

RISK MANAGEMENT POLICY

Policy revised and reviewed on 01st October, 2019 and accepted by the board on 01st October, 2019.

The below mentioned policy on RMS has been approved by the Board of Directors in their meeting. All the employees are required to follow the same and take due care for its proper implementation.

The operations of the company are in a very controlled manner and the company has strict system in performing all its activities. In case of registering a client the concerned department analyzes the clients and only if the client meets the various parameters, then only an account is opened. The risk management systems considering the current operations of the company are:

1. Persons are added as clients only after they have had a meeting with the director / employee / sub-broker of the company.
2. The Application forms for opening an account are issued only when the management is satisfied with the client's financial capacity to trade in stock market and after the prospective client provides the valid references for his account.
3. Every client is designated a proper dealer/s, and the dealer/s before accepting the order for the client is given the background of the client so that the dealer is in a proper position to analyse the capability, the risk appetite and the investment pattern of the client so that proper risk assessment can be made considering the client.
4. The completed form is then received and only after proper verification of the documents and checking the genuineness of the person, the account is opened.
5. The director personally knows the clients / sub-broker and the overall exposure is determined for the person on the basis of the financial capability and on the money lying with us in the client ledger account.
6. We try to ensure to have adequate advances in hand to be taken from client before the transaction is executed.
7. The dealer regularly assesses the risk with respect to the trades done by the client. The dealer being regularly interacting with the client is aware of the trading pattern and thus in a position to determine the risk vis-a-vis every trade done by the client.
8. The client shares are tracked to have been received only from the designated DP account only so as to nullify the risk due to receipt of shares from any third party demat account. Shares



received from the third party are returned back to the same demat account from where the shares have been received.

9. The exposure with respect to every Authorized Person & Dealer terminal/s is controlled through the office risk management team. In case of Authorized Person having direct terminals the exposure limit is defined to control the maximum risk exposure of the client.
10. The risk management team regularly assesses the trades being executed by the clients / Authorized Person client's to check the trades in illiquid / risky stocks. The past operations are also tracked, to assess the risk level of the company in dealing with such clients. The trades in Z category stocks as specified by BSE are not allowed, unless a special permission has been taken & only after due consideration, the RMS head will allow temporarily a specific exposure limit for dealing in Z group stocks.
11. In view of the SEBI provisions regarding handling of client securities, SEBI has now been suggested that the shares of debit clients that are received in payout can be retained by the broker in a separate account called as "Client Unpaid Securities Account (CUSA)" account for a period of 5 days and in case if the money is not received from the clients within 5 days from the pay-in date then the broker is authorized to sell the shares to clear the debit balance. Consequently the RMS department / Compliance officer / Director/s (together called as 'company') are hereby authorized to sell the shares as appropriate to clear the debit balance of the clients or alternatively the company may decide to transfer the shares to the demat account of the client even if there is a debit balance in the clients account. The clients will have no authority to question the act of the stock broker team for clearing the client's debit balance.

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