

- SEBI REGN NO.: INZ000236337
- CIN: U67120MH1997PTC111377
- GSTIN: 27AABCP4399M1ZR



PAVAK SECURITIES PVT LTD

MEMBER: BSE LTD
CLEARING NO.: 0772

Internal Control

1.Details:

Date of Starting of Business : 24th Dec 1999.

Background of Company :

We had started our business in the name of Pankaj Karani from December 1995, we then converted our membership from individual to corporate in the year April 2000, we are dealing in Secondary market, The Company having more than 100 retail Clients in cash segment, we also have good experience in primary market.

2. Client Code Modification :

The modification to the client code is to be done only in exceptional cases and not as a routine one. The reason for modification has to be ascertained and analyzed and genuineness is to be established and also its impact on the clients should be studied before the modification.

Normally as a principle, other than for punching errors, no modification to the client codes be allowed. Therefore it is imperative that issue should be reported to the senior level Manager / Director and only with his approval, the modification should be carried after being satisfied that it is genuine, the same is required to be done to protect the interest of the Client.

3. PMLA

As advised by SEBI vide its Circular no. ISD/CIR/PR/AML/1/06 dated 18th January 2006 and ISD/CIR/PR/AML/2/06 dated 20th March 2006, to appoint Principal Officer under Money laundering Act 2002, we have appointed Mr. Pankaj Karani as a Principal Officer. We have forwarded intimation through Registered post at following address vide our letter dated 24th Jan 2006.

Direct, FIU-IND,
Financial Intelligent Unit-India
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi 110021



We have adopted written procedures to implement the anti money laundering provisions as envisaged under the Anti Money Laundering Act, 2002. this procedures includes following three specific parameters which are related to the overall '**Client Due Diligence Process**':

1. Policy for acceptance of clients
2. Procedure for identifying the clients
3. Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR)

Customer Due Diligence:

A. The Customer due diligence ("CDD") measures comprise the following:

1. Obtaining sufficient information in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. We use this procedure for non individual client such as Pvt. Ltd and Ltd company, Partnership Firm, HUF firm, and NRI The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.
2. Verify the customer's identity using reliable, independent source documents, data or information; While introducing client we collect complete data of our client. We also emphasis that introducer of client is equally responsible as good as client. We do not entertain any client without perfect Reference.
3. Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted; We observe that documents provided by client is true and perfect. We also check that Demat account and Bank account belong to same client and operation is being done through same account.
4. Verify the identity of the beneficial owner of the customer and/or the person on whose behalf a transaction is being conducted.
5. Conduct ongoing due diligence and scrutiny, i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business. We conduct ongoing due diligence and scrutiny of our client account. Normally, we check client's trading pattern, trading turnover, payment and



receipt pattern and updating of KYC documents. If we find a client is irregular in payment or short sell securities, we issue warning to client and stop executing trade for such client.

Regular monitoring of transactions is being done on every day after closing of trading session. We also check clients ledger to check payment pattern. Normally we have established the system of bill to bill payment and receipt. We have kept the records of Big deal undertaken by our client. Pay in and pay out of securities are received/delivered from/to clients Bank/demat account only. We have collected copies of clients Bank account statement/copy of cancelled cheques leaf/Bank pass book and copy of Demat client Master/Demat Statement.

We entertain only reliable client. All our clients are generally buying known and fundamentally strong stocks. We always keep close watch on clients transaction pattern. Normally we do not allow our client to keep their money or securities after pay out with us unless the specific instruction of the client.

4. Introduction/Registration of clients

We make it sure to obtain the Client Broker Agreement, KYC, Risk Disclosure Form and other required documents as per the norms.

The client Broker form and other related documents are checked with original documents, provided by the client. In person verification is also done simultaneously.

The reference of the client is confirmed by one of our authorized representative.

The financial and moral background is checked by our authorized representative.

The total information of the clients is uploaded in UCC and in our back office software.

We verify PAN no. with Income Tax website.

The KRA Registration procedure is also done.

The registration with CKYC is also done if not registered

We informed the client UCC Number allotted & also provide the Xerox copy of agreement along with all other documents , to clients and obtain the acknowledgement of the same.

5. Uploading of KYC documents to KRA

Documents, like ID proof and residence proof, duly self attested, will be collected and verified by us. We verify PAN details with the NSDL Tin Site / Income tax and affix the Rubber stamp as required.

We verify the proof documents with original documents. We assign names and signature of the introducer at the required places.



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We obtain Bank details and DP details in case of Trading account and collect relevant documents as proof.

All the clients are required to visit our office or our employee visit to clients place in person. The account is opened as per the name printed on the PAN card after making verification from NSDL Tin Site / Income tax.

The concerned officer who is carrying out in person verification is put his signature and filled up details in appropriate format in KYC form.

The office in-charge will carry out due diligence i.e. their whereabouts, experience in capital market and shall make the client aware of risk factor in dealing in capital market.

From Office we make call for verification of certain information and after taking the information KYC forms are allowed to proceed.

Account is opened after verifying all the required documents and copy of complete KYC is send to the Client's address and we obtained the acknowledgement

After opening the accounts UCC is uploaded to the exchange. When UCC is uploaded successfully to the exchange, the clients are mapped on the Trading System.

As per New KRA Regulation, we registered with the CVL for KRA registration process of clients. We have started processing to comply KRA Regulations for the KYC Opened after January 2012.

As per KRA policy, we fill the KYC Form of respective category of client and get it signed by the client separately. We collect the copies of PAN Card and Address proof duly self authenticated by the client.

We captured the KYC data of client online to the KRA website and verify the same for accuracy point of view. We create the list of clients through KRA website for sending the documents to the KRA registered office. We ensure that all documents of new clients KRA details are sent to KRA agencies with in 10 days of KRA details uploaded to KRA website.

We also check the status of KRA after 30 days of KRA uploaded and follow up action is initiated for KRA approval.

6. Funds :

System of pay in and pay out of fund from / to clients

We always ensure the debit amount to be receivable on the day of pay-in and cheques of pay-out of the clients are released on the day of pay-out, unless some specific clients may request to keep the credit amount. So that same can be adjusted towards debit amount for the fresh purchases.

System & source of pay in and pay out of funds in case of Own trading

We are maintaining s separate Bank account (Cd-008620100016484) with Bank of India , Stock Exchange Branch for the purpose of pay in and payout of funds.



Procedure of Margin collection , if any from clients & maintenance of records thereof

We are usually not collecting margin money in cash segment of the exchange as it is optional. All our client well known to us . All the cheques/securities are deposited in our Client's account on or before pay in day in most of the transaction. Our default percentage is almost nil. We also observe clients credential at the time of execution of the bigger order.

However as per the new norms and T+2 settlement, we collect full amount from clients in most of the purchases, we also observe clients credential at the time of execution of trade.

Any funding id done to the Clients

We are not giving any client funding to any of our client but in exceptional circumstances if there is any shortfall/ delay from any of the client the same is reported to the exchange as stipulated.

Credit / transfer of Dividend to the Clients / own dividend

We are making the payments of dividend to the respective client within 24 hours after the receipt of the dividend through ECS to our Bank account, after verifying the name of clients with back office record. We are maintaining two separate ledger account of Dividend. One is Dividend – Pool A/c & another is Dividend on Shares (i.e. own account) in our Books of Account.

Procedure followed in case of Default by client

In general outstanding dues from the clients are received before pay-in and in case if there is any short fall or delay the same is recovered at the earliest and the same is monitored on daily basis .

Payment to sub-brokers/- remisiers

We do not have any sub-broker registered as on date and also only one Remisier who is also inactive.

Any third party transfer of Fund ?

We are not accepting the cheques from the clients other than the accounts registered by the clients with us .Our back office software has the details of the registered bank account and thus whenever the funds are received from clients and when the same is entered in the back office software if any discrepancy is there the same is highlighted

7. Terminal :

Procedure of accepting & placing of orders

The orders are received on telephones, e-mails, sms and from the clients, who attend the office personally.

If the transaction is bigger in quantity and amount, than we make it sure of receiving the cheques before pay-in day and observing credential of the clients to fulfill the commitment of the transaction.

If clients give some abnormal rates than reason behind the same is enquired with the clients and if genuine reason is given than only we enter the transaction.



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We always confirm whether the clients are registered in UCC . If transaction is bigger than the average dealings of client than we make it sure that delivery is lying in the clients account.

Factors determining the trading limit for each terminal / Client

Generally we are keeping terminal wise limit for buying & selling for each terminal .We are constantly monitoring trading activities on each BOLT through our admin terminal/E-boss system provided by exchange, accordingly we increase or decrease the limits as and when the need arises. We also consider dealer's view and request at the time of modifying limits after taking permission of compliance officer.

Control over operator to ensure that he is entering authorized trades only

We are constantly monitoring through our Admin Terminal/ e-boss system client's codes entered by the dealers and in case of any variation we immediately inform him to rectify the same . We also inform him to be cautious while trading in illiquid stocks as well as those scrips which are traded in T & Z groups

8. Contract Notes

We are printing the Contract Notes at our registered office only and also we are sending Electronic Contract Notes (ECN) to all of our Clients at the email ID given by them in KYC form or on the form specifically provided by them on daily basis and the log report is maintained as a proof of delivery of the said contract notes .In case of physical contracts are given to the client then we are taking the acknowledgement of them or from an authorized person who collect the contract note on behalf of client.

We have a system of giving the Contract number start from 1 (one) every year i.e. from settlement no 1 of each financial year.

9. Securities

We inform clients to give delivery immediately on the day of transaction . If client may have delivered excess delivery or from an unregistered demat account then same are returned on same day from the account from which the said delivery is received.

The shares are delivered to the purchaser after verifying the ledger position (fund) of the clients and we also make direct pay-out of the shares if the ledger balance is proper

We are maintaining the Own Beneficiary Account & Client Beneficiary account separately.

Our back office software has the details of the registered DP accounts and thus whenever the securities are received from clients and when the same is entered in the back office software if any discrepancy is there the same is highlighted and we ensured the rectification as and when required from the client.

10. Monthly/Quarterly Settlement

POLICY ON SETTLEMENT OF FUND AND SECURITIES



To lay down guidelines for settlements of funds and securities as prescribed SEBI Circular No MIRSD/SE/Cir-19/2009 dated 3rd Dec 2009 and Stock Exchange Circulars from time to time.

It applies to all Clients who has signed Running Account Authorisation and thereby not opted for Bill to Bill settlement.

Obtaining Client Preference for settlement:

For new clients, preference for settlement of fund and securities shall be obtained from clients at the time of registration of clients.

Written confirmation shall be obtained on the separate Running Account Authorisation Letter forming a part Voluntary Documents of Clients Registration Form.

Running Account Authorisation shall be obtained from only those clients who have signed Running Account Authorisation.

Two types of settlement preferences shall be allowed (i) Monthly (ii) Quarterly , Client need to tick his preference.

Modification and Disclosure of Client Preference for Settlement

A Client may at any time revoke the Running Account Authorisation and change his settlement preference by giving a notice in writing.

Till the time the Running Account Authorisation is not revoked , the statement of fund and securities shall disclosed by way of a Note that “ Running Account Authorisation is obtained and can be revoked at any time.”

Manner and Amount of Settlement

All funds and securities shall be setteled either on the last day of each month or on the last day of each quarter as per the option opted by the client.

Clients having debit balances shall be intimated to make payments and cleardues. Clients having credit balance shall be paid securities or delivered securities as appropriate.

Statements of Fund and Securities settlement:

Following should be mailed to the clients immediately on settlement:

- a) Statement of fund showing extract of ledger.
- b) Statement of securities showing extract of all receipts and payments of securities during the period.



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11. Statements of Accounts

We are issuing statements of Accounts for fund as well as securities to our clients on quarterly basis on the email address given by the client. We are also issuing the statements of fund & securities in physical form as and when requested by the client. We do not have any Branch , Sub-broker or Aothorised person registered with the exchange for the period April 2012 to March 2013 so the statements of accounts are issued only from registered office only.

12. Execution of POA (Power of attorney) (if applicable)

The said point is not applicable to us as we have not taken any power of attorney from the client

13. Opening & closing of branches

The said point is not applicable to us as we have not any Registered Branch for the period April 2018 to March 2019.

14. Closure of client accounts / dormant account

A client if desires may close his account maintain with us after serving notice of 30 days and after that account closure procedure will be completed within 15 days , provided there is no debit balance in client a/c and there is no outstanding issues between the parties

The client who has not traded with the member for more than a year will be treated as inactive accounts. To activate the same the client has to send written request to Member requesting him to reactivate the account. At the time of reactivation of account we reserves the right to ask for fresh details for the purpose of KYC .

15. Receiving and Execution of Orders

The orders are received on telephones, e-mails, sms and from the clients.

If the transaction is bigger in quantity and amount, than we make it sure of receiving the cheques or NEFT/ RTGS before pay-in day and observing credential of the clients to fulfill the commitment of the transaction.

If clients give some abnormal rates than reason behind the same is enquired with the clients and if genuine reason is given than only we enter the transaction.

We always confirm whether the clients are registered in UCC. If transaction is bigger than the average dealings of client than we make it sure that delivery is lying in the clients account.

16. Portfolio Manager



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The said point is not applicable to us as we are not registered as Portfolio Manager.

17. Brokerage Charged

We are charging different Brokerage Slabs to our clients depending upon the trading volume of the client which we are already mentioned in the Tariff Sheet in the KYC Form.

18. Client Margin Information

After downloading the margin file from exchange we are merging the same in our back office software and generate the margin statement on daily basis & we are sending the soft copies of the same to all the clients on their registered email address and also maintaining the log as a proof of delivery.

19. Collection and reporting of margins

As in the Cash segment the margin collection from the clients is not mandatory we have not taken any Margin from our clients.

20. Risk Management Policy

Our company, as a matter of policy exercises abundant caution and due diligence in matters related to risk management and has identified two areas for the same.

Client Related Risk Containment.

We enroll clients after comprehensive details of the client's background are obtained. Details of clients as per Know Your Clients forms are rigorously adhered to. Independent efforts are made to assess client's financial strength. in person verification is also done by us.

Further trades are executed on behalf of clients commensurate to their financial strength.

Pay out of funds/securities are released subsequent to receipt of Securities/funds from the client.

Dealing Related Risk Containment

Dealing related steps include a centrally administered dealing set up which monitors online the orders executed across all terminals. Further individual terminals are assigned preset limits to prevent overtrading. Due caution is also taken to prevent exposure in illiquid/ undesirable securities. Trading in Z group securities is permissible only after through check.



Further clients are prohibited from executing trades in the upper and lower circuits of the price band, if it looks suspicious.

As regards capital adequacy, efforts are made to provide adequate cushion to ensure that capital adequacy requirements are not breached beyond the 80% level.

Back Office related Risk Containment

As far as accounts are concerned, we ensure that all payments released go through systematic levels of checking. Further all cheque books are kept in safe custody with director and released as per requirements. Bank reconciliation is done on a daily basis to monitor flow of funds.

Payin/payout of shares is monitored continuously and confirmation of receipt of shares are obtained from clients. Further pay out of securities or funds is released only after confirmation of receipt of shares in our account or receipt of funds in our bank account, as the case may be.

We don't entertain shares/ cheques received from third party nor do we transfer shares or issue cheques in favour of third parties.

In conclusion, we take utmost care and caution to ensure that the rules, regulations of the exchanges, SEBI, and other regulatory bodies are adhered to in entirety.

For PAVAK SECURITIES PVT. LTD.



DIRECTOR / AUTHORISED SIGNATORY