105, Gr. Floor, Mark Cottage, Govind Bachhaji Road, Charai, Thane (W) - 400 601. Ph.: (022) 25438988 Fax : (022) 25438984 Email : ravechi.securities@yahoo.com

RISK MANAGEMENT POLICY

This RISK MANAGEMENT POLICY is the Property of **RAVECHI SECURITIES** and is confidential, no part, contents should be copied with prior approval of the undersigned.

I hereby approve the RISK MANAGEMENT POLICY

For Ravechi Securities

Mr.Mahendra Ramji Gala

Proprietor

Date: 01/04/2011

Place: Thane (w)

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RISK MANAGEMENT POLICY FOR CAPITAL MARKET (CM) AND FUTURES AND OPTIONS (F&O)

BACKGROUND

RAVECHI SECURITIES a Trading Member of **National Stock Exchange of India Ltd (NSE)** on **CM** and **F&O** segments. As per the requirements of Exchanges and SEBI, the firm has designed a risk management policy for extending trading facilities to its clients and in the respective segments of the exchanges.

POLICY

As per the requirements of the Exchange and SEBI, The firm collects Initial, Exposure, SPAN and Mark to Market margins from the clients from time to time for their intended trading activities. The Initial Margin is compulsorily payable upfront for any trades to be executed on the F&O segment as per the prescribed rates of the respective Stock Exchanges. In addition, the margins so collected can be topped up as required and exposures of the clients so be adjusted that can vary from client to client on the basis of past experience of the Firm with the client. For the CM (Cash) segment the Firm would collect margins within the prescribed limits based on the internal risk assessment of the client, currently the firm sets exposure of 2 times the Capital available. (Capital is considered equivalent to Credit balance available in a Clients Ledger account maintained with the firm).

The above guidelines can vary and/or may be altered based on clients relationships, at the sole discretion of the firm.

However at no point in time the client would be required / asked to maintain/pay margins in excess of the amount as prescribed/calculated and levied by the exchange on the Gross Open positions of the clients. The client may be allowed to maintain additional amounts with the firm to be used by them for any future exposures and any unused amount can be called by the client as and when he wishes to do so.

The Firm shall on its discretion accept non-cash component (as approved and prescribed by the respective exchanges with any applicable haircuts) from the client as a percentage of the cash component that may add-up to make the capital and the same can vary from client to client, based on the past experiences. The Firm is allowed to take the above decisions and the same would be monitored by the Risk Management Team Lead by the Compliance Officer of the firm.

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RISKS CONTROL

The clients are given a composite exposure for all exchanges and all segments for which they are enrolled. The available capital calculated as per the policy mentioned above is allocated based on the flow of orders / execution of trades as placed by the clients, so as to do optimal utilization of the available capital.

The trading rights of the clients for all exchanges and all segments shall cease once the client utilizes 100% of the allocated exposure unless he provides additional capital by way of transfer of funds to the designated bank accounts of the firm and further he would be intimated to reduce exposures on MTM reaching 70% to the capital computed for exposure calculation, and he would be repeatedly informed till MTM of 80%. Upon the MTM reaching 80% of the capital loss, the firm may at its discretion square off 50% of the positions on random basis, subject to client not infusing clear funds to its capital requirements and/or to cover its loss. Upon the MTM reaching 95% of the capital loss, the firm may at its discretion square off the entire positions, subject to client not infusing clear funds to its capital requirements and/or to cover its loss.

In case of the benchmark points being breached on previous days open positions in any of the exchange or segments the firm can square off the positions as mentioned above and also sell any additional securities available so as to cover up the losses only, under no circumstances the firm would sell exceeding 3% of the debits to be covered. All these are subject to client not infusing clear funds to its capital requirements and/or to cover its loss.

In case of clients who undertake delivery based transactions on the CM segment and fail to make payments or deliver shares within the pay-in due date the firm would have a right to hold back earlier settlement payouts of funds and /or securities to cover up for the losses that may be incurred because of the close-out/sale of securities that are unpaid for. The above guidelines can vary and/or may be altered based on clients relationships, at the sole discretion of the firm.

SYSTEMIC CONTROL AND CLIENT CLASSIFICATION

The clients' shall be classified as low, medium and high risks, based on the information captured through the KYC, client trading patterns, past experiences of the firm with them and on their funds flow system. The same shall be as per the internal control and assessment system of the firm. This information would be kept confidential and would be accessible to the authorized personnel only.