

Risk Management Policy

General Risk Management Policy of Marwadi Shares and Finance Limited is as under:

Risk is managed based on Collateral available.

A) Collateral:

Following is considered as collateral as per exchange requirement

1) Cash including credit TB, 2) Securities, 3) Fixed Deposit

B) Valuation of Securities:

1) In case of Securities eligible as per Exchange norms, 30% hair cut will be applied and net value of securities will be considered as collateral

2) In case of non eligible securities, 50% hair cut will be applied and net value of securities will be considered as collateral

3) Z, T group scrip and illiquid securities will be not be considered as collateral. No exposure will be allowed on these securities.

C) Derivatives Trading

In case of derivatives trading, 50% of total collateral to be in form of cash or credit TB.

D) Exposure:

Exposure will be allowed up to 6 times of total collateral.

E) Liquidation of Stock and F & O open position

Client has to clear outstanding dues on or before T+5 day. If client fails to clear outstanding dues. For example, if the position took place on Monday, the liquidation of stock will be carried out on Monday of the next week.

If in case Client margin or MTM obligation is short (During market hours or at the end of day) as per exchange requirement, F&O open position will be squared off.

F) Intimation to Client

Client has to be aware about open positions and purchases. MSFL is under no legal obligation to send any formal communication. However, MSFL would take extra efforts generally to inform client about the Risk and actions. The intimation would generally be through software, SMS, Email subject to correctness and availability of the information in the software.

Example:

A client has provided following as Collateral

Ledger balance Credit	Rs. 1,00,000	
Securities eligible as per exchange norms	Rs. 3,00,000	
Calculation of Collateral:		
Ledger balance credit		Rs. 1,00,000
Add: Securities eligible as per exchange norms	Rs. 3,00,000	
Less: 30% hair cut	Rs. 90,000	

Value of securities after hair cut		Rs. 2,10,000

Total Collateral considered for exposure		Rs. 3,10,000

Exposure: up to 6 times of Collateral (Rs. 3,10,000*6)		Rs. 18,60,000

Suppose client took position of Rs. 3,60,000 on Monday, client has to pay Rs. 2,60,000 (Rs. 3,60,000 – Rs. 1,00,000 Ledger Balance) on or before T+5 day. If client fails to clear outstanding dues on or before T+5 day, selling will start from Monday of the next week.