

POLICIES AND PROCEDURES

This document from SBPL is mandatory as per SEBI Circular No. MIRSD/SE/Cir-19/2009 dated 03.12.2009 and requires your utmost care, attention and understanding.

1. POLICY FOR PENNY STOCKS:

SBPL 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 SBPL are extremely volatile or subject to Market manipulation and/or depending on the market conditions. SBPL 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 SBPL itself. SBPL and/or any of its directors, employees, associates, sub brokers, will not be held responsible due to losses due to such refusal.

2. SETTING UP CLIENT'S EXPOSURE LIMITS:

SBPL 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 SBPL's trading system. The client is aware and agrees that SBPL may need to vary or reduce the limits or impose new conditions for limits urgently on the basis of SBPL's risk perception and other factors considered relevant by SBPL 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 SBPL may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that SBPL shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through SBPL's trading system on account of any such variation, reduction or imposition of limits. The client further agrees that SBPL 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 SBPL, 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 SBPL/exchange/SEBI and any other reasons which SBPL 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. SBPL has margin based RMS system. Total deposits of the clients (Funds and Securities lying with SBPL 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 and/or margin defined by RMS based on risk perception. Any failure on the client's part in payment of margins shall be viewed seriously and SBPL 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 SBPL as collateral.

3. APPLICABLE BROKERAGE RATE:

Brokerage will be charged at the rates being agreed between the client & SBPL within the limits prescribed by SEBI/exchange. The slab rates of brokerage fixed by SBPL 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 SBPL from time to time. The brokerage shall however be exclusive of DP Annual maintenance charges, DP transaction charges/Pledge/Repledge/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.

4. IMPOSITION OF PENALTY/DELAYED PAYMENT CHARGES:

The client agrees that SBPL may impose fines/penalties for any orders/trades/deals/actions of the client which are contrary to this policies/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 SBPL 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. SBPL 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, SBPL may not consider any credit balance in the other family or group account of the client. SBPL 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, SBPL shall not pay any interest or other benefit to the client for maintaining cash balances or depositing collateral margins with SBPL.

5. 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+2 day and in NSE they are purchased from the market on T+2 day. The purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client.

6. THE RIGHT TO SELL CLIENT'S SECURITIES OR CLOSE CLIENTS' OPEN POSITIONS:

Without prejudice to SBPL's other right (Including the right to refer the matter to arbitration), SBPL 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.

7. 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 SBPL and/or SBPL 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 SBPL.
- (b) Repeated bouncing of cheques of the client.
- (c) Unnecessary/unwarranted dispute from client with SBPL 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 SBPL.
- (f) Any direction from SEBI/Exchange or such other authorities.
- (g) Under any such other circumstances as SBPL may think just and proper on case to case basis.

8. TEMPORARY SUSPENDING OR CLOSING CLIENT'S ACCOUNT:

Client's Account may be suspended or closed by SBPL from further dealing through SBPL in following circumstances:

- (a) As per Client's prior written request in prescribed format submitted to SBPL at its Rajkot 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 SBPL and
- (c) Under any circumstances mentioned in point no.'7'.

9. DEREGISTERING A CLIENT:

Notwithstanding anything to the contrary stated in the agreement, SBPL shall be entitled to terminate the agreement with immediate effect in any of the following circumstances:

- (a) As per specific written request from client submitted to SBPL at its Rajkot 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 proceeding, including arbitration 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, 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 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) Based on the recommendations made by the Branch Manager /Associate /Sub-broker (eg., excessive speculations, un-cleared balances, etc.)
- (p) If the client is unable to fulfill any and/or all obligations towards the exchange(s), SEBI, SBPL on time.
- (q) Non updation of communications details viz., email id, Mobile no, Land line details or it is found to be belonging to a third person.
- (r) Client lodges a compliant either directly with SBPL or through Exchange relating alleged unauthorized Trades being executed in the account.
- (s) On notices received from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc.
- (t) SBPL may also close clients' account any time at its sole discretion by giving adequate Notice/intimation in advance.

10. POLICY FOR DORMANT/IN-ACTIVE ACCOUNT:

As per SBPL'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 SBPL treats the account of client as Dormant/in-active account, the funds or securities lying with SBPL shall be refunded/returned to clients immediately on demand by the client. In case SBPL treats the account of client as dormant/in-active account, and if trade is executed in such account, then it is verified with client over telephone.

In order to reactivate the inactive account, client needs to instruct SBPL in writing in prescribed format in advance at its Rajkot H.O. Such written request DULY SIGNED BY CLIENT may also be sent by e-mail to KYC department at kyc@sunflowerbroking.com from client's own email account registered with SBPL. SBPL shall reactivate the said account subject to fulfilment of such conditions as SBPL may consider fit and proper.

11. POLICY FOR CLIENT CODE MODIFICATION/ERROR ACCOUNT :

(a) SBPL shall have the absolute discretion to accept, refuse or partially accept the client code Modification requests based on Risk Perception and other factors considered relevant by SBPL; SBPL

and/or any of its directors, employees will not be held responsible for Damages/losses due to such refusal or due to delay caused by such review.

(b) Client code modification requests will be strictly accepted only to rectify genuine error in entry of client code at the time of placing /modifying the related order; consequently dealers are expected to take utmost care/precaution while execution of client trades.

(c) As per SEBI circular dated July 5, 2011 on client code modifications, penalty will be levied on all client code modifications w.e.f. August 1, 2011 (including genuine errors).

(d) SBPL will allow Modifications in the client Codes of Non-Institutional clients only for the following objective Criteria provided there is no consistent pattern in such modifications: Error due to communication and/or punching or typing such that the original client code/name and the modified client code/name are similar to each other. Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).

(e) For easy identification of "ERROR ACCOUNT", SBPL have registered a fresh client code No. 1011 & ERROR as "ERROR ACCOUNT" in Back office & same has been uploaded in the UCC database of the Exchange.

(f) Any transfer of trade (institutional or non-institutional) to "ERROR ACCOUNT" of SBPL would not be treated as modification of client code and would not attract any amount of penalty, provided the trades in "ERROR ACCOUNT" are subsequently liquidated in the market and not shifted to some other client code. However operational costs as applicable & Profit/Loss from the transaction will be transferred to the concerned Dealer/Associate.

(g) Client Code Modification requests through "ERROR ACCOUNT" will be accepted only till 3:30 PM IST.

(h) All cases of modification of client codes of non-institutional trades executed on the Exchange", shall be liable for a penalty as laid down by regulators from time to time [As per SEBI Circular No. CIR/DNPD/6/2011 dated July 5, 2011 a penalty of 1% of value of non-institutional trades modified will be levied if value of non-institutional trades modified as a percentage of total value of non-institutional trades executed is less than or equal to 5% and penalty of 2% if modification exceeds 5%, in a segment during a month].

(i) In addition to above it is well within rights of SBPL to levy additional penalties in case concerned Dealer/Associate fails to submit any sufficiently valid reason for client code Modification.

(j) SBPL will levy Penalties as applicable in relation to client code modification on next day of the Modification date, though Bills/Files in relation to same may be provided by exchange on a later date.

(k) The SBPL shall conduct a special inspection of the concerned Dealer/Associate, if modification exceeds 1% of the value of trades executed during a month and take appropriate disciplinary action, if any deficiency is observed.

12. POLICY ON PRE-FUNDED INSTRUMENTS:

With reference to SEBI Circular No. CIR/MIRSD/03/2011 dated June 9, 2011 the drafted Organization policy on Prefunded Instrument is as given hereunder:

(a) As a general policy Prefunded Instruments are not accepted by SBPL & clients are advised to avoid use of pre-funded instruments for making payments. The clients are also educated about the Exchange and PMLA rules & byelaws.

(b)The instrument received from clients are checked before depositing the same into bank. If the instrument is identified as Pay Order/DD, then a suitable Reason/clarification in requisite format is required to be obtained from the client.

(c)If the aggregate value of pre-funded instruments is Rs. 50,000/- or more per client per day, we may accept the instruments only if the same is accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The mode of certification may include the either of the following:

- Certification from the issuing bank on its letterhead or on plain paper with the seal of the issuing bank.
- Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
- Certified copy of the passbook/bank statement for the account debited to issue the instrument.
- Authentication of the bank account number debited and name of the account holder by the issuing bank on the reverse of the instrument.

(d)The details of the instrument must be tallied with the detail provided by the clients in KYC before entering into back office software. In case of mismatch is identified, it should be reported to department head/ Management/ key personnel's for taking appropriate action.

13. POLICY ON UNAUTHENTIC NEWS CIRCULATION:

This policy is made in compliance with the SEBI Circular no. Cir/ISD/2011 dated 23rd March, 2011 in connection with unauthenticated news circulated by SEBI Registered Market Intermediaries through various modes of communication. Accordingly, No Employee /Representative Shall

(a) Communicate or counsel or procure, directly or indirectly, any unverified information or rumors related to securities, to any other person(s).

(b) Encourage or circulate rumors or unverified information obtained from client, industry, any trade or any other source without verification.

(c) Access to blogs, chat forum and other sites and if accessed shall either be restricted under supervision of director/compliance officer or should not be accessed at all.

(d) Use any blogs/chat forums/ messenger sites for divulging any unverified information or for circulation any kind of rumors in the market.

(e) Circulate any market related news received by him/her either in their official mail/personal mail/blog or in any other manner, and such information should be forwarded only after the same has been seen and approved by the Compliance Officer of the company. However, notwithstanding anything contained in above mentioned clauses will be applicable to any sort of communication required by the employee for/or in relation to any assignment of the Company within ordinary course of business or for pursuing any research for the development or/in the interest of the company.

14. OTHER GENERAL POLICIES AND PROCEDURES FOR DEALING THROUGH SBPL:

(a) SBPL reserves the right to accept an applicant as a client and is not obliged to disclose reasons for not accepting the applicant as a client. Once the account is activated, Client Registration Application Form will be maintained by SBPL.

(b) SBPL reserves the right to make such changes to policies as may be considered necessary from time to time. Changes by Stock Exchanges/other Regulators shall be with immediate effect, other changes shall be effective from the time the client is notified thereof unless otherwise required by the Rules, Regulations & Bye - Laws of the Stock Exchange(s) or Rules & Regulations of SEBI.

(c) All the orders placed by client with SBPL are on client's own account and not on behalf of his clients. The client shall not indulge in any sub-broking activities or issue bills/contracts/confirmation notes to anyone else for the trades done by the client. The client therefore will not require split confirmation memos for orders executed by SBPL on his behalf.

(d) The securities sold through SBPL on client's account are belonging to client as legal, rightful and beneficial owner/s. The client takes full responsibility of any dispute regarding the title of the securities sold through SBPL and state that he will deal only in those securities that would be rightly owned by him.

(e) Any queries related to securities delivered by SBPL, would be brought to the notice of SBPL or otherwise it can be presumed that the client has checked all the securities received by him & in case of physical delivery they are good as per the prevailing norms.

(f) The client shall not sell any securities until he has confirmed clear balances of holding of the same in his demat account. Further in case he buys securities in one Exchange and sells the same on another Exchange, or if he buys securities and sells back the same before having received them in our demat account, the client hereby confirms that he shall be fully responsible in the event of any auctions happening of his sale obligation, due to the deliveries having been received short from the purchasing exchange and/or due to the operational/procedural delays for inter depository and time taken by depositories to execute the same and/or for any reason whatsoever. Also all such consequences, auctions, penalties or any other financial loss or charges will be purely and entirely on client's account and SBPL will in no way be responsible and/or liable for the same.

(g) The Exchange may annul a trade suo-moto without giving a reason thereof. In the event of such annulment, SBPL shall be entitled to cancel the relative contract(s) with the Client.

(h) In case of shares purchased being sold the next day or later on the same exchange or any other exchange it is hereby reconfirmed that the client will make the payments first and then receive the payments on payout of the sale transactions.

(i) Client agrees that while making payout of the securities, as a RMS Policy SBPL will hold Securities equal to double the value of debit in client's account(Except Debit up to Rs.50); subject to Exchange Bye Laws relating to settlement of funds & securities; for this purpose credit in respect of any non-cleared cheque will not be considered.

(j) The client agrees that it will not make any third party payment from any account (other than what is specified in the Account Opening Form). In case of such payment being made, the client agrees to intimate SBPL, in writing of the same and provide necessary documents as proof that the client holds the account in his/its name. The client also agrees that the broker may reject such third party cheques/payment and the client will not hold the broker responsible for any loss incurred in such cases.

(k) The client hereby agrees that he shall not deposit post dated cheques, excess payment cheques, if any, received from the associate for any reason whatsoever and bring it to the notice of associate and SBPL. The client also agrees that he will not initiate legal proceedings against the associate and SBPL in such case.

(l) SBPL will settle client's accounts in accordance with Exchange/SEBI guidelines on a Monthly/Quarterly basis as instructed by client; client agrees that SBPL shall retain an amount up to Rs. 10000 towards DP, KRA, ISB2P & to address the administrative/operational difficulties in accordance with Exchange rules/Circulars relating to settlement of funds & securities; Nevertheless client can anytime withdraw amount retained at the time of settlement by specific instruction to SBPL in this regard. 5

(m) Stamp duty, Turnover fees, Service tax, any other charges may be levied by SBPL on contracts. The same is collected by SBPL from the clients and paid to the relevant government agencies, exchanges, the professional clearing members or to meet any specific expense of the organization. Any discrepancy regarding the same has to be brought to the knowledge of SBPL within reasonable time.
INVESTMENT ADVICE:

(n) The client acknowledges that SBPL shall not be liable to provide him with any legal, tax, investment or accounting advice or advice regarding the suitability or profitability of a security or investment.

(o) The client agrees that in the event of SBPL or any employee or official of SBPL providing any information to the client, the client may act upon the same at the sole risk and cost of the client and SBPL shall not be liable or responsible for the same.

(p) The client assumes full responsibility with respect to his investment decisions and transaction.

(q) SBPL, its officers, directors, agents and affiliates will have no liability with respect to any investment decisions or transactions with client.

(r) SBPL does not intend to give and the client acknowledges that SBPL shall not be liable to provide to the client, any tax, legal or investment advice of any kind or any advice or opinion with respect to the nature, potential value or suitability of any particular securities trade, transaction, investment or investment strategy.

(s) The client understands and agrees that in case the client receives or accesses any investment research reports or any investment or other recommendations or advice from SBPL/any associates/any employee/official of SBPL or associate/ on SBPL's website or that of any associates, the same is on a no-liability, no guarantee, no-solicitation and no-obligation basis. Any decision, action or omission thereon by the client shall be entirely at the client's risk and should be based solely on the client's own verification of all the relevant facts, financial and/or circumstantial and/or a proper evaluation thereof and/or the client's investment objectives. SBPL shall not be responsible or liable for the same for any reason whatsoever. GENERAL:

(t) The client may download his account statement / other documents from SBPL's website www.sunflowerbroking.com on regular basis and retain such records. (The client should take all the necessary steps to ensure confidentiality and secrecy of the login name and password. In case of his inability to access the system the client should lodge a complaint with SBPL; else it would be presumed that all the documents have been properly accessed.) Any discrepancy in the account statement sent shall be brought to the notice of SBPL by the client in the writing within thirty days of date of receipt of statements, failing which the account statement appearing in the books of SBPL shall be deemed to be correct and accepted by the client.

(u) SBPL shall ensure due protection to the clients regarding client's right to dividends, rights or bonus shares, etc. in respect of transactions routed through it and it shall not do anything which is likely to harm the interest of the clients. SBPL shall not be liable for any real/notional loss suffered by the clients, if the client fails to apply for such corporate benefits in time for the shares held by SBPL on

behalf of the client. In some cases, SBPL at the client's request may apply on behalf of the client for the Rights issues/Open offer for the shares held by SBPL on behalf of client. SBPL shall not be liable for any loss/claim whatsoever in case such application is rejected by the Registrar/Company Manager to the issue for any reason.

(v) SBPL reserves the sole and exclusive right to determine the Channels through which the client may access/receive the Services. SBPL reserves the right to, from time to time, discontinue the availability of any Channel to the client without any prior notice and without assigning any reasons whatsoever for such discontinuance.

(w) The client/associate has read, understood and agrees to comply with the provision of Money Laundering Act 2002 applicable from 01.07.05. SBPL PMLA Policy along with self explanatory presentations is available on our website www.sunflowerbroking.com for your ready reference & understanding.

(x) Under SCHEDULE II of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992, under CODE OF CONDUCT FOR STOCK BROKERS [Regulation 7] B. Duty to the Investor, as per Clause (5) Business of Defaulting Clients: "A stock-broker shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock-broker. The Client understands that he is required to provide SBPL with details of any dispute or default with any other stock broker/trading member and that he must keep that information updated as and when developments occur in that regard. In order to be able to fulfill this statutory requirement as well as to ensure that genuine investors are not put into increased risk of losing their funds or securities lying with SBPL due to a default by SBPL caused by any fraudulent or defaulting client who may habitually commit fraud or default on SBPL, the client hereby expressly authorizes SBPL to disclose/provide to any trade body, association of stock brokers/trading members including the Association of National Exchanges Members of India (ANMI), related website(s), or any organization which maintains such a dispute or default database for the purpose of sharing the information with stock brokers/trading members, his registration and identification details, his transactions and accounting details as well as any other details relating to any dispute with the client (sufficient if deemed as dispute by SBPL), or default by the client, in fulfilling his obligations to SBPL. The Client agrees and confirms that he shall not act or make any claim against any body or organization or database to whom such information is furnished and upon settlement with SBPL shall have the information removed through SBPL.