

## **B D SHROFF SECURITIES PVT LTD**

### **RISK MANAGEMENT POLICY**

B D Shroff Securities Private Limited (BDSSPL) is a member of the BSE Limited (BSE) and is registered with SEBI as a Stock Broker with SEBI Registration Number INZ000228735. BDSSPL is currently active ONLY in the Cash Market Segment.

**B.D.Shroff Securities Private Limited (BDSSPL)** has risk management policies for all Client's. These policies have been adopted to minimise the risk to BDSSPL from possible defaults of the clients who deal with it. The policy attempts to achieve balance between business needs of BDSSPL vis a vis risk management policies, realising that risks can be managed, not avoided.

The whole business of Risk Management has undergone a sea change and hence the old policy has less relevance in the current scenario.

BDSSPL business is a offline business and relationship based. Limits are applied terminal wise. All dealers have been with us for more than 25 years and are aware of past relationship, behavior of clients and known financial standing and therefore no client wise limits are applied.

With mandatory requirement of upfront margin and peak margin in the cash segment for both purchase and sales the risk of excess exposure has greatly reduced.

Bulk of our turnover is delivery based, Risk Management and procedure of collection of margins go hand in hand and overlap one another.

For the purpose of Risk Management , Margin Collection and completion of obligation for Payin the following procedure has been set in place.

#### **PURCHASES:**

##### **a) Cheque Paying Clients:**

Collect an amount that is more than the contract value on the day of the trade and credit the ledger of the client on the same day. Excess amount collected to be refunded to the client once cheque clears thru online payment only. Monitor Bank reconciliation daily to see that no cheque deposited is out standing for more that 4 days. Today's banking system has improved and cheques are cleared with 24-48 hours but there are exceptions.

##### **b) Clients who use Fund Transfer (FT)**

Dealers to instruct upfront amount of at least 20% and balance by EOD or latest by T+1 morning.

##### **c) Clients who wish to Purchase against "T day "shares sold.**

Under the new regulations if a client sells shares and wishes to buy against sale , first the shares sold would have to be Blocked and Early Payin completed and only once the Block is confirmed by our depository then allocation of 80% would be uploaded to the CC and only on positive response from the CC will the client be allowed to purchase.

#### **SALES:**

- a) All shares sold to be transferred by 6 pm by clients under Block Mechanism where the shares go straight to the Clearing Corporation on Payin Day without the same coming to us and uploaded for EP (Early Payin) . Credit for sale to be given in ledger on Tday.
- b) Clients to be encouraged to register and use Speed E so that transfer of shares can be done seamlessly.

**Exceptional circumstances**

All exceptional circumstances are escalated to Director Cyrus Shroff for immediate resolution

The previous risk management procedures had also yielded good results and we have had no defaults and bad debts whatsoever during the past 20 years.

**Approval**

This revised policy has been approved at a meeting of the Directors of BDSSPL held on 3<sup>rd</sup> May 2023 and is subject to review as and when required subject new regulations that come from time to time.