

NJ INDIA INVEST PRIVATE LIMITED

INTERNAL CONTROL POLICY

1. Introduction:

NJ India Invest Private Limited (hereinafter referred to as the 'Company'), registered under the provisions of the Companies Act 1956, is a SEBI registered Stock Broker with National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE), Depository Participant with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Company has adopted various policies & procedures for internal control measures & tools for compliance of various Acts, Rules & Regulations of the SEBI, Exchanges and Depositories. This is a Policy for guiding the stock broking and demat operations of the Company.

2. Client Registration

This is the first stage of contact with the client. It is very important to take adequate details from the clients to maintain a record of the details of the clients.

Whenever the clients are on-boarded for Trading and Demat account opening via Offline (with or without reference) or Online (with or without reference) mode, the following measures shall be taken:

Company registers clients by obtaining the Client Registration Forms which is the foremost requirement of the Exchanges and Depositories. In this form the basic details of the clients are obtained i.e.

- (a) Name of client: Which is used to identify the client.
- (b) Pan verification shall be done as per the guidelines issued by SEBI from time to time.
- (c) As per SEBI vide its various circulars, the client KYC has been carried out at the time of account opening for individual and non-individual clients.
- (d) For Non-Individual clients, company shall avail inter-alia board resolution, memorandum of association & article of association of company, shareholding pattern, details of Authorised Signatories, directors, and designated partners (individual requirements to be written).
- (e) Bank Details of the client shall be verified through penny-drop facility or any one of the bank proof including bank statement, cancelled cheque etc. shall be sought so that the company can ensure that the third party payment is not received by it and it receives all payments only through the registered bank account of the clients.

3. Risk Disclosure Document:

Trading in the securities market involves risks of various nature. Clients need to be educated and informed about the risks involved and the Company as a policy will issue the RDD to all its clients and obtain an acceptance.

4. Client Due Diligence:

The Company shall apply appropriate Client Due Diligence measures prescribed under KYC norms and as per the AML policy of the Company in compliance with PMLA Laws.

5. Financial details of client:

The Company obtains the financial details from clients as a self-declaration, which states their annual income/ total networth in terms of their net assets and liabilities as per the regulatory requirements.

Self declaration has to be mandatorily supported by the Balance Sheet of the last two years for Non- Individual clients.

6. Updation of client financial details:

On an annual basis, the client will be given an option to modify the financial details already submitted with the Company. On the basis of updated information received from the clients, the Company will make necessary changes in its records.

7. Unique Email ID and Mobile Number:

To ensure the security and proper management of trading and demat accounts, the following requirements shall be complied with:

Unique Email ID: Each individual must provide a unique Email ID when opening a trading and demat account. This Email ID will be used for two-factor authentication (2FA), all account-related communications, including transaction alerts, account statements, and important notifications. The Email ID must be valid and regularly monitored.

Unique Mobile Number: A unique mobile number is also required for each trading and demat account. This mobile number will be used for two-factor authentication (2FA), transaction alerts, and other account-related communications. The mobile number must be registered in the account holder's name and be capable of receiving SMS or calls.

Under exceptional circumstances and in compliance with the rules, regulations and circulars issued by SEBI, Exchanges and Depositories from time to time, the Company may, at the specific written request of a client, capture the same mobile number/ Email ID for more than one client provided that such clients belong to one family. 'Family' for this purpose would mean self,

spouse, dependent children and dependent parents. For non-individual accounts, if the mobile number or Email ID captured is of the authorised signatory/director/trustee, then the same mobile number or Email ID can also be captured in the demat account of the person in his individual capacity. Further, it is clarified that in case a client has opened multiple accounts, then the same mobile number and Email ID can be captured in all such accounts having the same PAN.

It will be the responsibility of the client to ensure that the Email ID and mobile number provided are unique to their account and that they remain active and accessible. Any changes to the registered Email ID or mobile number must be promptly updated through the online or offline modification process to ensure continued access and security of the account. Failure to comply with these requirements may result in delays in account setup or restrictions on account activities.

8. Process of record keeping and retrieval of client registration documents:

In case of physical client registration documents, once checked, found complete and verified as such and the accounts opened, are stored in safe vaults in a sequential manner and in case of online account opening, the same are stored in electronic form as per SEBI guidelines. Further, the record keeping and duration shall be followed as per the regulatory requirement.

9. Client Master Modification:

If the client wants to modify any details in Client Master List ('CML'), the client shall be required to apply for modification of CML by filling up a Client Master Modification Form and submitting to the Company alongwith the documentary proof thereof. Further, any such modification shall also be updated in the KRA and CKYCR Records.

10. Bank Accounts:

The Upstreaming Bank account maintained by the Company shall be used only for the purpose of receiving the funds from the clients and the Downstreaming Bank Account for paying funds to the clients. All the other expenses shall be paid from the bank account maintained by the Company for business purposes. Reconciliation of all the transactions shall be maintained as per the guidelines issued by SEBI/Exchanges from time to time.

11. Risk Management System:

The client is given an exposure limit equivalent to the sum of credit balance in the client's ledger account. The client can place Buy orders up to the available ledger balance only. Free securities available in the client Demat account will only be available for selling.

Margin for securities sold on T-day will be available on a T+1 day basis.

All debit balances are monitored on a daily basis. No debit is allowed to remain in books beyond five days. After five days, the client's securities are sold equivalent to the debit balance to recover the outstanding.

Pay-in funds and securities must be completed as per the clearing corporation's prescribed time. In case of shortage in funds pay-in, client securities will be transferred to CUSPA account & sold on T+5 days if client fails to make funds pay-in.

The Company will maintain all client securities in a designated account called the NJ India Invest Private Limited Clearing Member Account. The Company owned securities will be kept in a separate demat account termed as NJ India Invest Private Limited Proprietary Account. The clients' and the Company's own securities will not be mixed with each other.

12. Policy for transfer of trades:

If there is a mistake in inputting the client code while doing the trade, we make the necessary changes in client code within the time allowed by the exchange only after taking the necessary internal approvals.

13. Policy on Inactive/ Dormant Accounts:

As per the Company's policy on inactive/ dormant client accounts, a trading account shall be flagged as inactive if in case no trades with respect to Capital Market have been carried out in the last 12 (Twelve) months across all Exchanges. Demat account shall be flagged as dormant if in case no transaction (Credit or debit) has taken place in the last 12 (Twelve) months in a demat account. The reactivation of the account is detailed in the Policy on Inactive/ Dormant Client Account.

14. Investor Redressal Mechanism:

To resolve the complaints/grievances of our clients, we have a dedicated Customer Care department supervised by a Customer Care Head, who is obliged to resolve the same within the internal TAT within timelines prescribed by SEBI, Exchanges and Depositories from time to time. The same is carried out as per the Company's Investor Grievance Handling Mechanism Policy.

15. System in place to generate surveillance alerts.

In order to facilitate effective surveillance mechanisms in Securities Market, Exchanges and Depositories through its various circulars have issued guidelines for its Trading Members and Depository Participants to implement effective surveillance mechanisms respectively.

The objective is to have in place an effective market surveillance mechanism based on guidelines issued by SEBI, Exchanges and Depositories to ensure investor protection and to safeguard the

integrity of the markets. The fairness of the markets is closely linked to investor protection and, in particular, to the prevention of improper trading practices.

The Policy on Surveillance Mechanisms for Transactions Alerts covers the various surveillance alerts received from the exchange, depositories as well as self generated alerts for reasonably identifying suspicious trades/ transfers, analysis of these alerts, methodology of reporting the alerts to the Exchanges and Depositories.

16. Review of Policy:

This Policy shall be considered and reviewed by the board once in a year or as deemed fit from time to time.

- BY MANAGEMENT ORDER