

### **Preamble**

The company is regulated by the Securities and Exchange Board of India (SEBI) as a Stock Broker. Further, we are regulated by Stock Exchanges through their notices, circulars, rules, regulations, and bye laws.

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.

Shriram Insight Share Brokers Ltd (SISBL) is a SEBI registered Retail Stock Broker cum Self Clearing Member, Depository Participant, etc.

The Company has an Integrated Risk Management Policy that provides an integrated framework for managing risks within the Company. The Company has also from time to time adopted Operational Risk Management Strategies for its Stock Broking activities.

In the course of conducting its broking business, SISBL is exposed to a variety of risks including market, credit, liquidity, operational and other risk that are material and require comprehensive controls and on-going oversight. This document details the guidelines and procedures to be followed for the Equities, Equity Derivatives, Currency Derivative, Commodity Derivative broking business. The risk management framework of SISBL is focused on Retail clients and is based on the applicable settlement mechanisms and SEBI/Stock Exchange regulations as amended from time to time.

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

**Shriram Insight does not operate on the concept of sub-broker / branch or terminal wise limit.**

The basic USP of the risk management system at Insight is the following:

### **Centralised Control**

1. Totally centralized risk management system i.e. all orders placed from any branch and or internet is compulsorily routed through the centralized risk department at Kolkata before it is transmitted to the Exchange server.
2. Setting of individual client's trading margin is also system generated and controlled centrally by Risk & Surveillance Department, including any modification.
3. We collect fund and or securities by way of margin pledge from clients as margin before execution of trade as per Exchange norms. Securities accepted as margin by way of margin pledge is re-pledged with Clearing Corporation.

4. The Central Risk and Surveillance department has been bifurcated in Region wise, State wise and Branch wise with well trained staff.
5. The above mentioned staffs are monitoring all the client's position online on real time basis with respect to MTM and fund position including any other risk parameter.
6. They also collect the feedback regarding collection from clients on a daily basis from branches.
7. Apart from this, the Team also monitors any abnormal transactions made by the clients specially in small cap or mid cap shares which can cause any compliance related issue. They also monitor any abnormal holdings of any particular scrip by any client and convey the information to Departmental Head and Compliance Officer to take the necessary actions.

### **Policy of limits setting for exposures & turnover for clients, terminals & branches level**

#### **Daily Trading Limits for clients:**

With respect to broking operations, SISBL follows a margin based automated Risk Management System (RMS). The following are the parameter of Risk Management to be followed by SISBL for Retail Broking.

Exposure to client is granted Segment wise on the basis of funds/securities collaterals provided by clients to SISBL. Nature of margin has been segregated into two parts, one is Static and other is Dynamic.

Static Margin has been defined as fund, stock margin (by way of margin pledge only) and in any other form as approved by Regulator and SISBL. On the other hand Dynamic Margin is the 100% of value of stock sold by the client during the day and successful EPI of the stock has been given to the Clearing Corporation as the Clearing Corporation is taking the counter guarantee of funds payment. However, any intraday profit booked by the client cannot be defined as Dynamic Margin and any exposure cannot be given on that profit.

Due to introduction of online intraday/BOD allocation of fund to the Clearing Corporation before punching the order, it has also been decided that Dynamic Margin would be automatically credited to the client upto Rs.25,00,000/- (Rupees Twenty Five Lakh only) with immediate basis and rest amount would be given after checking different internal and external parameter, for same day transaction. Further, same amount would be given as margin (if the client has not used the same for further exposure on T<sup>th</sup> day) till the payout comes from Clearing Corporation.

For the purpose of determining exposure limits, Stocks provided as collaterals should be approved by both Exchange and SISBL and will be valued after applicable haircut as may be deemed fit by SISBL subject to minimum haircut approved by Regulator.

Daily trading margin for clients for both equity and derivative segment are derived from the daily risk matrix of clients which is prepared at the end of the day.

Daily margin are a function of the net surplus (summation of fund and margin pledged stock followed by re-pledged at Clearing Corporation after haircut value) calculated from the risk matrix where the function varies on different market factors. We do not have any terminal, branch & sub-broker wise limit concept for trading i.e. limit is client wise only.

The limits may be based on the margin requirement of specific stocks, specified by the respective Exchanges. However, in exceptional circumstances the delegated risk authority may use its own discretion in providing limits and may change the margin requirement for a client/ scrip or for both, depending on market conditions, operational challenges and technological challenges but not less than minimum margin requirement for upfront margin as specified by Regulator.

In all Derivative Segments (both Future and Option) the upfront margin (both initial and peak) collected is SPAN plus Exposure margin and or premium as the case may be, or as defined by the Exchange from time to time. Upfront Margin in the form of collateral (by way of pledge only) / funds shall be collected from clients.

Derivative trading involves daily settlement of all positions including realized/unrealized loss on open positions and premium on options and any margins as required by the Exchanges and/or by SISBL. In case of futures segment, all open positions are marked-to-market based on the closing price of the contract. In case of MTM loss, the client is required to deposit the amount of loss (notional). Such amount will have to be paid within a stipulated time frame so as to ensure appropriate margins are maintained and reported to the Exchange at all points of time. Any penalty levied by CC arises due to margin short fall except initial margin shortfall, may be passed on to the client.

In case of physical settlement in equity derivative segment, sufficient delivery margin needs to be maintained as regulated by Exchange, failing which SISBL reserves its right to liquidate the open position to avoid any short margin.

In compliance of rules laid down by Exchange for Securities in Ban Period in F&O segment, SISBL has the right to restrict any fresh position to be taken by the client even if sufficient margin is available at the client level.

Any changes in derivative positions which result in increase of margin requirements, on account of hedge break/ loss of cross margin benefits like square off by the clients / expiry of some leg(s) of the hedge positions of the clients, leading to higher margin obligations on the open positions, Client needs to ensure that sufficient margins are available all time. Penalty, if any, levied by the CC will be debited to the client for any shortfall in the margins under the above scenarios as it is not an initial margin shortfall.

On the day of options contracts expiry, to increase the tail risk coverage, an additional Extreme Loss Margin (ELM) of 2% shall be levied on short index options contracts.

"Removal of calendar spread treatment on the Expiry Day"- i.e. benefit of offsetting positions across different expiries ('calendar spread') shall not be available on the day of expiry for contracts expiring on that day. Client needs to ensure that sufficient margins are available all time. Penalty, if any, levied by the CC will be debited to the client for any shortfall in the margins under the above scenarios as it is not an initial margin shortfall.

Approved list of securities as defined by the Exchange (Exchange Approved Scrip) from time to time are accepted as collateral after applying appropriate haircuts. However, SISBL may use its discretion to accept any stock as collateral including haircut percentage (but not less than minimum hair cut percentage prescribed by regulator from time to time) applicable on it. Additionally, SISBL may also accept as collateral other financial assets as approved by the Exchanges/Risk Management Committee from time to time.

As per SEBI regulations, only 50% of the margin can come from pledged non-cash securities made by the

clients, and the remaining 50% must be in cash or cash equivalent securities. Due to non availability of the required margin in the form of cash and cash equivalent at the client account and thereby SISBL needs to contribute the cash or cash equivalent component, an interest will be charged on the contribution made by SISBL at the rate communicated to the client from time to time and will be calculated daily basis and posted at client fund ledger on monthly basis. Further, interest will be charged on the peak margin contribution during the trading day. This means that in case there is a contribution anytime during the trading day, even though the client may have squared off position by the end of the day, client will be charged interest for the peak margin contribution by SISBL that occurred during the day.

• **Closing out of unpaid securities**

Under compliance with SEBI Circular No.CIR/HO/MIRSD/DOP/CIR/P/2019/75 Dated June 20, 2019 the securities received in pay-out against which payment has been made by clients (Clear credit balance), shall be transferred to the demat account of the respective clients within one working day of the pay-out. Such securities shall be transferred directly from the pool account of the SISBL to the demat account of the respective client. With regard to securities that have not been paid for in full by the clients (unpaid securities) shall be transferred to "client unpaid securities account" opened in the name of SISBL from the pool account of SISBL.

Subsequently as per the SEBI Circular No.SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 05, 2024, the above method modified got modified. The modifications are as follows:

- A. The securities for pay-out shall be credited directly to the respective client's demat account by the CCs.
- B. It shall be mandatory for us to update primary demat account in UCC database of Exchanges of all such clients those are trading with us. Clearing corporation shall credit pay-out of securities to the demat account of the client that is identified as primary in Exchange UCC and is verified by Depositories.
- C. We need to open and maintain Client Unpaid Security Pledge Account (CUSPA) in depository where their client has demat and also need to maintain Client Securities under Margin Funding Account (CSMFA) in depository where the client has taken MTF.
- D. For the securities that have been paid in full shall be credited directly to the respective client's demat account by the CCs as mentioned in point no A above.
- E. For the securities that have not been paid for in full by the clients (unpaid securities) i.e. net fund balance of the client is negative, request to be given to CC by 8 AM on the day of settlement for pay-out to be released in client demat account with pledge in favour of Trading member CUSPA account as mentioned in point no C above.

In order to determine fund balance of the clients following parameters are considered.

Sr. No	Details	Remarks
1.	Net Fund Balance of CM Segment (including the posting of open settlement)	Excluding unrealized Cheque
2.	Net Fund Balance of EQ Derivatives Segment (including the posting of open settlement)	Excluding unrealized Cheque

## SHRIRAMINSIGHTSHARE BROKERSLTD

### RISK MANAGEMENT POLICY AND POLICY ON LIMIT SETTING FOR CLIENTS.

Version1.0.8 Dated July, 2025

3.	Net Fund Balance of Currency Derivatives Segment (including the posting of open settlement)	Excluding unrealized Cheque
4.	Net Fund Balance of Commodity Derivatives Segment (including the posting of open settlement)	Excluding unrealized Cheque
5.	DPC	Which has not been posted till the date of released.

If summation of the above mentioned factor comes to negative (without considering the stock margin balance), entire purchased stocks are transferred directly to the respective client's demat account and mark pledge only on the stock to the extent of such negative balance in favour of Shriram Insight Share Brokers Ltd CUSPA account after hair cut of VAR or 20% whichever is higher on Tth day closing price under intimation to the client via email / SMS.

The securities Pledged against CUSPA shall either unpledged and make as free balance at the demat account of the respective client upon fulfillment of client's funds obligation. In case of non receipt of client's funds obligation the same shall be disposed off in the market by SISBL within five trading days after the pay-out under intimation to client through email / SMS/ CALL one trading day before such sale, if the same is not sold by the client on their own.

Further, the unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. For such closeout no pre-order confirmation is required, rather appropriate indication will be there at the Contract Note for the same. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account. It is to be noted that in order to determine the client's fund balance only clear balance to be considered and no unrealized cheque will be taken into consideration even if it has been debited from client's bank account.

In case of MTF clients, entire purchased stocks (purchased under MTF) are transferred directly to the respective client's demat account and mark pledge in favour of Shriram Insight Share Brokers Ltd Client Securities under Margin Funding Account (CSMFA)

In F&O Segment under physical Settlement Stocks so received will be disposed off in the same manner as described above.

- **The right to sell clients securities or close client's positions, after giving notice to the client, on account of nonpayment of client's dues (This shall be limited to the extent of settlement/ Additional margin/MTM obligation).**

SISBL shall be entitled to liquidate client's securities, both unpaid securities as well as collaterals deposited towards margins or close out client's open position, after giving notice to the client for non-payment other amounts including the pay-in obligation, outstanding debts etc and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. Any and all losses and financial charges on account of such liquidations/closing out shall be borne by the client.

In case the shares pledged against Client Unpaid Securities Pledge Account cannot be sold in the market for any reason those will be automatically free on 7<sup>th</sup> day from the day of payout. Therefore in some extraordinary situation if in case the shares pledged against Client Unpaid Securities Pledge

## SHRIRAMINSIGHTSHARE BROKERSLTD

### RISK MANAGEMENT POLICY AND POLICY ON LIMIT SETTING FOR CLIENTS.

Version1.0.8 Dated July, 2025

Account cannot be sold in the market within five trading days after the pay-out for any reason which beyond control of SISBL and there is still debit balance is lying at the client ledger then according to the approval of the Designated Authority (as given in the Matrix below), such shares can be unpledged at the client's demat account before it gets blocked by Depository followed by marking normal pledge (taking advance pledge request) in favour of the Company.

Sl. No	Designation	Value of securities to be released against single PAN (Rs.)
1.	Compliance Officer	Upto 10 Lakh
2.	Any one of the Whole Time Director	Upto 50 Lakh
3.	Jointly with one Whole Time Director and Compliance Officer	Upto 5 Crore
4.	Jointly with two Whole Time Director and Compliance Officer	Above 5 Crore

#### • Closing out of Open Position in Derivative Segment

In case of shortfall of margin due to whatsoever reasons, (including daily shortfall & MTM Losses), additional margins need to be provided by the client, failing which the client positions shall be liable to be liquidated. The liquidation of client positions shall not be restricted to the positions on account of which the margin shortfalls may have been triggered.

#### **Eligible Scrip/Contract Basket**

Some securities (SMS, Video, ASM, GSM, Illiquid, and Any other scrip at the discretion of SISBL) may be blocked by SISBL for trading. However, in case of sufficient market liquidity, clear fund availability, availability of stock at the client's demat account etc, transaction may be allowed.

Additional Surveillance Deposit (ASD) is an amount paid only in the form of cash on securities of companies falling under the GSM stage II and higher and collected by Clearing Corporation (CC). This ASD is charged over and above existing margin or deposit requirements levied by the Exchanges on transactions in such companies. It is charged to the buyer only and is released by CC if the security moves to GSM stage I after periodical review.

Penny/ illiquid Stocks are traded at relatively low price and market capitalization. SISBL shall have absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid "options", far month "options", writing of "options", and any other contracts which as per the perception of SISBL are extremely volatile or subject to Market manipulation.

#### **PENALTY IN CASE OF SHORT COLLECTION OF MARGIN**

SISBL shall have the right to pass on to the Client the penalty levied by the Exchange for Short Collection of Margin (Additional margin / MTM etc) other than upfront margin.

**Margin Trading Facility**

Margin Trading Facility/MTF” is a facility offered by SISBL which allows the Client to take positions by providing prescribed margin and the balance amount is funded by SISBL to meet pay-in obligations of the Client.

Stock purchase under MTF will be sent to the client’s Demat Account followed by pledging the stocks in favour of SISBL client Demat account designated for pledging the MTF funded stock. The clients are allowed to hold the positions till maintenance margin is maintained, subject to the clause that the client is not dormant for last 90 trading days from the date of trade. The value of the positions in excess of the margin requirements will be funded by SISBL. SISBL will charge a certain interest rate as mutually agreed with the client on the funding amount.

- **MARGIN REQUIREMENT FOR MTF**

- a. Initial margin shall be collected upfront from all clients availing of the margin trading facility through SISBL.
- b. Minimum initial margin as specified by SEBI shall be as follows:

<b>Category of Stock</b>	<b>Applicable margin</b>
Group I stocks available for trading in the F & O Segment	VAR+ 3 times of applicable ELM*
Group I stocks other than F&O stocks	VAR +5 times of applicable ELM*

\* For aforesaid purpose, the applicable VaR and ELM for trading day shall be as per Capital Market segment for a particular stock. Based on the risk assessment, SISBL shall have the discretion to impose/collect higher margin than the margin specified above without any prior intimation to the client.

- **NATURE OF MARGIN FOR MTF**

The initial margin payable by the client to SISBL for Margin Trading Facility shall be in the form of cash, cash equivalent or Group I equity shares, with appropriate hair cut as specified by the Regulators from time to time. Such haircut will be at the discretion of the RMS Team having regard to market conditions, nature of stock etc., may exceed that specified by the Regulators from time to time.

**Collateral**

- a. The client may pay Initial Margin in the form of cash, cash equivalent, or “Group I” Equity securities with appropriate haircut as specified in SEBI Master Circular No. SEBI/HO/MRD/DP/CIR/P/2016/135 dated 16 December 2016. Where the margin is made available by way of securities, the stock broker is empowered to decline its

acceptance of any securities as margin and/or to accept it at such reduced value as SISBL may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as SISBL may deem fit in its absolute discretion. Further, approved Mutual fund units also can be taken as margin for MTF.

- b. The stocks pledged as collateral with SISBL for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount.
- c. Collateral and Funded stocks shall be marked to market on a daily basis
- d. Both fund margin and collateral margin for MTF are maintained separately from margin available and used for other segment (Non MTF Segment). There is absolutely no mingling either of fund and collateral margin between MTF segment and NON MTF Segment. However, any free fund margin in non MTF segment can be used as margin for MTF only after making necessary ledger posing in the respective client account.
- e. In case of increase in the value of Collaterals, SISBL shall have the option of granting further exposure to their clients subject to applicable haircuts; Such further exposure can be granted by the RMS Team having due regard to market conditions, risk assessment of the client, funded stocks etc. However, no such exposure shall be permitted on the increased value of funded stocks.
- f. The Client shall maintain the Maintenance Margin (for SISBL it is VAR+5 ELM on the cost of funded stock or market value of the funded stock whichever is lower, as the initial margin given by the client in the form of cash is used for payin i.e. settlement obligation of the client on settlement day) with the member at all the times as stipulated by the Regulators from time to time. Notwithstanding anything contains herein, in case maintenance margin falls below the minimum required, SISBL will make a Maintenance Margin Call and the position can be liquidated if the client does not replenish the same within the specified time
- g. In case of short fall, RMS Team shall make necessary margin calls followed by selling of stock to recover the funding amount under intimation to the client.
- g) If the Client is intimated about the Margin shortage, then the client shall make good such deficiency in the amount of margin placed with SISBL in the below mentioned defined time.

<b>Intimation of Margin Call</b>	<b>Time limit to clear the margin deficiency</b>
Margin call made before 12.00 PM	Shortage to be cleared till End of Day or any time specified in the communication whichever is earlier.
Margin call made after 12.00 PM	Shortage to be cleared till Next Day or any time specified in the communication whichever is earlier.



- h) If client fails to clear the shortage, SISBL reserves the right to liquidate the securities without any further notice to client. If the instrument i.e., cheque /pay order ) is not credited within 2 trading days it is assumed that client has not made its obligation and SISBL reserves the right to liquidate the securities without any further notice to the client.
- i) Notwithstanding anything contains herein, in case margin falls below the minimum required margin, SISBL will make a Margin Call and the position can be liquidated if the client does not replenish the same. Please note that in case of Margin Call less than 125% collateral cover over outstanding debt, SISBL reserves the right to liquidate the securities without any prior notice to the client. Ideally client is required to replenish mark to market loss on call basis through fund. However, maintenance margin can be managed by bringing additional fund and or approved collateral.
- j) In case of lower circuit in any security, SISBL has the discretion to calculate the shortage of client at less than closing price including exclusion of the same security from client's margin and can demand the full shortage amount accordingly.
- k) Client, desirous to purchase security other than as specified under "MTF APPROVED CATEGORY LIST" and not specifically banned by SISBL, shall be carried out as Normal Trading (Other than MTF) and subject to applicable margin.
- l) If any security is excluded from "MTF APPROVED CATEGORY LIST", Client shall be under obligation to pay the full consideration value for such security on intimation of the same within the specified time, failing which SISBL shall have the right to sell such security without further notice to the Client. Any and all losses and financial charges on account of such liquidations shall be charged to & born by the client.
- m) Any trade punched under non MTF segment can be converted to MTF segment only after informed to SISBL in writing or in any other irrefutable mode of communication, including call to the relationship manager or Help Desk on a recorded line by the client on T day only before closing of the trading hours. Request may be entertained only after verification and availability of margin in the MTF segment and other criteria as may be deem fit by SISBL.
- n) After availing MTF in a scrip, the initial margin given in the form of cash is used for payin i.e. settlement obligation of the client on settlement day and funded stock received from CC to the extent of such cash used for payin, is being maintained for maintenance margin purpose only and accordingly MTR is reported to the Exchange on T+1 day.
- o) Notwithstanding anything contains herein, in case margin falls below the minimum required margin, SISBL will make a Margin Call and the position can be liquidated if the client does not replenish the same. Please note that in case of Margin Call less than 125% collateral cover over outstanding debt, SISBL reserves the right to liquidate the securities without any prior notice to the client. Ideally client is required to replenish mark to market loss on call basis through fund. However, maintenance margin can be managed by bringing additional fund and or approved collateral.

**Shortages in obligations arising out of internal netting of trades, Inter Client Auction**

In case, in any settlement, where both the purchase and sale position for any scrip are limited

between two or more of our i.e. SISBL's clients only, such that the net obligation in that settlement and for that scrip is 'NIL'; in such a situation if there is any short delivery then the resultant auction position will be inter client since both the legs i.e. the party delivering short and the corresponding purchaser are both SISBL's clients.

Clearing Corporation shall provide facility where SISBL may choose to include their internal shortages in the auction conducted by the Clearing Corporation. Auction shall be conducted in respect of internal shortages in capital market segment, physical settlement of equity derivatives. SISBL shall provide the details of securities to be auctioned along with shortage quantity to Clearing Corporation.

Clearing Corporation shall debit from the settlement account of SISBL with an amount equal to the valuation of the securities provided towards auction. In case of successful auction and there is no settlement shortage i.e. auction seller have fulfilled obligation of delivery of the securities on auction settlement day, valuation amount so collected shall be utilized towards auction pay-in on auction settlement day. Excess, if any, shall be returned to SISBL after making necessary adjustments and shortfall, if any, shall be recovered from the SISBL. In turn Clearing Corporation will transfer the security to the purchasers Demat Account.

In case where auction is successful but there is settlement shortage i.e. auction seller fails to deliver the securities on auction settlement day, Clearing Corporation shall conduct financial close out as per closed- out price published by Clearing Corporation. In case of unsuccessful auction, the entire valuation amount shall be returned to SISBL on next day by Clearing Corporation and Clearing Corporation shall conduct financial close out as per closed- out price published by them. Further this is only a facility and no settlement guarantee shall be provided.

There shall be facilitation fees of 1% on the value of security considering the price of security on day prior to auction plus applicable taxes.

As inter-client auction trades envisage debiting the client delivering short with the auction amount and crediting the corresponding purchaser with the equal amount, no brokerage is charged for auction trades. Hence debit/ credit notes are issued for inter-client auction trades. Auction contract notes will not be issued for inter-client auction trades because they are not trades in true sense of the term, but merely involve debiting and crediting the respective client accounts.

#### **Decentralised Followups**

All branches are segregated region wise, state wise and headed by a Regional / State head, who gets daily updated client's position of their respective region/area to follow up. They are interacting with Centralised Risk Management Team on a daily basis and pass on necessary information's to mitigate any unwarranted risk.

#### **Internal Control with respect to mitigate the risk related to Sundry Creditors:**

SISBL has imposed a control over the fact that, the accumulated balances of its funds available with the banks (Except Proprietary bank Account) and deposit with the Exchanges including Fixed Deposit marked lien in favour of NCL, never falls short than the amount payable to its sundry creditors (liability towards the clients) at any point of time during the Accounting period and maintain proper audit trail of the same.

**Review Of The Policy**

This Policy shall be reviewed annually and updated periodically to incorporate the changes, if any, made by SEBI, Exchange or any other regulators or to incorporate the changes necessitated due to changes in the market condition or to strengthen the internal control or for such other reason as deemed fit.