



MADHUVAN SECURITIES PRIVATE LIMITED
Member of National Stock Exchange of India Limited
Member of National Securities Depository Limited
CIN: U67120GJ1995PTC024502
Regd. Office
82, Madhuvan, Opp. Hotel West End, Ellisbridge,
Ahmedabad-380 006
Tel : 079-68198992 Email : info@madhuvan.com

MADHUVAN SECURITIES PRIVATE LIMITED

POLICY ON RISK MANAGEMENT

PREAMBLE: -

The Company is Stock Broker and registered with the NSE and SEBI.

Risk is the potential Risk is the potential harm that may arise from some present process or from some future event. It is often mapped to the probability of some event which is seen as undesirable.

Risk Management is process of measuring, or assessing risk and then developing strategies to manage the risk. Typically involves utilizing a variety of techniques, models and financial analyses.

MEMBER is exposed to variety of risks including market, credit, liquidity, operational and other risk that are material and require comprehensive controls and ongoing oversight.

The risk management framework of MEMBER for its business is based upon the different client segments, applicable settlement mechanism and SEBI/Stock Exchange/Depository regulations.

RMS stands for Risk Management System - To manage the risk of the company/client from the volatility of the market. Risk is inherent in all aspects of a commercial operation, however for financial institutions; credit risk is an essential factor that needs to be managed. Credit risk, therefore, arises from the company's dealings with clients who may carry out transactions and not pay the losses suffered.

We set out below the principles of our risk management framework:

REGISTRATION OF CLIENT

The KYC (Know Your Client) form shall be complete in all respect. The form shall be duly signed and all the documents which are marked as mandatory in the Form shall be enclosed. Adequate Due diligence of clients shall be done, along with proper verification of the documents with the original. The name of the client given in the PAN Card should



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tally with the name mentioned in KYC. Also verify the PAN from Income Tax website. The form shall be scrutinized and then the client shall get registered. Also, an internal audit shall be conducted in respect of all the forms, which has been executed for opening the Client Accounts. Any deficiency observed, shall be pointed out and it should be rectify with the immediate effect.

CATEGORIZATION OF CLIENTS:

The Company has classify the client into following categorized after considering the factors like Type of Clients, Financial Information, Investment Experience, Trading Preferences, Trading Turnover, Manner of making Payment etc.

- a. Law Risk
- b. Medium Risk
- c. High Risk

Review the category of periodically as and when require or any other shorter period as deem fit. After review, if require, reclassify the category from Low Risk to Medium Risk, Medium to High Risk or so. Upgrade the client category from High Risk to Medium Risk, or Medium Risk to Low Risk as the case may be only after consultation with Compliance Officer or person in charge of the company.

LIMIT FOR TRADE

We shall provide limit to the client for trade on the basis of Ledger Balance available, amount transferred through banking channel NEFT/RTGS/IMPS/Cheque etc by the Client subject to confirmation or Securities Pledged with CC. Before providing Limit to the client we shall check about the funds available with us and limit is to be granted as per the exchange norms in case pledge of securities.

All the clients have to be full payment with in the times provided by the exchange. If client failed to make payment within stipulated time will be liquidated and be informed to the client.

DEBTOR & CREDITOR MANAGEMENT

Pay in & pay out of fund & securities operation shall be done within the time frame given by the Exchange. Securities shall be transferred to the respective clients demat Account



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only on receipt of payment from them. Also, in case of sale of shares by the clients, the payment shall be made to them only when the shares be delivered by them in the Company's demat account.

FINANCIAL CAPACITY IF CLIENT:

At the time of opening Demat Account, review the Financial position of the Client, nature of income and the quantum of such income of some specific person (i.e Non Individual such as Company, LLPs etc.). An insight is absolutely necessary to draw in mind the financial capacity of the client.

OTHER PROVISIONS:

The Company has adequate system for review on pay in and pay out securities, fund receivable and fund pay out, Liquidity, monitoring Limit, payment and receipt of funds from / to clients etc.

DATE : 09/04/2024
