

**Durga Prasad & Co.**

Member: National Stock Exchange

Segments: Cash Market, F&O & CD

SEBI Regn. Nos.: CM - INB230826828, F&O - INF230826828, & CD - INE230826828

Reg. Office: 307, Pancom Business Center, Ameerpet 'X' Roads, Hyderabad – 500 073

ph: 40-39182529 /30 /39 fax: :40-39182535 e-mail: info@dpsec.com - www.dpsec.com

ADDENDUM TO KYC KIT

Date: _____

Mandatory Policies and Procedures forms integral part in the member and constituent agreement of Durga Prasad & Co.

1. Policy for Penny stocks: A stock that trades at a relatively low price and market capitalization. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure.

Durga Prasad & Co., (hereinafter called as DP Co.) shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid “options”, far month “options”, writing of “options”, stocks in S, Z and B2 category and any other contracts which as per the perception of DP Co are extremely volatile or subject to Market manipulation.

2. Setting up client’s Exposure limits: Purchase Limit: DP Co. may provide an exposure limit for intraday and delivery based purchases by a client which would be a multiple (varying between one to four times) of the clear ledger balance in the account of the client plus value of paid up collaterals computed after appropriate haircut. The value of the “multiple” and the “haircut” shall be decided by DP Co. based on Market Volatility and quality of collaterals. **Sell Limit:** DP Co. may provide a sell limit to the client equivalent to the value of securities held by the client in his enabled De mat account plus the collateral held by DP Co. on behalf of the client in its Beneficiary and Margin Pool account after making appropriate adjustments for the unsettled delivery positions of the client. **Exposure for F&O/CDS:** DP Co. may provide exposure for F&O/CDS based on availability of initial margin (SPAN + Exposure) in the form of cash and approved securities (with appropriate hair cut). **Client-wise differential Limits:** DP Co. shall have the prerogative to allow differential purchase limits and sell limits varying from client to client, depending upon credit worthiness, integrity and past conduct of each client.

3. Applicable Brokerage Rates: Brokerage shall be applied as per the rates agreed upon with the client in the KYC at the time of registration of the client through a mentioned document between the client and DP Co. The Client agrees to pay brokerage to DP Co. as per the agreed terms. The brokerage rates vary from client to client. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange bye-laws.

4. Imposition of Penalty / delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws) Delayed payment Charges / Charges on Exposure against collaterals:

Pursuant to Exchange Bye-laws, the Member broker is currently required to make pay-in of funds to the Exchange by T +2 morning and arrange delivery of securities to the Exchange latest by T +2 morning. Further Member broker is also required to maintain adequate upfront margins with the Exchange to avail exposure for trading. The Exchanges have also defined the ratios in which the cash and collaterals are to be deposited and maintained by the Member broker. In addition the Exchange requires the member broker to deposit some of the margins like MTM, in Cash only. In order to manage its working capital, DP Co. requires fullest cooperation of the clients in meeting their respective obligation towards pay- in and margins. DP Co. is therefore authorized by the client to charge a delayed payment penalty, not exceeding 2% per month, on account of delays/failure by the client in meeting the pay-in obligations on the scheduled date and also where the clients take exposure in F&O/CDS segment by depositing collaterals in a ratio which is disproportionate to the Cash versus collaterals ratios prescribed by the Exchanges. While levying delayed payment charges or interest on the debit balance in the running account of a client, DP Co. may not consider any credit balance in the other family or group account of the client. **Penalties levied by Exchanges:** Further Exchanges levy various penalties on the member brokers on auction resulting from short deliveries, non adherence to client-wise exposure limits, client-wise shortfall in F&O / CDS Margin and for other reasons which may be defined by the Exchange from time to time. DP Co. is therefore authorized by the client to pass on any penalty imposed by the Exchange/SEBI and or any other regulatory authority to the client, which arises on account of the client.

Interest Free Deposits: DP Co. provides exposure against the upfront margin received in the form of cash / collateral from the client and the client also has the prerogative to demand withdrawal of cash and collaterals at his discretion, DP Co. shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with DP Co.

5. The right to sell clients’ securities or close clients’ positions, without giving notice to the Client, on account of non-payment of client’s dues (This shall be limited to the extent of settlement/margin obligation): DP Co. shall have right to sell client’s securities, both unpaid securities as well as collaterals deposited towards margins, or close out client’s open positions, without giving notice to the client where there is a delay/ failure of the client to meet the pay-in obligations and/ or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions. **a. Unpaid Securities in Capital Market:**

i. In case of unpaid obligation on T+3, DP Co. may sell the unpaid/ partially paid securities. In addition DP Co may sell the collaterals deposited by the client towards margins and/ or paid securities purchased by the client in earlier settlements where the sale of proceeds of unpaid securities are inadequate to cover the pay-in obligations and/ where

Client Name: _____

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the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required. ii. DPCo may follow the LIFO method for liquidation of securities but it may not bind on it to follow this method in all cases. **The margin shortfall in F&O/CDS:** i. Positions of the client may be closed out to the extent of margin shortfall on the T + 1 basis. ii. While computing margin shortfall, value of unapproved securities shall not be considered.

6. Shortages in obligations arising out of internal netting of trades: Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation / clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is asunder: (a) The Short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to pay in /Payout Day. The securities delivered short are purchased from market on T + 2 day and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier. (b) If securities cannot be purchased from market due to any force major condition, the short delivering seller is debited at the closing rate on T + 2 day or Auction day on Exchange + 10% where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/ credits shall be as per Exchange Debits and Credits. (c) In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auctioned on cum basis or where the cum basis auction payout is after the book closure/record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

7. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client: **a. All Markets:** Where client is not having adequate margins as per conditions defined in Risk Management policy. **b. Capital Market:** i. where the client has not able to meet his pay-in obligation in cash by the schedule date of pay-in Irrespective of the value of collaterals available with DPCo. (ii). Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by DPCo. (iii). Client is trading in "illiquid" scrip's and volumes in his account exceed internal cut off limit fixed by DPCo. iv. DPCo exposure at "house level" in a specific scrip / contract exceeds the internal limits fixed by DPCo. **C. F & O / CDS:** (i). where the client has not met Market to Market loss in cash (ii). Where the "open" positions in a contract exceed or are close to market wide cut-off limits (iii). Where the client's position is close to client-wise permissible "open" positions **d. INTRA-DAY:** Clients will not be able to place intra-day orders after a cut-off time fixed by DPCo. (Presently 20 minutes prior to close of market)**Event Based:** Where based on happening of an event, DPCo has the risk perception that further trading in the securities/ contracts may not be interest of its clients and/or the market.

8. Temporarily suspending or closing a client's account at the client's request: DPCo. may carry a periodic review of the client accounts and may suspend the accounts from Trading in the following circumstances: (i) Where the client is inactive for more than 3 months (ii) Where the client has not cleared the naked or uncovered debits which are more than 7 days' old. (iii) Where the account is under investigation by any regulatory body. (iv) Based on the recommendations made by the Branch Manager due to excessive speculations, un-cleared balances. (v) Physical contract notes are received back undelivered due to reasons like "no such person", "addressee" left, refusal to accept mails, Pod's signed by the third persons, signature mismatch on Pod's or other reasons which may create suspicion, after" close" out of the open positions. (vi) DCN failed (Bounced email) on more than 3 instances until client submits and registers new email id. (vii) Non delivery of the Statement of Account sent on periodic basis. (viii) Non updating of communications details viz., email id, Mobile no, Land line details or it is found to be belonging to a third person. (ix) Client lodges a compliant either directly with DPCo. Or through Exchange relating alleged unauthorized Trades being executed in the account. (x) On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc (ix) Where a client is reported to or known to have expired. (xii) DPCo may also suspend the account based on the written request received from the client.

9. Deregistering a client: Notwithstanding anything to the contrary stated in the agreement, the stock broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances: (i) 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/proper functioning of securities or disturb the normal/proper functioning of the market, either alone or in conjunction with others. (ii) If there is any commencement of a legal process against the client under any law in force; (iii) On the death/lunacy or other disability of the Client; (iv) If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership; (v) If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the Stock broker; (vi) If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable; (vii) If the Client is in breach of any term, condition or covenant of this Agreement; (viii) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security; (ix) If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client; (x) If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution; (xi) If the Client has voluntarily or compulsorily become the subject of proceedings under any

Client Name: _____

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Signature: X _____

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bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking.(xii) If any covenant or warranty of the Client is incorrect or untrue in any material respect;

Inactive Client account: - Client account will be considered as inactive if the client does not trade for period of one year. Calculation will be done at the beginning of every month and those clients who have-not traded even a single time will be considered as inactive, the shares/ credit ledger balance if any will be transferred to the client within one week of the identifying the client as inactive. The client has to make written request for reactivation of their account. Trading in Exchange is in Electronic Mode, based on VSAT, leased line, ISDN, Modem and VPN combination of technologies and computer systems to place and route orders. I/we understand that there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any break down in our back office/ front end system, or any such other problems/glitch whereby not being able to establish access to the trading system/network, which may be beyond your control and may result in delay in processing or not processing buy or sell Orders either in part or in full /We shall be fully liable and responsible for any such problem/fault.

Client Acceptance of Policies and Procedures stated herein above: I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses this document any circumstances what so ever. These Policies and Procedures may be amended / changed unilaterally by the broker, provided the change is informed to me / us with through anyone or more means or methods. I/we agree never to challenge the same on any grounds including delayed receipt / non receipt or any other reasons whatsoever. These Policies and Procedures shall always be read always be read along with the agreement and shall be compulsorily referred to while deciding any dispute difference or claim between me / us and stock broker before any court of law / judicial/adjudicating authority including arbitrator / mediator etc.

Client Name: _____
Client Code: _____

Signature: X _____

Authorisation letter for Electronic Communication and SMS alerts
(This document is voluntary for e-mail Id and Mobile number to be executed by the Client)

To, The Compliance Officer
Durga Prasad & Co.
307, Pancom Business Center, Ameerpet 'X' roads, Hyderabad -73

Date: _____

Dear Sir,

I/We have been/shall be dealing through you as May/our broker on the Capital Market and/or Futures & Options and/or Currency derivative Segments. As my/our broker i.e. agent I/We direct and authorize you to carry out trading/dealings on my/our behalf as per instructions given below. I/We understand that, I/We have the option to receiver the contract notes in physical form or electronic form and also for giving me any information by alert/sms/call. In pursuance of the same, I/We hereby opt for receipt of contract notes in electronic form and for giving me any information by alert/sms/call to mobile number. I/We understand that for the above purpose, you are required to take from the client "an appropriate email account" for you to send the electronic contract notes and "Mobile Number "for giving any information by alert/sms/call. Accordingly, please take the following email account(s)/email id on your record for sending the contract notes and exercising choice to receive not only electronic contact notes but also documents like bills, margin statements, ledgers, reports, letters, circulars, notice statements of the account of funds and securities of all deliverable documents on this e-mail id to me/us and "mobile number" used for giving me any information / alert/ sms /call.

My E-mail Id _____ and Mobile No _____

I/We also agree that non-receipt of bounced mail and/or message notification by you shall amount to delivery at my/our email and/or mobile number account(s)/ email id(s). I/We agree not to hold you responsible for late/non-receipt of contract notes sent in electronic form and any other communication for any reason including but not limited to failure of email services, loss of connectivity, email in transit etc. I/We agree that the log reports of your dispatching software shall be a conclusive proof of dispatch of contract notes to me/us and such dispatch shall be deemed to mean receipt by me/us and shall not be disputed by me/us on account of any non receipt/delayed receipt for nay reason whatsoever. I/We understand that I am required to intimate any change in the email id/email account mentioned herein above needs to be communicated by me through a physical letter to you, provided however that if I/We am/are an internet client then in that.

Client Name: _____

Client Code: _____

Signature: X _____

Running Account Authorisation

(This document is voluntary for existing client with respect of client account in active status)

To, The Compliance Officer

Date: _____

Durga Prasad & Co., 307, Pancom Business Center, Ameerpet 'X' roads, Hyderabad - 72

Dear Sir,

I/We are dealing through you as a client in Capital Market and/or Future & Option segment and/or Currency segment and/or Interest Rate future Segment & in order to facilitate ease of operations and upfront requirement of margin for trade. I/We authorise you asunder: (1) I/We request you to maintain running balance in my account & retain the credit balance in any of my/our account and to use the unused funds towards my/our margin/pay-in/other future obligation(s) at any segment(s) of any or all the Exchange(s)/Clearing corporation unless I/we instruct you otherwise. (2) I/We request you to retain securities with you for my/our margin/pay-in/other-future obligation(s) at any segment(s) of any or all the Exchange(s)/Clearing Corporation, unless I/we instruct you to transfer the same to my/our account. (3) I/We request you to settle my fund and securities account? Once in every calendar Quarter or? Once in a calendar Month or such other higher period as allowed by SEBI/Stock Exchange time to time except the funds given towards collaterals/margin in form of Bank Guarantee and/or Fixed Deposit Receipt.(4)In case I/We have an outstanding obligation on the settlement date, you may retain the requisite securities/funds towards such obligations and may also retain the funds expected to be required to meet margin obligations for next 5 trading days, calculated in the manner specified by the exchanges.(5)I/We confirm you that I will bring to your notice any dispute arising from the statement of account or settlement so made in writing within 7 working days from the date of receipt of funds/securities or statement of account or statement related to it, as the case may be at your registered office. After that I/We shall have no right to dispute the transaction, funds and/or securities ever and agree that you shall not be liable for any incidental loss/damage caused due to retention of funds and/or securities. (6)I/We confirm you that I can revoke the above mentioned authority by giving 15 working days notice in writing to you.

Thanking you

Yours faithfully,

Signature: X _____

Client Name: _____

Client Code: _____

This is voluntary choice to prefer in Stock Exchange on which you wish in trade (For existing Clients)

Trading Preferences: Please tick in the relevant boxes

Date: _____

NSE

Cash Market

F&O Segment

CD Segment

(Sign X)(Sign X)(Sign X)(Sign X)

I / We hereby declared that the details furnished above are true and correct to the best of my knowledge and belief & I / we undertake to inform you of any changes therein immediately. In case of the above information is found to be false or untrue or misleading or misrepresenting, I / We am aware that I / We may be held liable for it.

Client Name: _____

Client Code: _____

Signature: X _____

ANNUAL FINANCIAL REVIEW STATUS AUTHORISATION

(This document is voluntary for existing client with respect of financial details – Self declaration)

To, The Compliance Officer,

Date: _____

Durga Prasad & Co., 307, Pancom Business Center, Ameerpet 'X'roads, Hyderabad – 73

Dear Sir,

I/We are dealing through you as a client in Future & Option segment in order to facilitate ease of operations and upfront requirement of margin for trade. I/We authorize you as under Updating for financial review status for the Period of.....my Annual Income Range: Per Annual (Tick where applicable)

Below Rs 1Lakh Rs. 1 – 5 Lakhs Rs. 5 – 10 Lakhs Rs. 10 to 25 Lakhs above Rs. 25 Lakhs

I/We hereby enclosed self certified documentary evidence (Tick where applicable)

Copy of annual accounts Net worth certificate Copy of ITR acknowledgement Salary Slip

Copy of form 16 in case of salary income Bank account statement for last 6 months

Copy of Demat account holding statement Self declaration along with relevant supporting

Any other relevant documents substantiating ownership of assets

I/We here by declared that the financial review status are true and correct to the best of knowledge and belief & I/We undertake to inform you of any changes therein immediately. Incase of the above information is found to be false or untrue or misleading or misrepresenting, I/We am aware that I/We may be held liable for it.

Thank You for your Patronage

Yours Sincerely

Signature: X _____

Client Name: _____

Client Code: _____