

RISK MANAGEMENT POLICY:

Note about Online Trading

Internet Trading Facility is provided to clients on an optional basis. We have our BSE Approved vendor providing Internet Trading Facility i.e. Financial Technologies. The Brokerage rate in case of Normal Trading as well as IBT is same i.e. in both cases normal brokerage rate is applied.

Functionalities

Short Sell - In case the client wishes to place an order, the order panel displayed shows two options i.e. Delivery / Margin. If the client wishes to Short sell a scrip, he has to choose Margin option and then place the order to short sell the scrip.

Buy Today Sell Tomorrow – This type of option is not available in our IBT Software and if in any case the client sells a scrip of which he has not received any delivery then he can do this at his own risk. We do not inter-settle any such transactions and thus auction the shares of the respective client.

Order Execution

The order panel displays the various details which are to be selected by the client. After that the client has to click OK. Once again the Confirmation Note is displayed as to accept the order or not. If the client clicks OK the order is finally punched and executed.

The time taken in the order execution is Real Time i.e normal time taken in a particular transaction based on Internet Connectivity.

There is no bifurcation of orders Quantity wise rather it is Value wise. The order size whether big or small depends entirely on the Exposure limit. If the order of the client exceeds the exposure limit available to him then the order is rejected. In case the client wants to punch an order exceeding his exposure limit then either he has to send a cheque for the respective amount or if he commits to pay the amount in due course of time then his limit is increased, depending upon his credit worthiness / referrals and past transaction history with us and thus his order is accepted.

Note on Off-The Floor Transaction

No Off-the Floor Transactions are carried out by us.

Note about Contract Notes

In general, we issue Physical Contract Notes to all our clients. The Courier agency regularly collects the courier covers from our office daily in the evening and dispatch the same to respective clients.

Note about Third Party Securities Collection

Generally, we do not allow third party securities. Even we try to discourage the same. However in a case there is a receipt of certain third party shares in our Settlement / Pool A/c directly, the said comes to our notice by way of mismatch report once the transaction takes place. Immediately, we call respective clients about the same and informs about such transaction and when he confirms that the shares have been transferred either from his other demat account not registered with us at the time of account opening or from his family member's account, and we confirm the details of the Client ID & Demat ID & call for proper proof of the said account not registered with us, which has to be submitted by the client in 2-3 working days. However the possibility of carrying out such transaction is very rare and minimal. On submission of the valid proofs, the new details are registered in the Client Master which is accordingly updated.

If the transfer is from the client's family member's account, then the client is warned not to repeat it again.

Third Party Cheque Collection

Generally, we do not allow third party transactions. However, in a case whenever there is a direct deposit of certain third party cheques in our Bank A/c either by client/ sub-broker, then the client confirms the above deposit either through mail / fax / phone and intimates us about the bank and cheque details. In such cases, we warn the client not to deposit directly any third party cheques and also confirm about the details from whose account the cheque has been deposited. Even the client is being informed about making necessary arrangement for addition / updation of his bank account details in our client master.

In case, where there is no information / confirmation regarding the drawer of the cheque in whose account necessary credit is required to be given, then we transfer the above amount into our Suspense Account and in turn asks our bankers to verify and confirm about providing such details to us. Earlier this was confirmed with the bankers on monthly basis but as per bankers request the same is being done on quarterly basis.

Note on Internal Auction

On the next day of Pay-in, when there are two clients standing internally on the same scrip, then we make close-out. This bill is made in X Settlement and the buyer's shares are purchased on close-out date in Rolling Settlement. The close-out in X settlement are 2 to 5% higher than that in Rolling Settlement. In case, when there is a buying cap on particular scrip and when we are not able to purchase the same, then we settle it according to the rate in the buying cap, which is informed/confirmed to the buyer thru telephonic conversation.

Note on T group, Ts Group and Z group

In T group, Ts group and Z group we keep a limit of Single trade value of Rs. 50,000/- which can be increased in the range of Rs. 5,000/- to Rs. 10,000/- gradually. The Total Gross Limit is fixed at Rs. 20,00,000/- which cannot be exceeded unless by the permission of the higher authority.

Note on Sub-Broker Limit and Clientele Limit

The Sub Broker limit is normally fixed at Rs. 20,00,000/-.

The client limit is fixed as per the Ledger balance in line with respective client's trade history/experience, if available, his financial capacity and/or credit worthiness and referrals. The Buy value is being kept at a multiple of 1 of ledger balance with Rs. 50,000/-. This limit can be increased only after an Analysis of credit balance of funds / securities along with respective client's trade history/experience, financial capacity, credit worthiness and referrals. The Sell Value is fixed at Rs. 1,50,000/- for all clients which can be increased to Rs. 5,00,000/- if required and to exceed this limit, permission of higher authority is generally required.

PRECAUTIONARY MEASURES BEING ADOPTED DURING HEAVY MARKET FALLS:

As a part of our risk management system, we have inducted our separate team who is monitoring the exposures of clients / sub-brokers on run-time basis. During market fall, we observe the position of respective client as well as sub-brokers like his credit balance available with us, securities lying with us etc. and depending upon the same, we allow them to transact or create the position or to extend / subtract their position. At the same time, we have to consider respective client's trade history/experience with us, his financial capacity and/or credit worthiness and referrals. In case, there is debit balance, we request client to provide sufficient margin / securities / funds to carry out his request for fresh buying or to create fresh position.