

POLICIES AND PROCEDURES

This document from Durga Prasad & Co (DP&CO) is mandatory as per SEBI Circular No. MIRSD / SE / Cir-19/2009 dated 03.12.2009 and requires your utmost care, attention and understanding.

- **Policy for Penny Stocks:** 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 and / or depending on the market conditions. DP&CO shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through DP&CO itself. DP&CO and / or any of its directors, employees, associates, sub brokers, will not be held responsible due to losses due to such refusal.
- **Setting up client's exposure limits:** DP&CO may from time to time vary limits (exposure limits, turnover limits, limits as to the number, value and / or kind of securities in respect of which orders can be placed etc.) on the orders that the client can place through DP&CO's trading system. The client is aware and agrees that DP&CO may need to vary or reduce the limits or impose new conditions for limits urgently on the basis of DP&CO 's risk perception and other factors considered relevant by DP&CO including but not limited to limits on account of exchange / SEBI directions / limits (such as broker level / market level limits in security specific / volume specific exposures etc.), and DP&CO may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that DP&CO shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through DP&CO 's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that DP&CO may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through DP&CO, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by DP&CO / exchange / SEBI and any other reasons which DP&CO may deem appropriate in the circumstances. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

DP&CO has margin based RMS system. Total deposits of the clients (Funds and Securities lying with DP&CO either as Margin or in running account) are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange / or margin defined by RMS based on their risk perception. Any failure on the client's part in payment of margins shall be viewed seriously and DP&CO is authorized not to allow the client any further exposure and also authorized to square off client's existing position/s and / or sell the securities lying with DP&CO as collateral.

- **Applicable brokerage rate:** Brokerage will be charged at the rates being agreed between the client & DP&CO within the limits prescribed by SEBI / exchange.

The slab rates of brokerage fixed by DP&CO are function of the quality and cost of services provided to the client and the volume and revenue expected from an account. It shall be reviewed by DP&CO from time to time.

The brokerage shall however be exclusive of DP Annual maintenance charges, DP transaction charges / Pledge / Re-pledge / Demat / Remat charges, DP Inter settlement charges, Account Opening charges, Delayed Payment charges, Penalties levied by Exchange, Research advisory charges, Courier charges, Bank charges towards the cheques received unpaid, DP, Bank and other processing charges towards periodic settlement of Funds/ Securities on periodic basis, Statutory charges payable to Exchange/SEBI/Govt. Authorities etc., SEBI/Exchange/ Clearing Member Turnover charges, Other out of pocket and service related charges.

- **Imposition of penalty / delayed payment charges:** The client agrees that DP&CO may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to this agreement / rules / regulations / bye laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where DP&CO has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

DP&CO is therefore authorized by the client to charge a delayed payment penalty, not exceeding 18% per annum, 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 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.

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.

- The right to sell client's securities or close clients' open positions: Without prejudice to DP&CO's other right (Including the right to refer the matter to arbitration), DP&CO shall be entitled to liquidate / close out all or any of the clients position without giving notice to the client for non payment of margins or other amounts including the pay in obligation, outstanding debts etc. and adjust the proceeds of such liquidation / close out, if any, against the clients liabilities / obligations. The client shall ensure timely availability of funds / securities in form and manner at designated time and in designated bank and depository account(s), for meeting his / her / its pay in obligation of funds and securities. Any and all losses and financial charges on account of such liquidations / closing out shall be charged to & born by the client.
- **Shortages in obligations arising out of internal netting of trades:** For internal shortages in BSE, the stocks are recovered by self auction at BSE on T+4 day and in NSE they are purchased from the market on T+3 day. The purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client.
- **Restrictions / Prohibition to take further position or closing existing position:** Under following, circumstances, the client may not be permitted to take any further position by DP&CO and / or DP&CO shall close existing position without any further intimation to the client:
 - a. Failure or delay to meet pay-in or margin obligation on time and / or to clear outstanding dues to DP&CO.
 - b. Repeated bouncing of cheques of the client.
 - c. Unnecessary / unwarranted dispute from client with DP&CO without any substantial cause / reason.
 - d. Client's attitude of not coming to an amicable settlement for any dispute that can be settled without involvement of Exchange and /or SEBI.
 - e. As per findings of Risk Management department of DP&CO.
 - f. Any direction from SEBI / Exchange or such other authorities.
 - g. Under such other circumstances as DP&CO may think just and proper on case to case basis.
- **Temporary suspending or closing Client's Account:** Client's Account may be suspended or closed by DP&CO from further dealing through DP&CO in following circumstances:
 - a. As per Client's prior written request in prescribed format submitted to DP&CO at its Hyderabad H.O. (subject to clearance of entire outstanding / obligations).
 - b. Dormant or in-active status of client account beyond specified time limit as may be prescribed by DP&CO and
 - c. Under any circumstances mentioned in point no.'7'.
- 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. I/We shall be fully liable and responsible for any such problem/fault.
 - a. As per specific written request from client submitted to DP&CO at its Hyderabad H.O
 - b. Any direction from SEBI / Exchange or such other authorities;
 - c. 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;
 - d. If there is any commencement of a legal process against the client under any law in force;
 - e. On the death/lunacy or other disability of the Client;
 - f. If the client being a partnership firm, has any steps taken by the Client and/or its partners for dissolution of the partnership;
 - g. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Stock broker;
 - h. 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;
 - i. If the Client is in breach of any term, condition or covenant of this Agreement;
 - j. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
 - k. 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;
 - l. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
 - m. If the Client has voluntarily or compulsorily become the subject of proceedings under any 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;

- n. If any covenant or warranty of the Client is incorrect or untrue in any material respect;
- o. Under such other circumstances as DP&CO may think just and proper on case to case basis.
- p. Based on the recommendations made by the Branch Manager due to excessive speculations, un-cleared balances.
- q. Out of the open positions.
- r. DCN failed (Bounced email) on more than 3 instances until client submits and registers new email id.
- s. Non delivery of the Statement of Account sent on periodic basis.
- t. Non updation of communications details viz., email id, Mobile no, Land line details or it is found to be belonging to a third person 20
- u. Client lodges a complaint either directly with DP&CO or through Exchange relating alleged unauthorized Trades being executed in the account.
- v. On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc
- w. Where a client is reported to or known to have expired.
- x. May also suspend the account based on the written request received from the client.

- **Policy for Dormant / In-active account:**

As per DP&CO's policy, the account in which no transaction of any nature has taken place during last twelve months shall be considered as Dormant / in-active account. In case DP&CO treats the account of client as in-active account, the funds or securities lying with DP&CO shall be refunded / returned to clients immediately on demand by the client. In case DP&CO treats the account of client as dormant account, and if trade is executed in such account, then it is verified with client over telephone. As a risk management measure the telephonic conversations with the clients are recorded at head office.

In order to reactivate the inactive account, client needs to instruct DP&CO in writing in prescribed format at least 2 days in advance at its Hyderabad H.O. Such written request DULY SIGNED BY CLIENT may also be sent by way of Fax on 040-39182535 to Compliance Officer or by e-mail to compliance department at kpavan@dpsec.com from client's own e-mail account registered with DP&CO. DP&CO shall reactivate the said account subject to fulfillment of such conditions as DP&CO may consider fit and proper. However, DP&CO may, in its own discretion, reduce / increase the period of 2 days as the circumstances may warrant on case to case basis.

- **Client Acceptance of Policies and Procedures stated hereinabove:**

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 of this document under any circumstances what so ever. These Policies and Procedures may be amended / changed unilaterally by DP&CO, provided the change is informed to me / us with through any one 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 along with the agreement and shall be compulsorily referred to while deciding any dispute / difference or claim between me / us and DP&CO before any court of law / judicial / adjudicating authority including arbitrator / mediator etc.