Singhal Capital Market Limited

Policy of Risk Management System (RMS)

(To manage the risk of the company/client from the volatility of the market)

(1) RMS works on the following concepts:

1 .1) Cash: The clear balance available in the customer's ledger account in our books of accounts.

1 .2) Margin: The underlying stake provided by the customer in the form of cash, FDR and/or stocks to mitigate market (price) or settlement (auction) risk.

1 .3) Exposure: The aggregate of the customer's obligations arising out of buy + sell trades awaiting settlement in the cash segment and profit/ loss amounts that are yet to be settled on the closed positions.

1 .4) Exposure multiple: The number of times that exposure is allowed on the underlying margin sales on the cash segment 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 the sale order is initiated.

1.5) Stock qualifying for margin in cash segment transactions: Securities in the approved list of Stock Exchange as per SEBI guidelines.

1.6) Total Deposit: The aggregate of client deposit available with us in the form of cash, Shares(After Applicable Hair Cut) and FDR .

(2) NATURE OF CUSTOMER TRANSACTIONS

2 .1) Intraday - Cash segment: The amounts of purchase (or sale) in a scrip on any trading day that is reversed by the end of the day by making a contra sale (or purchase) of the exact same quantity, thereby nullifying the original position.

2.2) Delivery Trades: The net purchase or sale of a scrip in a client account that is settled by way of a delivery on T+2. 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. Else the client faces the risk of auction. A purchase transaction in the cash segment would fall into one or more of the following categories:

2 .3) Sell against Buying: A purchase order executed on the Exchange today and the (undelivered) purchased stock sold in its entirety on the next trading day. In this case

the first transaction would be settled on T+2 while the sale would be settled on the third business day after the purchase transaction

Note – SCML will not be responsible for any Short payout of security from exchange

(3) MANAGEMENT OF RISK

3.1) Trading exposure:

Trading exposure will be margin based and will be a combination of both F&O & cash segments. Margin will be applied on each segment as following:

Cash Segment – 5 Times
F&O Segment – 1 time of Span + Exposure Margin

3.2) Deposit available will be calculated considering the following:

a) Credit Balance in account.
b) Value of shares in Collateral account, Beneficiary account, and the also the value of the shares in transit after applicable haircut.
c) Haircut will be applied at the rate of 15% in the normal market conditions. However, depending upon the market conditions the hair-cut rate may be changed.
d) If the value of the shares after haircut is less than the debit, buying exposure will be blocked.
e) Where a client is in debit & value of stock after haircut is higher than the debit, exposure will be available for the difference between outstanding amount and the value of the stock after haircut.
f) It is advised to transfer the shares to the collateral account for getting benefit of the stock for trading exposure.
g) In normal cases one time exposure will be given in the cash market segment for the cheques under clearing.

3.3) Short selling of Options by default would not be available for any client. Option selling would be available on specific request and would be given on a case-to-case basis. Short selling of Deep-in-the money options would not be allowed.

3.4) F&O margin shortage if any is to be cleared by 1PM on T+1 basis.

3.5) If the value of the stock held by the client is at least 2 times the amount due from the client, the dues would be allowed to carry for a maximum of 3 days from the date of transaction. On the fourth day from the date of transaction client would not have any trading exposure other than for delivery selling.

3.6) SCML would have the right to sell the stock in the client's account up to the ageing amount if the same is not cleared up to 2.30 PM on the 4th day. However, in cases where the value of the stock is enough to cover 3 times the amount due from the client, positions can be allowed to carry up to 5th day from the date of trading. Similarly, RMS would have the right to liquidate the positions in F& O segment

where the T+1 margin shortage is not cleared within the cut-off time or when the M2M loss on the open positions would create the account to uncovered status.

3.7) Stocks in Trade-for-Trade group will be available for delivery-based trading. Clients will not be allowed to trade in Z Group Scrips except for delivery selling that too when the shares are transferred to the respective pool account.

3.8) Any deviation from the available margin will not be allowed in the case of F&O Segment as we must report the margin collected from clients to the exchange. Any penalty charged by the Exchange for short collection in F&O margin would be debited to the client.

3.9) Any amount due from the client should be cleared by T+2 day.

3.10) It is the responsibility of the officer-in-charge to collect the amount due within the time limit.

3.11) The officer in charge should send the debit status of each of the clients with the cheque details etc. on a daily basis before 12.30 PM in the specified format.

3.12) Request for Client Code modification of the trades should reach before 4 PM.

3.13) Payout of fund will be released only if the client has not taken any excess position on that day.

3.14) If the client account has outstanding amount, payout of securities would be done for the value after blocking the securities for the value of 2 times the outstanding amount.

3.15) Depending upon the market conditions necessary changes would be made in the above policies to safeguard the company.