Risk Management Policy

Ridhi Share Brokers Private Ltd. (RSBPL) is a professional broking house having clients on its rolls doing transactions in the cash and futures segment and in both Exchanges, NSE & BSE.

It is imperative that a proper risk management service is in place to prevent untoward losses for both the Clients as well as the Broking entity. In order to avert the risk of client's default, presently, following system is followed. The company have a centralized RMS Department which is responsible for setting up of Client-wise Trading limits as prescribed in RMS Policy of the company.

Admission of Client

RSBPL has a policy of admitting the client only upon completion of **Know Your Client** requirement and personal identification of client. The clients are admitted after due verification and reference of antecedents and information submitted in the Client Registration Form. No Clients are admitted 'off the streets'. All are through references from existing clients or management. Also Time to time updation as prescribed by Sebi is done in UCC database of Exchange.

RSBPL makes it a point to **determine and fix exposure limits to each client**, based on his financial and risk taking ability. This is determined from the financial documents collected from and the background of the clients.

Pay-in is due the day next to the trade. If pay-in is not received by the close of the working hours on the day next to the trade day, the same shall be subject to a penalty percentage which shall not exceed the prevailing bank rate of interest. This penalty shall be levied for the actual period for which the payment for the transaction / transactions has been delayed. The clients is given an exposure limit equivalent to the sum of credit balance in client's ledger account and the value of client's collaterals lying with us, after applying the hair-cut percentage prescribed by SEBI from time to time. Such exposure limit is monitored on-line as the clients is trading and any short-fall or deficit in margin with respect to any order/orders of the client shall have to be made up on an instantaneous basis by the client, if the input order is to be allowed by us into the trading cloud.

In case of a client having an open position and his available margin (in terms of ledger credit and collaterals) being consumed towards the margin requirement of the existing open position, such client shall not be allowed to take any further position either in Cash Market or F & O Segment. Not only that the said client will not be allowed to take any

further position in the market, but also we shall have the right to square up such existing position of the client in case of the value of open position over-shooting the client's available margin with us.

All debit balances are monitored on a daily basis. No debit is allowed to remain in books beyond three days. After three days client's securities and collaterals are auctioned off to realize the outstanding.

Pay-in funds and securities must be complete by the close of the working hours on the day next to the trading. However, securities can be paid in maximum by 10.30 AM on the (T+2) in day i.e., that is on the second day from the trading day. If not, they go for auction and the auction loss has to be borne by the customer. In case of non pay-in of funds, we do make the pay-in but securities are not released until the client makes the pay-in
along with penal interest.

The local clients give us their cheques at the corporate office. To cater to remote clients we have opened CBS accounts with HDFC Bank.These account numbers are notified to clients, who deposit their cheques in these accounts and send us intimation comprising the cheque number and the bank where they have deposited the cheque. The clients also send us through courier counter-foil of the pay-in slips which they have used to deposit the cheque.

The **Bank reconciliation** of the client bank accounts (with HDFC Bank) happen on a daily basis.

If the cheque is found to be dishonored, we levy a penalty on the client.

Clients are given the cheques for their dues on the very day the pay-out is received from the Stock Exchange. However, clients maintaining their account on a running basis do not take their pay-out on a transaction-to - transaction basis. Whenever they want the pay-out, they inform us
through sub-broker (or a direct client will inform the Accounts Department in Corporate Office) and the credit balance (which has become due – a credit balance for which the exchange pay-out is not received is considered not due) is released to the client.

1 RMS: RMS means Risk Management system. Risk management is to manage risk of company and clients from volatility of capital market/Currency/Commodity Market.
1.1Adjusted Ledger Balance: Adjusted Ledger balance means clear balance in client's ledger account in company's books. For example, proceeds of shares sold but not delivered will be reversed if credited in the ledger and debited Var Margin will be ignored.
1.2Securities in On-Behalf: Securities in on-behalf means the securities of the client lying in the Company's pool account. Securities given by the client in margin and securities held by the Company till full payment is received are kept in On-behalf.
1.3Securities in Margin: Securities in margin means those securities which are approved for this purpose by the Exchange given by the Client to the Company to meet his margin obligations in F&O segment. These are

transferred by clients to the Company and may further be pledged by the Company to the Exchange towards the Company's margin obligations for the client.

2. Risk Management:

We are having margin based Risk management system, in which total deposit of client is uploaded in system. Now client can take exposure in any scrip(s) and his deposit will be utilized on the particular scrip(s).

Exchange for Pay-In. Otherwise he will be liable for consequences of square off.

Intra day limit of 4 times of the margin available is given to the client.

Delivery day limit 1 time of the margin available is given to the client

The Company has the system to provide limits for trading based on the margin of the client available with the company in the form of funds / securities.

Full value of the funds of the clients available with the company is considered for the purpose of opening of the trading limits.

Sometimes limits are given to the clients on the basis of unclear cheques on case to case basis depending on the financial health / previous track record of the client.

The company takes proper margin from clients as per stock exchange norms in the form of funds/Securities and reports the same to the exchange in due course

Trading M to M and Margin on the outstanding positions are informed to the clients on daily basis through SMS / E-mail

Contract Notes / margin statements for the transactions executed by the clients are sent to them through e-mail on daily basis.

All the outstanding positions of the previous day are taken in back office & we are providing the online back office to the clients were clients can see financial ledgers, contract notes statement at the end of the day

As a Policy we do not allow trades without margins in F&O segment.