

## **Risk Management Policy**

**Bhargava Lodha Stock Brokers Pvt Ltd (BLSBPL) has risk management policies for all the clients of BLSBPL. Those policies have been adopted to minimize the Risk to BLSBPL from possible defaults of the clients who deal with it. The policy attempts to achieve balance between business needs to BLSBPL vis a vis risk management policies, realizing the risks can be managed, not avoided.**

### **Risk Assessment of Customers**

BLSBPL prior to establishing a relationship with a client always assess the risks of doing business with that client and should regularly monitor the risks throughout the term of the relationship with the client. In general, our consideration focuses on the following areas:

- (a) the nature of the customer (e.g., institutional or retail) and its corresponding level of experience and sophistication;
- (b) the credit worthiness of the customer, as measured by established credit policies and our procedures

Review of customers' financial condition, and related decisions with respect to customers, is conducted by our staff (a) that are independent of the sales personnel and (b) whose compensation is not Directly related to the volume or profitability of trading conducted by customers.

Customer margin requirements and, where appropriate, position limits are established at levels that are adequate, in our judgment to protect us against reasonably foreseeable risks arising from the customer's trading activities. Customers' significant market exposures are reviewed on at least a daily basis and, where necessary for the protection we call for additional collateral, modify margin requirements or position limits, require customers to reduce the size of existing positions or take other appropriate actions.

BLSBPL have established and enforced policies and procedures regarding the prompt collection of customer margin (other than in the case where there are appropriate credit arrangements in place) and the liquidation of customer accounts (or other appropriate action) where necessary.

We have established and enforced procedures regarding account opening and trading by omnibus and introduced accounts, recognizing the potential exposure to the us that may arise from such accounts.

We have established risk management procedures for trading by affiliates carried on their books. Such procedures include, among others, position limits for affiliates' trading activities based on their financial status.

## **Legal Relationships with Customers**

We have also prepared and utilized written agreements with their customers that clearly delineate the respective rights and obligations of the brokers and our customers. This agreements provides a basis for allocating between us and our customer's responsibility for all material aspects of their relationships and risk exposures and should take into account the particular requirements of each customer and its relationship with the our firm.

We are aware that a broker should provide its customers, upon request, with information regarding the financial status of the broker/intermediary (subject to appropriate confidentiality considerations) and the identities of depositories and clearing brokers utilized by the broker/intermediary.

## **Internal Controls**

We have established and enforced appropriate policies and procedures to identify customer property and to protect it against risks arising as a result of our proprietary trading activities if any . Such policies and procedures includes the maintenance of appropriate books and records that, among other things, separately identify customer and proprietary accounts and active monitoring of proprietary trading activities, including, if appropriate, the establishment of risk-based position limits.

We conduct regular internal reviews of our customer and proprietary accounts, including record-keeping and other account maintenance matters, to monitor the compliance with applicable laws and regulations and internal policies and procedures. Such reviews is conducted by personnel who are independent of proprietary traders and personnel responsible for customer relationships.

The Board of Directors or senior management of our firm establish general risk management guidelines and procedures for proprietary trading activities, including instruments and strategies, position and trading limits for trading desks, business units and/or individual traders, periodic stress testing and cash flow and "value at risk" analyses. Compliance with such procedures and limits are monitored regularly by personnel independent of proprietary traders. The Board of Directors or senior management periodically review and modify such guidelines and policies, as necessary or appropriate.

Adequate separations are imposed between (a) back office personnel responsible for trade reconciliation, margin, position limits, preparation and maintenance of books and records and other similar matters as well as compliance personnel, risk management personnel and treasury or funding personnel, and (b) personnel responsible for customer relationships or proprietary trading. The authority of appropriate personnel in these areas should be clearly established.

The Primary Risk Control is at the Brach level , and the secondary control is at the client level.

**At Brach level (including sub-broker / remisier / Authorized person) following limits are set :**

1. Gross Exposure
2. Net Exposure
3. Quantity limits per order
4. Value limits per order.

The limits are given on the basis of Past track Records of the branch and the Margins/ Deposits of the branch lying with BLSL.

**Client level control :**

In case of clients who are in continuous debit balance for more than 15 days , the buying for the client code is stopped on non BSE BOLT TWS front ends till such time the debit is cleared .

### RISKS CONTROL

***The trading rights of the clients shall cease once the client utilizes 100% of the allocated exposure or is @ 50% of loss to the capital computed for exposure calculation.***

***Upon 75% of the clients' capital loss, 50% random position shall be squared off of the client, subject to client not infusing clear funds to its margin requirements and/or to cover its loss.***

***Upon 100% of the clients' capital loss, the entire position of the client shall be squared off.***

***The loss is a % of the capital computed for exposure calculation as per the company policy or as per the policy framed by the Proprietor for allocating exposure to the Client.***

We have assigned an email ID for Investor's Complaints and also maintain register of complaints of Investor Grievances and informed the clients through emails and also by mentioning the same in the KYC. In Regards to account closure if any client make written request to us for closing the trading account with us we first check it there is any outstanding balance in the client account. We issue the accounts confirmation to the said client and if we found that the account confirmation is clear we freeze the client account for trading and also from our client master.