

# NAMAH CAPITAL RESOURCES LIMITED

Corporate Office – 207, Linkway Estate, 2<sup>nd</sup> Floor, Malad Link Road, Malad (W), Mumbai 64.

Tel. 022-40990400 , Email Id – namahcaps@yahoo.com

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## **RISK MANAGEMENT & SURVEILLANCE SYSTEM**

Namah Capital Resources Ltd. (NCRL) is a professional broking house having more than 100 clients on its rolls doing transactions in the cash and futures segment on NSE Exchanges, . With such cliental base, it is imperative that a proper risk management service is in place to prevent untoward losses for both the Clients as well as the Broking entity. In order to avert the risk of client's default, presently, following system is followed.

**Admission of Client** NCRL has a policy of admitting the client only upon completion of Know Your Client requirement and personal identification of client. The clients are admitted after due verification and reference of antecedents and information submitted in the Client

**Registration Form.** No Clients are admitted 'off the streets'. All are through references from existing clients or management. Collection of Margin The stock market in India have undergone into tremendous changes and one of the important change which has instilled greater confidence among invest or in India and abroad is reduction of settlement period to one day and introduction of Depository System to eliminate the risk of bad paper. These changes have reduced the risk of default on broker. In spite of these changes, NCRL makes it a point to determine and fix exposure limits to each client, based on his financial and risk taking ability. This is determined from the financial documents collected from and the background of the clients. For the Cash Market segment, since, the settlement period is shortened to one day, NCRL collects full payment for purchases from client or full delivery of shares for sales on T+1 basis. Shares or payments are held back till the payment of cash or shares have been made by the client. For clients who trade on daily basis, margin is collected in the form of cash and securities as per the list of accepted securities put out by NSE on a monthly basis. In the derivatives segment, cash/securities as per the List, is collected upfront from the client. MTM losses are collected on T+1 basis else the collateral margin is reduced to that extent and therefore their exposure limit. These limits are set in the NOW trading system of the NSE which immediately stops further trades of any client once the limits are exceeded. The Front End trading software has a sophisticated sytem of setting limits based on exposure, number of trades, value of trades, scrips allowed to trade in, quantity per order, etc. Scrips can be excluded from trading if they are on ban list or upon the discretion of the Management based on risk perception. Online surveillance is carried out to see whether mark to market loss of client is crossing a set limit or if it is exceeding the credit balance in our account. In such cases, additional margins are called for from the clients or clients are advised to reduce the exposure. While allowing trades in Odd lot and Z category shares,necessary permissions are obtained by Risk Management Department /Compliance Officer to avert the possibility of synchronized / circular trading. The client's trading track record regard to his financial capability and dealing in such scrip is looked into.

**For, NAMAH CAPITAL RESOURCES LTD**