Risk Management policy for Ramaniklal Mohanlal Capital Markets Private Limited

1. Introduction to Risk management:

- Risk management by definition is the systematic process that enables people and organizations to cope with uncertainty and protect their vital assets and resources.

- Risk management for a broking house would mean 'putting in place a strong mechanism to ensure that the organization is safeguarded against all kinds of uncertainty and risk.

2. Importance of Risk management:

- Efficient Risk Management is a reflection of strong operations and management.

- It is an iterative process that contributes to overall improvement by providing greater insight into risks and their impact.
- The application of sound Risk management would mean achievement

3. Processes in Risk Management:

- Identifying risk.
- Deciding on exposures to be given to clients.
- Monitoring of risk on a continuous basis.
- Deciding on how much risk is acceptable.
- Taking of timely corrective actions.

4. Identification of clients:

While Signing KYC we call clients to our office for interview, and the all mandatory documents are verified with originals before accepting.

In case of our existing operation being a small client base most of the clients are very well known personally to broker or the respective remiser therefore the risk is reduced to that extent. Walk in clients are not encouraged to open accounts. The company does not engage in practice of soliciting clients through marketing networks.

5. Order Placing/ Risk of Default in Delivery:

We prefer that the client should come personally for placing the order. Also whenever telephonic orders are placed its ensured that the clients themselves are placing the orders and in case of some other authorized person place the order than we ensure requisite

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authority is been duly taken from the client for accepting the order from the respective authorized person.

All the purchase trades are mainly executed against the credit balance in clients ledger balance or against the margin money or securities already lying in clients' account as collaterals.

Further, the while placing sales orders it always tried that the securities sold which are lying in clients account or instruction slip for pay-in of securities is collected before hand.

6. Terminal Limits:

Trading exposure limits are set dealer wise everyday before market starts on the basis of previous day's funds balances & trade exposure. Daily limit is set for all the terminals at Member and user level before market starts and if required get modify as when required during the day. And the same is been duly get monitored by the Director of the Company himself.

7. Monitoring and controlling of risk:

- We insist client to trade only in A,B,B1 and S group.
- In case of illiquid scripts (e.g. T&Z group) we enquire with the client reason of buying or selling of such stocks before placing the order on bolt, and doubly ensure that the purchases are as far as possible against the credit balance of ledger or securities and the sales are against securities already lying in account.
- If any client try & create a fresh position against the debit balances, we force that the previous balance is paid first or force the client to reduce the exposure by selling certain securities already holding.
- During the trading session client's position monitored on live basis to ensure that the Client's trade are in sync with his risk status.
- In case of Long outstanding balances, if inspite of repetitive follow-ups client has not paid the amount the same is recovered primarily from selling the securities of the client and shortfall if any get recovered from share of brokerage of remiser in case of remiser's clients'.

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