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### **Risk Management Policy**

The purpose of this Policy is to ensure awareness of the company's standards for risktaking while conducting business and to provide an easy-to-access guide. The Risk Management policy will try to cover Market Risk, Credit Risk, Process Risk and other risks.

We would like to clarify here, that implementation of this policy will only facilitate better management of risk not its elimination. The primary objective of Market Risk Management is to control market risk incurred by MLBCPL with a view to preventing unacceptable losses. The primary objective is to provide an effective means of identifying, measuring and monitoring credit exposures incurred by MLBCPL, and to keep such risk at or below predetermined levels. The focus is to monitor, analyze and manage risk levels stemming from inadequate controls and or business disruptions.

The Risk assessment and granting limits and taking other suitable measures are highly qualitative decisions. These decisions are subject to discretion of MLBCPL and can be changed/alter in a particular case/scenario and on the basis of risk assessment of the concerned client and prevailing market conditions.

However, a brief overview of the said policy is as under:

Margin Policy	<p>Short Fund Margin of the client is arrived by deducting the stock position after Hair - cut from the overall debit ledger balance of the client i.e. the clients whose stock position after hair cut is not enough to cover the debit in his ledger balance is in short margin. Such client have to give a cheque to cover the short margin before 10.30 AM otherwise the position of such client may be squared off at 10.30 AM by the RMS department to the extent of short margin.</p> <p>Note: Squaring off intimation should be mailed as well as communicated on telephone also so that it could be recorded in order to avoid any dispute in future.</p>
Hair Cut Policy	<p>Hair Cut is determined on the basis of category to which the stock belongs.</p> <p>Note: Securities are being catagorised on monthly basis or as suggested in NSE VAR file.</p>

<p>Intraday and Delivery Position Policy</p>	<p>All intraday positions created in cash segment are subject to be squared off around 3:10 PM to 3:20 PM</p> <p>While inserting sauda in cash segment, ODIN Software ask for product i.e. delivery of intraday jobbing. The same is to be mentioned there itself.</p> <p>If any client want to convert the product i.e. from intraday to delivery, then it should be done before 3:00 PM.</p> <p>Note : Here one thing should be kept in mind while converting the product that after conversion and squaring of intra day saudas, delivery purchase should not exceed the 4 times of margin available, and margin will be initial margin as reduced or increased by loss or profit booked in intraday jobbing.</p> <p>In ODIN all intra day positions get squared up automatically.</p>
<p>M2M Loss Policy</p>	<p>If the clients liquidity (i.e. available margin) erodes more than 70% during the day, the outstanding intraday position is squared immediately after intimating to branch managers.</p>
<p>7 day debit policy</p>	<p>Even if there is no short fund margin , but ledger balance is showing debit balance continuously since last 7 days , then position may be squared off to the extent of debit balance.</p>

## Illustration of Practical Example

	<b>Limit as per Margin available</b>	<b>Practical Example</b>	<b>Initial Deposit</b>	<b>Maximum possible value of tranxn.</b>
<b>Cash Purchase Delivery</b>	4 times of the margin available		5000	20000
<b>Cash Sale Delivery</b>	Only after confirmation of availability of stock with the client.		5000	As confirmed from Depository department.
<b>Cash Purchase Intra day</b>	8 times of the margin available		5000	40000
<b>Cash Sale Intra day</b>	8 times of the margin available		5000	40000
<b>Future Purchase</b>	As per the Span margin		5000	
<b>Future Sale</b>	As per the Span margin		5000	
<b>Call Option Purchase</b>	1 time of the margin available		5000	
<b>Call Option Sale</b>	As per the Span margin		5000	
<b>Put Option Purchase</b>	1 time of the margin available		5000	
<b>Put Option Sale</b>	As per the Span margin		5000	

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