

POLICY ON RISK MANEGEMENT

Policy regarding PMLA is created by the Compliance Officer and approved by the Board of Directors on 22-03-2024.

Objective :

The objective of this document is to effectively manage the various risk involved in the business Operations which may include default by clients, fraud and infidelity by employees, technological

Failures, misuse of trading system for market manipulations apart from protecting the interests of

Investors and ensuring the effective and timely compliance with various applicable Acts, rules, Regulations, bye-laws, circulars and guidelines.

Risk Management :

1. Registration of Clients.

The first step of controlling risk is stated from KYC registration department. Hence a dedicated department is there to handle new account opening cases under the guidelines of senior executive and Directors. The decision to add new client is based on strong reference from existing clients or reference from Directors.

While opening the depository and trading account all the guidelines issued by the SEBI and the Exchange should be followed. The employees are advised not to entertain unknown person strictly.

2. Receiving, validating & entering the orders of clients in the trading platform:

Normally, the new clients shall be assigned and introduced to a specific terminal operator and the operator shall be briefed about client's requirements for trading, investments and his risk taking abilities. Accordingly the terminal operator shall, under instruction from the concerned senior official, allow the client to place the orders during the live market through written, oral or telephonic instructions. The sub-brokers , Authorized Person, Remisiers, who are registered as terminal users with the exchanges, shall be allowed to operate the terminal and place the orders in the respective accounts and in the accounts of their clients on the basis of the risk profile of their clients and according to their written, oral or telephonic instructions.

As per the SEBI guideline each client id, user id and branch id is set with quantity, value limit and security wise limit for each order.

3. Collection and Release of Payments to clients :

The client is asked to make the full payment as per the daily debit obligation on T+1 basis. The pay-out of funds is made on T+2 basis after confirming the successful pay-in of securities by the client. The exchange/segment wise segregated ledger account is maintained with an option to view the all exchange/segment merged position. Under written authorization from the client, the pay-out of funds can be retained for margins and/or future pay-in obligation and for collection and release of funds the account shall be maintained on a running account basis with all exchange/segment net balance criteria. The inter exchange/segment Journal Entry shall be passed on once in a week or when required.

The accounts department is advised to keep a strong monitoring in collection of cheques from clients having debit balances. Collection and Payment of funds to any third party other than the one prescribed in KYC is strictly observed as per the policy.

4. Collection and maintenance of Margins and Exposure Limit:

The requirement of collection and maintenance of margins in Cash/Capital Market segment is waived in general. However, after taking into account the conduct of the account, size and frequencies of trades, category of scripts and financial standing of the client, the Directors/Senior Officials may decide to collect the margins in any form on a case to case basis. It is advisable to set an exposure limit up to 5 to 8 times for intra day trade and 2 to 5 times for delivery trade (as the case may be) to control exposure position. The revision in the exposure limit during the day is totally based upon the decision of senior Executive/ Directors based upon the category of the client. In case of Derivative segment collection of margin should be strictly done as per the Exchange Guidelines.

In case of the clients having relatively large volume and regular trading activities, the payout of funds and securities shall be retained towards the upfront and daily margins under the written authorization from the clients.

5. Collection and delivery of Securities to the clients :

Collection of deliveries of securities from clients shall normally be called from the clients on T+1 basis. Where client has given POA, deliveries can be taken on T day itself. In case of delivery pay-in obligations of large quantity/value and/or illiquid scrip shall be called for prior to the execution of sell order or as early as possible after the execution of sell order and shall be tendered to the clearing house under early pay-in mechanism. Securities pay-in 'Overdue Obligation' statement shall be generated one day as well as one hour prior to the pay-in schedule and a reminder shall be given to the respective clients. Deliveries of securities to the clients shall be effected within 24 hours from the pay-out e. In case of the clients who have given written authorization for retention of securities towards margin and/or future pay-in obligations, the pay-out securities of such clients shall be moved and retained in the separate BO account designated as 'Client Margin BO Account'.

6. Banking Operations and Payment of Dividend etc

a. All the bank accounts are reconciled on a regular basis by downloading the bank statements in electronic form from the websites of respective banks. The ECS credit of dividends shall be passed as per exchange rules at the time of bank Reconciliation through journal entry in the account of relevant clients.

.Instances of return of deposited Cheques is intimated to the authorized person immediately for the necessary follow-up actions. The instances of return of issued Cheques, if any is taken very seriously by the senior

Management and will investigate the reasons and take the required steps to avoid the Recurrence of such instances in future.

7. Monitoring of Branches / Sub-Brokers /AP/DP Operations etc.:

Monitoring of Branches / Sub-brokers /AP shall be carried out centrally from head office.

As our middle office and back office activities are centralized and in view of a very few Number of branches, there are no requirements to set up the separate monitoring mechanism At branch levels. In case of sub-brokers/AP their day-to day trading operations and obligations Shall be monitored on-line through surveillance desk and off line through daily risk Management reports, and as per the rules, regulations and bye laws of the Exchange.

8 Monitoring of alerts:

All the departments are advised to update the Compliance Officer/Senior managerial Personnel on regular basis about the deficiencies and developments to achieve the goal of risk management. The compliance Officer/ /Senior managerial Personnel monitors all alerts on a daily basis which comes under NSE/SEBI/PMLA Rules and Guidelines and take such appropriate action as he deemed to be fit.

Approval Authority and Review policy:

This policy is approved by the Board of Vardhaman Capital Pvt. Ltd.

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.and will place the changes in policy before the Board.

Policy communication:

A copy of this policy shall be made available to all the relevant staff/persons such as: compliance officer / department in-charge /authorized persons.

Further, a copy of this policy has to be displayed on our website www.vardhamancapital.co.in