details is uploaded to the back office after verification of documents. 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.

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 rejected and if the client produces the proof of account , in such case the additional DP details is uploaded to the back office after verification of documents.

13. Power of Attorney

We do not obtain Power of attorney for any trading account.

14. 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. However all the branches / sub brokers are allotted CTCL ID.

15. PMLA

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

Due diligence is carried out for:

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

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

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

We brief 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.

16. Internet trading

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

17. Opening & Closing of Branches.

We undertake the survey for a particular location and if business potential is good, than we open a new branch over there. We also consider credentials of Authorised person.

If we don't get sufficient business from a particular branch to meet the expenses of branch then we decide to close the branch and for the purpose we give 30 days prior notice to all our clients associated with that branch.