

Prudent Risk Management System

The operations of the company are carried out in a very controlled manner and the management has strict system of analyzing of the known clients by directors and only if the client meets the various parameters, then only an account is opened. The risk management systems considering the current operations of the company are:

1. Only Director's Known clients are given application forms for being appointed as a client.
2. The completed form is then received and only after proper verification of the documents and checking the genuineness of the person, the account is opened.
3. Every client is designated a proper dealer/s, and the dealer/s before accepting the order for the client is given the background of the client so that the dealer is in a proper position to analyze the capability, the risk appetite and the investment pattern of the client so that proper risk assessment can be made considering the client.
4. The clients are personally known to the director and the overall exposure is determined for the person on the basis of the financial capability and on the money lying with us in the client ledger account.
5. The risk with respect to the trades done by the client is regularly assessed by the dealer. The dealer being regularly interacting with the client is aware of the trading pattern and thus in a position to determine the risk vis a vis every trade done by the client.
6. The client shares are tracked to have been received only from the designated DP account only so as to nullify the risk due to receipt of money from other persons DP account. In case if any shares are given by any person on behalf on the client, then a letter signed by the beneficial owner and the client is taken specify that the shares are given on behalf of the client and the owner does not have any right / obligation from the member.
7. The exposure with respect to every sub-broker & dealers terminal is controlled through the office risk management team. In case of sub-brokers having direct terminals the exposure limit is defined to control the maximum risk exposure of the client. Additionally the company has also installed CTCL / IML software with the help of which the company is expanding the reach and due to the control features existing in the CTCL / IML software along with the RMS software controls are maintained on the overall operations vide every client code and every terminal / branch / sub-broker location.
8. The risk management team regularly assesses the trades being executed by the clients / branch / sub-brokers / sub-brokers client to check the trades in illiquid / risky stocks. The past operations are also tracked, to assess the risk level of the company in dealing with such clients. The trades in Z category stocks as specified by BSE are not allowed, unless a special permission has been taken & only after due consideration, the RMS head will allow temporarily a specific exposure limit for dealing in Z group stocks.