

Below mention are the policies which Nikhil Commodity & Derivatives Pvt. Ltd. implies to its Registered Clients as well as prospective clients

CLIENT REGISTRATION POLICY

- Client can only be registered after receiving KYC, client registration documents & risk disclosure documents and all other documents as prescribed by SEBI / Exchanges duly completed and filled up with all supporting. Further, the voluntary documents, if acceptable to the client, will be specifically signed by the client.
- Client is registered only after verification of PAN from the website of Income Tax Department. Also verify that the prospective clients name does not appear in SEBI ban / debarred list.
- Documents given by the clients are verified from original documents.
- In person verification by the company employee before account opening.
- Financial detail is compulsory filled in KYC to know the soundness of client backed by relevant documents as far as possible. However Income tax return should not be the only criteria. Client's social status, his past dealings and net-worth should also be considered before allowing him to trade.
- The client data is immediately uploaded on CKYC and KRA portals. If client already exists on the portal, the client's data is downloaded from CKYC and KRA and compared with the details provided by the client. If the data matches, the data downloaded is kept on record. However, if the data doesn't matches or the data is incomplete on the portal, the updated and complete details are uploaded on CKYC and KRA through modification mechanism.
- The client data is also uploaded on the Exchange UCC immediately.

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Policy for Client Code Modification

1. Objectives:

To frame the guideline for Modification of client codes post trade execution and reporting of such client code modifications.

2. Brief about Client Code Modification

Client code Modification means modification/change of the client code after execution of trades. Exchanges provide a facility to modify any client code after the trade has been executed to rectify any error or wrong data entry done by the dealers at the time of punching orders. However, such client code modification is subject to certain guidelines as to the time limit within which such modifications can be done etc. The facility is mainly to provide a system for modification of client codes in case of genuine errors in punching the orders. It is to be used as an exception and not a routine.

3. Scope of the Policy

This policy covers all the Client Code Modification carried out/to be carried out in any of the client accounts subject to the guidelines issued by the SEBI / Exchanges from time to time in any segment of any exchange for which Nikhil Commodity & Derivatives Pvt. Ltd. is a member /broker.

4. Error Trades

“Error Trades” means the trades which will be modified / to be modified / allowed to be modified subject to guidelines of the SEBI / Exchanges from Client account to Members account due to dealers issue. No trade shall be transferred from Error A/c to any Other A/c.

Further the error trades transferred to our Error Account shall be liquidated from the same Error Account as early as possible.

For the purpose of this policy only the following types of trades shall be modified/ allowed to be modified

- Punching error/typing error/miscommunications from client codes due to any genuine error or mistake in order entry, while punching the order by any of dealer.
- Institutional traders modified to broker error/pro account.
- General Conditions:
 - A. The Client Code Modification shall be carried out only on the designated system and / or as per the process as may be prescribed by SEBI / Exchanges.
 - B. The dealers of the member shall scrutinize the client code modification requirements before forwarding the request to the director/ authorized person of the member. On receiving the request the director/authorized person shall analyze and approve the client code modification as allowed by SEBI / Exchange to be carried out.

POLICY FOR INACTIVE CLIENTS / DORMANT ACCOUNT POLICY

- Any client who has not traded in any segment with the Company for last twelve months or such other period as may be decided by Board or Compliance Officer then such client would be termed as a Dormant/ Inactive Client.
- The broking account of such client shall be deactivated /suspended temporarily by the Company. If the client wants to activate the broking account then a request for reactivating the broking account should be sent in writing. Such request for reactivation should be accompanied along with such documentary evidence as may be specified from time to time.

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- If the client is tagged as a Dormant / Inactive client, then the funds/securities lying with Member / Stock Broker may be refunded/ returned to the clients at his/her/its last known bank account/DP account or send at last known address of the client as per Member/ Stock Broker record.

CLIENT ACCOUNT CLOSURE POLICY AND POLICY RELATING TO RETENTION OF DOCUMENTS OF THE SAME

If any client wishes to close his trading account with us then he has to inform us in writing. His account is checked thoroughly and all the dues, owing to him / us are settled. Any margins lying with us by way of securities / funds are returned to respective client. His Exposure is blocked and unique client code is mapped out of the terminal.

Further, all the files and documents pertaining to the closed account are retained for a minimum period of 7 years.

ORDER RECEIPT, EXECUTION OF TRADE

- Order is received directly from client or person authorized by client only.
- In case of large order quantity / Script name and rate is reconfirmed before placing the order.
- Upfront margin is collected from clients in the form of funds or Securities only and as prescribed by SEBI / Exchanges.
- Trade Limits is set for all users/dealer and clients on a daily basis as stipulated by the Risk Management desk.
- All trading terminals have Quantity and price Limits to avoid the big losses from punching errors.
- Client is allowed to take positions based on permissible limits based on upfront margin collected and based on the Risk Management desk.

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RISK MANAGEMENT POLICY

Order receipt, Execution of Trade and collection of Margin

- Order is received directly from client or person authorized by client only.
- In case of large order quantity / Script name and rate is reconcompanied before placing the order.
- Upfront margin is collected from clients in the form of funds or Securities only and as prescribed by SEBI / Exchanges.
- Trade Limits is set for all users/dealer and clients on a daily basis as stipulated by the Risk Management desk.
- All trading terminals have Quantity and price Limits to avoid the big losses from punching errors.
- Client is allowed to take positions based on permissible limits based on upfront margin collected and based on the Risk Management desk.

Liquidation of client positions / collaterals

- Based on the orders placed by the clients and the trades executed by the client, the margin as stipulated by SEBI / Exchanges will be levied on such trades. Further, if required, the Company may levy additional margins so as to cover the market and the security risks.
- Daily documents as stipulated by SEBI / Exchanges will be sent to the client (such as contract notes, daily margin statements, etc.)
- In case of shortfall in margin collection from the clients, the shortfall amount shall be reported to the Exchange in the margin reporting to the

Exchange. Further, additional follow up shall be done with the client over telephone by our Risk Management Desk and the client shall be informed to immediately transfer additional margins or square off the excess positions.

- Even after reminders and follow ups, if the client has not taken any action i.e. not paid sufficient margins or not squared off excess positions, the risk management desk shall square off the client positions and the losses if any due to the above shall be recovered from the client. Such recovery can also be done by selling the client collaterals available with us.
- On the positions which have been so liquidated, contract note issued for transaction shall bear the note to the above effect.
- Further, the member shall follow all the SEBI / Exchange rules, regulations and circulars for all the above matters.

Collection and release of Fund

- The PAY IN of funds from client comes only from their Bank Account declared in the KYC form.
- PAY OUT of funds is made to clients only after adjusting all types of Margins.
- PAY OUT of funds is made to clients only in the declared bank account of the client.
- Proper check of the pay-in and pay-out is carried out to avoid any future disputes.
- Cash payment is not made to client / accepted from client.

Business Continuity Planning

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- Daily backup of important data is taken on backup server and on external hard disk and it stored at safe place outside the office premises.
- In case of power failure UPS system is there as backup with capacity of 3 to 4 hours so that trading will not be suffered.

Regular Evaluation of client at frequent interval

All client account should be evaluated frequently and given a tag of LOW RISK, MEDIUM RISK and HIGH RISK client depending upon their outstanding balance. Low risk for less than 7 days, medium for 7-21 days and high risk for the outstanding amount of more than 21 days.

Clients who have not traded with us for more than 365 days should be temporarily discontinued from the back office master. When the fresh trade of the said client comes, all papers should be checked and status of the client evaluated before punching the trade for the client.

SURVEILLANCE POLICY

As per the requirement of Regulators our Compliance Officer, **Mr. Nirav Desai**, is in-charge of surveillance related all activities.

He shall supervise online trading activities of our company and also download the surveillance alerts from the Stock Exchange system on daily basis.

The process of **Due Diligence & scrutinizing each alert** (client-wise/scrip-wise separately) should be carried out & completed within one week.

He shall call for necessary documents of each Client, Scrutinize all documents for necessary analyses and prepare conclusion against each alert.

After reasonable analyses, he will report the conclusion against each alert to Designated Director. The same shall be reported to the Exchange within reasonable time.

After due discussion, the necessary actions shall be taken under instructions from Designated Director, if required.

In case of any suspicious / manipulative undue activities of any Client, the same will be reported to the Exchange immediately.

Proper records of each alert and documents scrutinized should be maintained.

A quarterly MIS shall be put up to the Board of Director on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at end of the quarter. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts.

POLICY FOR PRE-FUNDED INSTRUMENTS

While receiving funds from the clients through pre-funded instruments, such as, Pay Order, Demand Draft, Banker's cheque, etc., the below mentioned points shall be followed:

- If the aggregate value of pre-funded instruments is Rs. 50,000/- or more, per day per client, the Company 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 includes the following:
 - Certificate from the issuing bank on its letterhead or on a 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.

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- Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

Maintain an audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only.

**SENDING CONTRACT NOTES, DAILY MARGIN STATEMENT,
STATEMENT OF ACCOUNTS TO CLIENTS**

Contract Note

- We follow the practice of issuing contract note.
- The contract notes are issued to all the clients on T+1 day, who have traded for the day.
- The same should be sent electronically to those who opted for receiving the same electronically and physical copy of the contract note to be sent to clients who have not signed up for Electronic Contract Note (ECN) or whose email are being bounced.

Daily Margin Statement

Daily margin statement shall be generated at the end of the day and shall be sent to the client electronically.

Statement of Accounts

The statement of Accounts shall / be sent to all client every month end alongwith error reporting clause within 30 days.

Additionally, trade details, client ledger, statement of funds and daily margin report shall be sent to client as per their requirement.



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The accounts of the clients shall be periodically settled, difference between two settlements shall not exceed 90 days in any case, and information about such settlements shall be send to client.

DETAILED INVESTOR GRIEVANCE REDRESSAL PROCESS

The Investor Grievance redressal process being followed is as follows: “Where the Client has any grievances, he should promptly notify the same to the Compliance Officer of the Stock Broker in writing, giving sufficient details along with supporting documents. The email Id of the Compliance Officer, **Mr. Nirav Desai** is nirav@nikhilgroup.co.in and the investor grievance mail id is investorgrievance@nikhilgroup.co.in and phone No. is **9993317000**. The grievances received by the Compliance officer will be immediately analyzed and redressed. The matter will be informed to the concerned department, who will solve the matter and reply will be sent to the client within 30 days informing the resolution of the matter. Details of complaints received and replies sent are recorded and kept in our system for follow up and verification by officials. If the matter cannot be handled, the client will be informed of the same with reasons for the non resolution and giving him suggestions, if any, to approach alternative mechanism for redressal. In case not satisfied with response, investors can send in their complaints to the Exchange / SEBI.

CODE OF BUSINES CONDUCT AND ETHICS

Introduction

This Code of Business Conduct and Ethics covers a wide range of business practices and procedures. It sets out basic principles to guide all employees of the company. It is supplemented by our Policies, Guidelines and Procedures, which, collectively, provide a framework for prudent decision-making.

All of our employees must conduct themselves in accordance with this Code and seek to avoid even the appearance of improper behavior. In this respect, our tradition is that we will engage in no business or political arrangement

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that would be embarrassing to us if it were published on the front page of the local paper.

This Code also should be provided to and followed by the Company's agents and representatives, including consultants.

If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Employees who violate the standards in this Code will be subject to disciplinary action. *If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 11 of this Code.*

1. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which this company's ethical standards are built. All employees must respect and obey the laws of the cities, states and countries in which we operate. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. The company holds information and training sessions to promote compliance with laws, rules and regulations, including insider trading laws.

2. Conflicts of Interest

A "conflict of interest" exists when a person's private interest interferes in any way with the interests of the company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform company work objectively and effectively. Conflicts of interest also may arise when

(a) an employee, officer or director, or family member, receives personal benefits from third parties as a result of his or her position in

the company. For example, loans or guarantees of obligations of loans to employees and their family members may create conflicts of interest.

(b) It is almost always a conflict of interest for a company employee to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member.

(c) Any employee who wishes to perform consulting services of any kind must inform and obtain prior approval from the directors. In no event may an employee perform consulting services for a competitor. Additionally, outside consulting is viewed as a conflict of interest for salaried employees who are expected to devote their professional efforts solely to the company. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

(d) Acceptance of gifts in a business relationship can also result in a conflict of interest. No gift or entertainment should ever be accepted by any company employee, directly or indirectly through a family member or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts that you are not certain are appropriate. Any gift given or received that is valued in excess of Rs.1000 must be reported to the Compliance Officer. Conflicts of interest are prohibited as a matter of company policy, except under guidelines approved by the Directors. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section 11 of this Code.

3. Insider Trading

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Employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the company should be considered confidential information. To use non-public information for personal financial benefit or to “tip” others who might make an investment decision on the basis of this information is not only unethical but also illegal. If you have any questions, please consult the company’s Compliance Officer.

4. Corporate Opportunities

Employees, officers and directors are prohibited from taking personal gain through the use of company’s property, information or position without the consent of the directors. No employee may use company’s property, information or position for improper personal gain, and no employee may compete with the company, directly or indirectly. Employees, officers and directors owe a duty to the company to advance its legitimate interests when the opportunity to do so arises.

5. Competition and Fair Dealing

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner’s consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of and deal fairly with the company’s customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfairdealing practice. To maintain the company’s valuable reputation, compliance with our quality processes and safety requirements is essential. In the context of ethics, quality requires that our products and services be designed and produced to meet our obligations to customers. All inspection and testing documents must be

handled in accordance with all applicable regulations. The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships. No gift or entertainment should ever be offered, given, or provided by any company employee, directly or indirectly through a family member of an employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts that you are not certain are appropriate. Any gift given or received that is valued in excess of Rs.1000 must be reported to the directors.

6. Payments to Government Personnel

The Legal Framework prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the Indian government has a number of laws and regulations regarding business gratuities that may be accepted by Indian government personnel. The promise, offer or delivery to an official or employee of the Indian government of a gift, favor or other gratuity in violation of these rules would not only violate company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The company's Compliance officer can provide guidance to you in this area.

7. Record-Keeping

Honest and accurate recording and reporting of information is required of all employees. Records should always be retained or destroyed according to the company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation please immediately consult the company's directors, as set forth in the company's legal policy. Maintain all records related to the matter until after consultation with directors. All of the company's books, records, accounts and financial statements must be maintained

in reasonable detail, must appropriately reflect the company's transactions and must conform both to applicable legal requirements and to the company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation and approved by the company's directors. Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos and formal reports.

8. Confidentiality

Employees must maintain the confidentiality of confidential information entrusted to them by the company or its customers, except when disclosure is authorized by the company's Directors or required by laws or regulations. Confidential information includes all nonpublic information that might be of use to competitors, or harmful to the company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

9. Protection and Proper Use of company Assets

All employees should protect the company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. company equipment should not be used for non-company business, though incidental personal use is permitted. The obligation of employees to protect the company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and distribution plans, engineering ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate

company policy. It also could be illegal and result in civil or even criminal penalties.

10. Statements to the Public

No public statements may be made as a representative of the company without prior authorization from the Directors. Any employee who wishes to speak at a public event or submit an article for a publication in a trade magazine or other publication must obtain prior approval from the directors. While we recognize and support your right to engage in legal activities while you are not working, we also must be careful to (1) avoid the employee's position being mistaken for the position of the company, (2) avoid an interpretation that the company in any way endorses the employee's position, and (3) avoid a violation of any other policies of the company, including those related to conflict of interest and confidentiality of company property and information.

11. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for employees may be made only by the Directors and will be promptly disclosed as required by law or the Stock Exchange rules.

12. Reporting any Illegal or Unethical Behavior

We all must work to ensure prompt and consistent action against violations of this Code. In some situations, however, it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your

judgment and common sense; if something seems unethical or improper, it probably is.

- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the issue and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with the directors
- You may report ethical violations in confidence and without fear of retaliation. The company does not permit retaliation of any kind against employees for good faith reports of ethical violations.

OUTSOURCING POLICY

The Board of Directors have decided not to outsource any activity with respect to dealing in securities. Therefore, no policy has been made for outsourcing activity.

POLICY REGARDING BRANCHES/ SUB BROKERS

The Board of Directors have decided not to open any branch or to appoint any sub broker respect to dealing in securities. Therefore, no policy has been made for the same and related activities.



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COPY OF THE RESOLUTION IN THE MEETING OF BOARD OF DIRECTORS OF THE COMPANY HELD ON 07-Jul-2021 AT THE REGISTERED OFFICE OF THE COMPANY

The Board of company has reviewed the AML and Other Policies after discussion passed the following resolution:-

Resolved further that the company do hereby take all such measures as per necessary to comply with the AML Policy.

Resolved further that Mr. Niranjan Desai & Mr. Nirav Desai Director of the Company, be and is here by authorized to take necessary steps in this regard.

CERTIFIED TRUE COPY

For NIKHIL COMMODITY AND DERIVATIVES PVT. LTD.

**(NIRANJAN DESAI)
CHAIRMAN**

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