

INTERNAL CONTROL POLICY

FOR

**CROWN CONSULTANTS
PVT. LIMITED**

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DOCUMENT CONTROL PAGE

Document Name	Internal Control Policy
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Internal Control Procedure

- **Acceptance of Client**
- **Client Identification**
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- **Issue of Trading Terminal**
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Acceptance of Client

- As far as possible Walk-in clients should not be registered as client or allowed to trade. In exceptional circumstances, if any walk in client is registered then he should be allowed to trade only after undergoing a proper procedure of client identification. In addition to the client identification procedure, such walk in client should be allowed to trade only to the extent of security provided initially till the period a confidence on the financial credibility is developed. With the passage of time and after development of sound business relationship with the client, such walk in client will be treated at par with any normally registered client.
- Only those new clients would be accepted and allowed to trade with us, who would be referred to us by any of the following:
 - 1) Employees;
 - 2) Directors;
 - 3) Relatives or Family Members of the Directors;
 - 4) Existing Clients (trading in any segment).
- On expression of wish for becoming a client by any person, a copy of Client Registration Form along with other documents and forms will be forwarded to the client. The copy of the CRF will also be accompanied with the list of documents and additional documents or proofs required.
- Client Registration Form after being signed and filled by the Client will be received at our Client Registration department.
- At the client registration department, the documents are checked and only after they are found proper they will be counter signed by us. The client code generated will be communicated to the client after completion of entire procedure.
- A prospective client will be allowed to trade only on satisfactory submission of required documentary proof and proper signing of documents.

Client Identification

The following procedure should be adopted for identification of Client:

- As far as possible, no clients will be registered without personal contact.
- In addition to personal contact, for client identification, proper address and identity proof as prescribed by SEBI as per Uniform Documentary Requirement will be obtained from the client.
- PAN number and a Copy of PAN card will be compulsorily obtained from the client. No trading will be allowed unless the proof of PAN proof is submitted by the client.
- All the documents collected will be verified with original by the Client Registration Department and a stamp "Verified with Original" will be affixed and signed by the person verifying it.

Registration of Intermediaries:

- The procedure as prescribed for registration of Approved Person's will be followed.
- Brokerage will be shared with the respective Approved person only after the Approval of Registration by the Exchange.
- No Brokerage will be paid to the Approved Person for the trades executed prior to registration.

Issue of Trading Terminal

- The Terminal User should be NCFM certified. Before allowing the user to operate the terminal, the copy of NCFM certificate will be collected and verified with the original.
- The user will be asked to renew the NCFM certificate on its expiry. If the user fails to renew the certificate then he would not be allowed to operate the same any further. The renewed copy of the certificate will be re-obtained and verified with original.
- The guidelines laid down by the Exchange for Approved User and Location of trading terminal will be strictly followed. It would be made sure that there is no issue of trading terminals to unauthorized persons or at unauthorized locations.
- The data regarding new user as well as modification in existing user should be immediately uploaded and documented on modification or issue to the new user as the case may be.

Margin Collection:

- Any exposure to the client will be subject to the collection of adequate margins from the clients.
- The margins collected would be as per the requirements of the Exchange.
- Margins collected would be in the form of Shares, Cash or Credits.

Transactions of Clients:

Transactions of few major clients would be monitored, if required and in case of any suspicion from our side of possibility of any malfunctioning by the client. If required the client will be asked to stop such kind of malfunctioning or may be even asked to stop trading.

Pay-in & Pay-out of funds & Securities

- All payments shall be received / made from / to the clients strictly by account payee crossed cheques / demand drafts or by way of direct credit into the bank account through EFT, or any other mode allowed by RBI.
- We shall accept cheques drawn only by the clients and also issue cheques in favour of the clients only, for their transactions. However, in exceptional circumstances we may receive the amount in cash, to the extent not in violation of the Income Tax/ SEBI requirement as may be in force from time to time.
- In case of securities, we shall give/ take delivery of securities in “demat mode” should be directly to / from the “beneficiary accounts” of the clients except delivery of securities to a recognized entity under the approved scheme of the stock exchange and / or SEBI.
- We shall make the clients pay-in from the securities purchased by him in the previous settlements & are lying with us.
- In case of internal shortage of shares the stock is recovered from the market on behalf of defaulting client (seller) and delivered to the buyer on receipt of the stock from the clearing corporation.

Monies & securities deposited with the exchange towards margin:

- Adequate margin in the form of monies/ securities/ collaterals shall always be kept with the exchange
- The form and mode of the margin shall be as per the guidelines of the clearing corporation issued from time to time.
- In case the clients shares/ monies are utilized for depositing margin with the exchange the same shall be utilized only with the specific written consent of the clients.

Payment of Dividend:

- Dividend/ other corporate benefits shall be paid/ credited to customers account within a reasonable time but not exceeding 30 days.
- In case of delay beyond 30 days the matter shall be reported to compliance officer
- The dividend/ corporate benefits of client shall be kept in a separate client bank/ client beneficiary account till the time the said is passed on to the customer.

Placement of Order:

- The orders will be placed by the respective Dealer as per the instructions from the clients.
- However, it should be made sure that the priced put up should not be unrealistic or not representing the correct market price.
- Every time before execution of order a final confirmation of the entire order should be made to the client.
- The clients should not be induced to either Buy or sell.

Business Continuity Planning/ Disaster Recovery Policy

- If anything happens to the Leased Line then the back up is VSAT at Pune.
- If anything happens to the primary AIRTEL internet connection then the second TATA connection is used as a Backup.
- Initial Business impact analysis are performed to document and understand the interdependencies among business processes and determine how the business would be affected by an information system outage.
- Inventory of information systems assets are being taken such as computer hardware, software, applications and data.
- Critical Applications, systems and data are being identified,
- Key Business functions are being prioritized.
- Offsite facilities for data backup storage and electronic vaulting as well as redundant and reliable standby systems are being setup and maintained.
- It is ensured that the critical applications, systems and data are distributed among facilities that are reasonably easy to get to but not so close that they could be affected by the same disaster.
- Continuously data backups are being performed, and those backups are tested regularly for data integrity and reliability.
- Training plan for security awareness and disaster recovery education to all the staff is in process.
- We have Human Resources backup for each and every Departments.

Business Continuity Plan

For long run of a business, it is important to plan for disaster recovery. There are lots of factors which can be harmful for business continuity. Some of them are as under and their precautionary actions are also listed below:

Power failure- UPS are backing up the Electricity Supply (for 2 hours) and is installed in the office premises.

Systems Failure- Alternate Systems are being configured as a replica of existing servers.

Fire: Appropriate Fire Equipments are placed at the appropriate place in the office.

Earthquake/ Flood: Office is situated on the higher level then the ground floor, so floods are not a dangerous matter.

Back up Policies-

1. Copy of the above backups on daily basis is taken on an external hard drive and one copy to a network machine.
2. External copy of backup to the Director's residence where it is kept in a fire proof locker.

Other Areas:

- Complete confidentiality of Client information should be maintained. No client information would be given except if required by law.
- Proper records as required by various statues will be maintained.
- Customer complaints should be immediately attended by the concerned department and in case the complain remains unresolved within 1 week the same should be escalated to the Compliance officer. If the complain remains unresolved for a further period of 1 month the same should be reported to the Director-Operations who shall personally look into the customer's complain. A specific (designated) email ID is created for customer complain and shall be regularly monitored by the compliance officer.