

RISK MANAGEMENT & CATEGORIZATON POLICY

Risk Management is the main course of the Investment field. We develop the system of Risk Management through our Back office through which we give transparent picture to the valuable clients and management.

We are using Asian CERC trade anywhere version 4.1.1. This software provides facility like Square off, Cancel Order, Suspend Client, Lock Client, Change allocated Exposure/ Margin, Change Risk Profile. The installed system is capable of assessing the risk of the client as soon as the order comes into the system and informs the client of acceptance /rejection of the order within a reasonable period. Trading Limit, Sub brokerage payment, Issuance of Chq, Delivery of stock will be considered in Risk Management System.

We, Amrapali Capital & Finance Services Ltd., recognized that certain customers may be of a higher, lower or medium risk category depending on circumstances such as the customer's background, type of business relationship or transaction etc. As such, the registered intermediaries should apply each of the customers due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the registered intermediaries should adopt an enhanced customer due diligence process for higher risk categories of customers. Conversely, a simplified customer due diligence process may be adopted for lower risk categories of customers. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries should obtain necessarily depend on the risk category of a particular customer.

We adopt risk categorization policy for finding out the customer's liquidity for trading in the markets. We decide to give exposure to our client with consideration of Risk Category. Its application to all SEBI registered Broker, Sub-broker and other financial institution who are dealing in any kind of Financial Products. The end clients are advised to co-operate with us by providing additional information / documents, if asked during the course of your dealing with us to ensure proper risk categorization as per the Anti Money laundering Act 2002.

We also develop the RMS system in our Backoffice software which clear shows the clients risk and on the basis of that we also close the limit, set the exposure limit in the admin.

FUND COLLECTION / PAYOUT/SUB-BROKERAGE PROCEDURE

Payout:

1. We will issue the chq to client only on Demand basis. For that subbroker/branch/franchisee should make such request through Techexcel (Backoffice Software). We will also give the securities to all the clients in their accounts only when their accounts to be clear. If clients

accounts are debit and still they want to securities in their account we will retain the securities to the amount of debit+20% markup on the debit and balance only to be given.

Pay In:

1. Pay in from the client should be received after 1 day of the exchange prescribed time limit i.e. late by late next day of "pay in" date.
2. In case the client fails to make pay in with the time limit, company shall charge delayed payment charges @ 18% per annum on daily basis. Delayed Payment Charges will be reflected in your accounts on every Saturday
3. The company can square up the position of the client on 7th day of trade date(Monday trade next Monday Sell) without making prior intimation to the sub-broker / client / branch whose position is debit outstanding for less than 1 lakhs and more than 50000. In this regard, company shall not be responsible for any loss that incur to the client on individual basis. **(For cash Segment)**

In case the debit outstanding amount is more than 1 lakhs, company shall square up the position on 5th day of trade date. **(For cash Segment)**

Similarly, for **F&O segment** position shall be squared off on the 3rd day of amount more than 50,000 (Monday Trade Thursday sell)

The company shall not be responsible to provide trade confirmation to client / sub-broker and branch for such position square off.

If the clients not give any payment within the prescribed time limit and also fall in RMS such clients share will be sold in the market and the company is not responsible for any loss incurred.

No sub-brokerage will be paid to any sub-broker whose clients will include in the RMS system

Limit will be zero or only selling limit will be open for the clients listing in RMS and limit of these clients will be open on next day of receipt of the cheque.

BACKUP PROCESS

System Backup

Following system files are backed up on daily basis.

1. Application Event Logs
2. System Event Logs

Application Data Backup

Following procedures need to be followed for application data backup

1. All the log files on the application folders would be backed up
2. Complete SQL Backup would be taken daily would be stored in different Server HDD.
3. After Market Hours same database will be copied in to CD. 1 copy will be in the safety locker at the main office & 2nd copy will be sent to Director's Place.

CATAGARIZATION OF RISK

We will accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose higher than average risk of money laundering or terrorist financing. For this purpose, we need to classify/bifurcate the clients in 3 categories on the basis of Risk - low risk, medium risk and high risk. By classifying the clients company would be in a better position to apply appropriate Customer due Dilligence Process i.e. high degree of due diligence for high risk clients and normal for others.

A. In order to achieve this objective all clients of the branch should be classified in the following category

1. Category A – LOW RISK
2. Category B – MEDIUM RISK
3. Category C – HIGH RISK

B. Category A clients are those who pose a low or nil risk. They are good corporate /HNI/ Individual who have a respectable social and financial standing. These are the clients who make payment on time and take delivery of shares.

C. Category B clients are those who are intraday or speculative clients. These are the clients who maintain running account with Amrapali Capital & Finance Services Ltd.

- D. Category C clients are those who have defaulted in past, have suspicious transaction/background, do not have any financial status etc.
- E. Give more caution and careful while monitoring the transactions of B & C category.
- F. Apart from this we need to exercise extra caution while monitoring the transactions of NRI / NRE/ PIO And foreign clients, especially when we payment is being made in foreign currency.
- F. Any change in the risk profile of the client / mandate holder, has to be ascertained by the concerned Branch officials and reported to the Head Office immediately.
- G. Give limits to the client on the basis of the risk.
- H. Review these categories by every year & make necessary changes in RMS & in Admin.

• **Revision**

Date	Version	Comment	Authorised
April 2010	1.0	Policy created	Nirav Basher
June 2011	1.1	Policy revised	Nirav Basher

HIGH RISK CATEGORIZATION OF RISK

We will accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose higher than average risk of money laundering or terrorist financing. For this purpose, we need to classify/bifurcate the clients in 3 categories on the basis of Risk - low risk, medium risk and high risk. By classifying the clients company would be in a better position to apply appropriate Customer due Dilligence Process i.e. high degree of due diligence for high risk clients and normal for others.

A. In order to achieve this objective all clients of the branch should be classified in the following category

1. Category A – LOW RISK
2. Category B – MEDIUM RISK
3. Category C – HIGH RISK

B. Category A clients are those who pose a low or nil risk. They are good corporate /HNI/ Individual who have a respectable social and financial standing. These are the clients who make payment on time and take delivery of shares.

C. Category B clients are those who are intraday or speculative clients. These are the clients who maintain running account with Amrapali Capital & Finance Services Ltd.

D. Category C clients are those who have defaulted in past, have suspicious transaction/background, do not have any financial status etc. At the time of account opening we must the check the name of client with CIBIL report.

E. Maintain updated list of Individual / entities which are subject to various sanctions / measures pursuant to Nations Security Council Resolutions (UNSCR), available from the URL <http://www.un.org/sc/committees/1267/consolist.shtml>. (referred to as designated individual / entities) in electronic form Ensure before opening any new account that the name of the proposed customer does not appear in the list of designated individuals / entities.

F. Give more caution and careful while monitoring the transactions of B & C category.

G. Give limits to the client on the basis of the risk.

H. Review these categories by every year & make necessary changes in RMS & in Admin.