Samdhyan Commodities Brokers Private Limited
RISK MANAGEMENT POLICY

The following document describes the risk management policy followed by Samdhyan Commodities Brokers Private Limited (herewith refer as SCBPL). Please read it carefully as it pertains to your trading activity.

Definitions: -

1. **RMS (Risk Management System)** - This helps SCBPL manage the risk of the company and client from the volatility of the market.
2. **Cash -** This is the clear balance available in the customer's ledger account in our books.
3. **Margin -** The underlying stake provided by the customer in the form of Cash.
4. **Exposure -** The aggregate of the customer's obligations arising out of buy and sell trades awaiting settlement in the cash segment and profit/ loss amounts that are yet to be settled on the closed positions.
5. **Exposure multiplier -** The number of times that exposure is allowed on the underlying margin on the cash segment under Intraday would have to be made either on the availability of cash margin or on the availability of the stocks (which are to be sold) in our margin account, by executing a transfer before any order is initiated.
6. **Total Deposit -** The overall client deposit available with us in the form of cash only.

Policy Statement

1. **Setting up exposure limits -** We provide an exposure limit to a client which would be a multiple of the clear ledger balance in the account of the client only in NIFTY top 200 scripts. The value of the "multiple" will be Three time which may be changed by RMS Team from time to time based on market conditions.

   Clients can place orders in two products: -

   MIS/CO/BO (Margin Intraday / Cover Order /Bracket Order)

   CNC (Cash and carry)

   If a client wishes to use margin, he/she can place orders with the MIS/CO/BO product code. Once the trade has been filled, only a portion of the full applicable margin will be blocked as per margin requirements for the stock. SCBPL will square off all open positions under the MIS/CO/BO code anytime during the last 30 minutes of normal market closure timing.

   If a client wishes to hold a stock overnight or doesn't want SCBPL to square off, he/she can place orders using the CNC product code. The full amount of margin is applicable at the time of order and SCBPL won't square the position off.

2. **Policy for penny stocks**

Stocks which appear in the list of illiquid securities issued by the Exchanges every Quarter are considered penny stocks. These stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. Depending on the market condition and RMS policy of the company, SCBPL reserves the right to refuse to allow trading and/or provide limits on penny stocks.

3. **Delivery Trades**

The net purchase or sale of scrip in a client account that is settled by way of a delivery on T+2 (or as per settlement schedule). Delivery in respect of sale transactions in the cash segment must be settled by the client by tendering securities in Demat form before the pay-in deadline. By not doing so, the client faces the risk of entering in auction.

4. **Sell against buying stocks**

Clients are cautioned to wait until stocks they have purchased have been delivered before selling them. In case he buys a stock and sells it a day later, the two transactions won't net each other out since delivery occurs after T+2 days. The second transaction would be considered a short pay-out of security and SCBPL will not be responsible for any short pay-outs.

5. **Trading in newly listed shares, illiquid securities**

Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the surveillance department and will be subject to the available credit balance.

6. **Policy for ASM and GSM Securities**

In ASM and GSM securities the Company would be Blocking of the scrip under ASM/GSM from grade I/ Stage I. Exchanges has vide their respective circulars have provided for guidelines on ASM and GSM securities. The client can refer to the same in case of explanation required.

7. **Intraday Margin Exceptions**

Intraday Margin may be reduced on certain days due to any of the following reasons:
a) Exchange policy changes or regulation
b) Government policy changes or regulation
c) Broker policy changes
d) Excessive or abnormal market movement / turnover / volatility

8. **Benefits of Early Pay in of Stock Sell on T Day –** If the client do the early payin of the securities sold on T day can use 80% of the sell proceeding against further trade.

9. **Risk Management (Online Surveillance)**

SCBPL utilizes a margin based automated RMS. Total deposits of the clients are uploaded in the system and the client may take exposure on the basis of margin applicable for the respective security as per the VaR based margining system of the stock exchange and / or margin defined by the RMS team based on their risk perception.

10. **Mark-to-Market Square-OFF**

At any given point in time if the MTM level of the client breaches 80% of his available Cash margin, the risk team would square off the complete positions of the client with or without intimating the clients.

For sake of better understanding, the square of percentage of 80% is basically the threshold base limit and it should not be construed as 80% for square off. The position may get squared off at exact 80% or above the base threshold limit. Due to market extreme volatility, it may not be possible to monitor the square off limit from percentage (%) to percentage (%).

Also, in case the MTM square off is done, the residual fund if any will be blocked to trade till the client adds fresh funds to bring the overall MTM percentage sufficient below the threshold limit.

Further the square off will also be based on the extreme volatility in the market which may have severe impact on the client and the company. The Company may or may not inform the client on the same in case of potential fluctuation. (SEBI guideline on close out/square off)

If the client is having MTM loss of more than 40% but less than 80% of his available cash margins, the square off call will be taken by the Risk team. A prior intimation on the same may or may not be given and thus clients are requested to take care of their positions and MTM.

There may or may not be a margin calls or intimation from our RMS desk.

SCBPL shall not be liable for any loss arise due to RMS selling on non-payment as well as loss in case where RMS Selling may not be done as mentioned above by RMS due to any reason.

SCBPL reserves the right to change the above policies any time in general or in particular case within the Exchange regulations / SEBI regulations / guidelines.