

Risk Management Policy

The framework under which Vimal & Sons sets exposure, collects margin, manages debits and surveils trading activity for its clients.

Last reviewed: 1 June 2026 · Approved by the Partners of Vimal & Sons · Subject to change in line with SEBI / Exchange / Clearing Corporation directions.

1. Purpose & Scope

This Risk Management Policy ("Policy") sets out the principles and procedures by which Vimal & Sons ("V&S"), a trading member of the National Stock Exchange of India Ltd. ("the Exchange"), manages the credit, market, settlement and surveillance risks arising in the course of dealing with its clients in the Cash (CM) segment.

This Policy is framed in line with the Rules, Bye-laws and Regulations of the Exchange, the Clearing Corporation and the Securities and Exchange Board of India ("SEBI"), and is subject to change from time to time at the sole discretion of V&S in response to regulatory changes, its internal risk framework and market conditions. The current version is made available in the client web login and on this website, and is binding on the client.

Nothing in this Policy reduces a client's primary obligation to meet pay-in of funds and securities, and applicable margins, within the timelines stipulated by the Exchange or by V&S, whichever is earlier.

2. Setting Up Client Exposure Limits

While setting exposure limits for a client, V&S takes into account the regulatory requirement, the client's profile, V&S's internal risk management policy and prevailing market conditions. Accordingly:

- Exposure is provided based on the available margin in the client's broking account maintained with V&S, and may be a multiple of that available margin as decided by V&S from time to time, varying from client to client.
- On a case-to-case basis, and at its sole discretion, V&S may permit clean exposure (exposure without insisting on full credit balance/margin) up to an amount determined by V&S. Any clean exposure so granted may be withdrawn at any time at the sole discretion of V&S.
- "Available margin" for the purpose of granting exposure is computed as the sum of the client's free credit balance in V&S's books plus margin provided in the form of funds, securities, bank fixed deposit or bank guarantee available with V&S, after applying the haircut described in Section 3 below.
- The client shall abide by the exposure limit set by V&S.

3. Margin Computation Methodology

V&S documents the basis on which a client's available margin / deposit is computed, so that exposure decisions are transparent and reproducible. The methodology is:

1. **Ledger balance.** The client's running ledger balance in V&S's books is taken as the starting point — a credit balance adds to available margin; a debit balance reduces it.
2. **Collateral, net of haircut.** Securities pledged by the client as margin (under the SEBI margin-pledge framework) are valued at the **previous day's closing price** on NSE or BSE, and an appropriate haircut is then applied. The haircut rate is set by V&S having regard to the liquidity, volatility and category of the scrip, and is at least the Exchange's prescribed VaR + ELM (or applicable) haircut for that security. Non-cash collateral is subject to the prescribed cash-to-non-cash component ratio.
3. **Other approved collateral.** Bank fixed deposits and bank guarantees lodged with and accepted by V&S are added at their approved value.

Available margin = free ledger credit $\pm$ (collateral value at prior-day close, net of haircut) + approved FD / bank-guarantee value. The choice of securities accepted as margin, and the haircut applied, is determined by V&S at its sole discretion, and the client shall abide by the same.

4. Margin Collection & Daily Mark-to-Market

Margin is collected on an **upfront** basis. Before taking a fresh position in any leveraged or margin-attracting segment, the client must have sufficient margin available with V&S; positions for which upfront margin is not available may not be permitted.

- **Upfront VaR + ELM.** V&S collects the Value-at-Risk (VaR) margin and Extreme Loss Margin (ELM) — and in the Cash segment a minimum upfront margin in lieu of VaR and ELM — from the client on an upfront basis, in line with the prevailing SEBI / Exchange upfront-margin framework.
- **Daily mark-to-market.** Open positions are marked to market daily. Mark-to-market losses and any special / additional margin become payable by the client and are required to be met by **T+1** (the settlement day), in line with SEBI's margin-collection timelines for the cash segment.
- **Shortfall and penalty.** Any short collection or non-collection of upfront margin, or any margin shortfall, may attract a margin-shortfall penalty levied by the Exchange / Clearing Corporation. Such penalty is recovered from the client in line with Section 9 (Imposition of Penalties) below. Clients are advised that peak-margin and end-of-day margin obligations are independently verified by the Exchange against margin reported as available with V&S.

5. Penny / Illiquid Securities & Graded Surveillance

Refusal / restriction of penny and illiquid securities

In view of the risks associated with Penny Stocks and/or illiquid Stocks / Contracts / Options, V&S generally advises clients to desist from trading in them. A security may be treated as a Penny / Illiquid security if it falls into **any one** of the categories below:

- Securities (with face value of ₹10 and above) traded at less than ₹10 on any of the Exchanges.
- Securities appearing in the list of illiquid securities issued by the Exchanges periodically.

- Securities forming part of Trade-to-Trade (T2T) settlement.
- Securities forming part of the Z group.
- Securities on which the Exchange VaR is more than 50%.
- Scrips whose average daily volume in the last seven days is less than 15,000 shares (collectively across Exchanges).
- Illiquid options / far-month options / long-dated options.
- Any other security / contract / option that V&S, at its sole discretion, considers volatile, subject to market manipulation, or carrying concentration risk at the client or security level.

Trading in such securities is permitted only at the sole discretion of V&S and may be blocked in the normal trading system. V&S may restrict the quantity and may insist on up to 100% advance pay-in of funds / securities before allowing such trades. V&S shall not be responsible for non-execution / delay in execution of such orders or any consequential loss.

Graded Surveillance Measure (GSM) / Additional Surveillance Measure (ASM)

For securities placed by SEBI / the Exchanges under the Graded Surveillance Measure (GSM) or the Additional Surveillance Measure (ASM / "S+") framework, V&S applies enhanced risk treatment in addition to the penny / illiquid treatment above:

- Trades may be permitted on a **delivery / cash-only basis** (no intraday leverage), consistent with the trade-for-trade or 100%-margin restriction applicable to the relevant GSM stage.
- **Additional Surveillance Deposit (ASD)** and/or higher margin may be collected up to the percentage prescribed for the applicable GSM / ASM stage.
- V&S may restrict quantity, freeze fresh buying, or refuse orders in GSM / ASM securities at its sole discretion, and the higher graded-surveillance stages are treated as price-band-restricted and settlement-restricted per the governing Exchange circular.

6. Unpaid Securities (CUSPA) & Ageing-Debit Square-off

Client Unpaid Securities Pledgee Account (CUSPA)

Where a client buys securities but does not make full payment by the pay-in deadline, the securities so received are not delivered to the client's demat account. Instead, in line with the SEBI client-collateral framework, V&S pledges such unpaid securities in a dedicated **Client Unpaid Securities Pledgee Account (CUSPA)** until the client meets the corresponding funds obligation.

- **Intimation.** On creation of the CUSPA pledge, V&S sends the client a communication (email / SMS) informing the client of the outstanding funds obligation and of V&S's right to sell such securities on failure to pay.
- **Time to pay.** The client is given the regulatorily-permitted window to clear the debit by remitting funds. If the obligation is not met within that window, V&S is entitled to liquidate the unpaid securities.
- **Prior notice of liquidation.** At least **one day prior** to liquidation of unpaid securities from CUSPA, V&S sends the client intimation of the intended sale to the extent of the ledger debit.
- **Extent of square-off.** Liquidation is restricted to the extent required to recover the client's funds obligation; securities are sold to the extent of the **lower of the ledger debit and the value realisable from the unpaid securities**. Any unsold balance, once the obligation is cleared, is released to the client's demat account. Securities held in CUSPA are pledged to the extent prescribed by the framework as cover against the client's debit obligation.
- Any loss, financial charge or damage arising from such liquidation is borne by the client.

Ageing-debit auto square-off

Where a client maintains a debit balance in V&S's books beyond the permitted period, V&S follows a defined ageing-debit square-off procedure rather than open-ended discretion:

- A debit that remains outstanding beyond the permitted pay-in / settlement window notified by V&S from time to time is liable to auto square-off, whereby V&S sells securities held as collateral / in the client's mapped demat account (where power of attorney / pledge is in place) to recover the debit.
- V&S endeavours to give the client prior intimation of such square-off; however, consistent with Section 7, no notice is required where dues remain unpaid beyond the stipulated timeframe.
- Delayed payment charges may apply for the period of the debit, as a penal measure only and not as a funding arrangement (see Section 9).

7. Right to Sell Securities / Close Out Positions on Non-payment

The client must furnish adequate margin in the form and manner required by V&S. Margin for fresh positions is payable upfront; mark-to-market and other additional margins are payable before the commencement of trading on the next trading day (or earlier where the Exchange so requires). The client shall meet all settlement obligations and other liabilities (including DP charges) within the timeframe stipulated by V&S or the Exchange, whichever is earlier.

Without prejudice to its other rights under the member-client agreement or at law, V&S shall be entitled, at its sole discretion, to liquidate / close out all or any of the client's open positions and to sell the client's securities (whether or not approved by V&S) available with V&S or held in the client's demat account for which power of attorney is granted in favour of V&S, **without giving prior notice**, in circumstances including:

- Failure to pay any margin, settlement obligation or other liability (including DP charges) within the stipulated timeframe;
- An outstanding debit in the client's account beyond the stipulated period;
- Failure to maintain the requisite margin in the form and manner specified by V&S;
- The market value of securities held as margin falling, or being anticipated to fall, where payment has not been made;
- Securities falling under the Penny / Illiquid category, or banned by the regulatory authorities;
- Trades that, in the sole opinion of V&S, appear synchronised, circular, artificial or manipulative;
- The client's name resembling a name on a SEBI / Exchange debarred list, or any regulatory ban imposed on the client;
- Death or insolvency of the client, or the client otherwise becoming incapable of meeting obligations;
- Market circumstances in which V&S is of the view that the client's positions are at risk, in which case V&S may close the position without waiting for the Exchange pay-in schedule.

Any and all losses (actual or notional), financial charges and damages arising from such liquidation / close-out shall be borne by the client. V&S shall not be liable for any opportunity loss or financial loss to the client resulting from action taken under this Policy.

8. Single-Order Quantity / Value Cap (Fat-Finger Control)

To guard against erroneous "fat-finger" order entry, V&S sets a maximum permissible quantity and/or value per single order at the trading-terminal / order-management level. Orders exceeding the configured per-order quantity or value threshold are **auto-rejected** and require deliberate re-entry within the cap (or specific dealer authorisation) before they can be placed.

- The per-order quantity / value cap is set by V&S in its risk-management system and is reviewed periodically against Exchange order-size norms and the firm's risk appetite.

- The cap operates in addition to client-level exposure limits and Exchange-level order limits, and may be tightened for illiquid or GSM / ASM securities.

9. Imposition of Penalties & Delayed-Payment Charges

Imposition of penalties

The Exchanges / Clearing Corporation / SEBI levy penalties on the broker for irregularities observed during the course of business. V&S recovers such imposed penalties / levies from the client to the extent they arise on account of that client's dealings. Examples include:

- Auction of securities pursuant to short deliveries by the client;
- Non-adherence to client-level exposure limits in the Cash segment;
- Any other reasons specified by the Exchanges / Clearing Corporation / SEBI from time to time.

Such recovery is by way of a debit in the client's ledger, adjusted against dues owed by V&S to the client. V&S does not mark up exchange penalties; only the actual penalty attributable to the client is passed through.

Delayed-payment charges

It is the client's responsibility to ensure that required margins (including initial margin, mark-to-market and other margins), settlement obligations and any other dues are paid within the time stipulated by the Exchange or V&S, whichever is earlier. If a client defaults and maintains a debit balance beyond the stipulated period, V&S may charge and recover delayed-payment charges at such rate / manner / interval as determined by V&S for the delayed period.

Delayed-payment charge is **only a penal measure**; the client must not construe it as a funding arrangement, and cannot demand continuation of service on a permanent basis citing levy of delayed-payment charges. The client is **not entitled to any interest** on credit balance / surplus margin kept with V&S.

10. Internal Shortages — Close-out of Internally-Netted

Trades

An "internal shortage" arises where one client of V&S fails to deliver securities sold, resulting in short delivery to another client of V&S. Transactions that remain unsettled due to such internal shortage are closed out as follows:

Category of security	Close-out rate
Securities that are part of Nifty or Sensex indices	5% above the closing rate of the security on the T+3 day (the auction day)
All other securities	8% above the closing rate of the security on the T+3 day (the auction day)

Accordingly, a client who fails to give delivery is debited at the rate above, and a client who did not receive delivery due to the internal shortage receives credit at the same rate.

11. Monitoring of Transactions & Surveillance

V&S provides exposure based on margin available in the system, and clean exposure to selected clients on the recommendation of the Compliance Officer / partner. Dealers validate such exposures against the financial details provided by the client in the KYC form. Where a client's trading activity is not commensurate with the declared financial details, it is analysed and referred to the partners with reasons of suspicion. As part of ongoing monitoring, V&S:

- Scrutinises unusually large transactions — for example, trades of 20,000 or more shares of a company in a single day, or where the client's volume is 10% or more of the total market volume in that scrip.
- Checks the trade log for indications of negotiated trades, and checks for any relation of the client with the company / its directors / promoters.
- Reviews the client's previous trading pattern in the scrip, and samples bulk-deal transactions (a "bulk" deal being a trade exceeding 0.5% of the company's listed equity shares).
- Investigates clients with large and regular losses who continue to place trades, and identifies the source of funds in such cases.

- **Dormant accounts.** V&S monitors for **sudden trading activity in a dormant account** — aligning with the Exchange transactional surveillance-alert taxonomy. On such an alert, the matter is brought to the notice of the Compliance Officer / proprietor, balances and trading in the dormant account are reviewed, and particular vigilance is applied to the movement of credit balances out of the dormant account.
- Treats "suspicious transaction" as including a transaction that is integrally connected, as well as one remotely connected or related.

These transaction-monitoring measures operate alongside V&S's dedicated Surveillance Policy, which processes the full set of Exchange transactional alerts (including "Significant increase in client activity", "Sudden trading activity in dormant account", common-scrip / concentration alerts, circular trading, pump-and-dump, wash sales, reversal of trades, front running, spoofing and open-interest concentration), under the overall supervision of the Compliance Officer.

Monitoring of proprietary transactions of associates

For scrutiny / background check of associates (sub-brokers, authorised persons / remisiers), V&S refers to sources such as watchoutinvestors.com and the Prosecution Database / list of vanishing companies on sebi.gov.in. V&S checks for high volume in proprietary accounts of associates and their relations, scrutinises the demat account of the client, lists all off-market inward / outward transactions and seeks explanations, and checks for third-party funds (cheques received from bank accounts other than the mapped account, and demand drafts / pay orders).

12. Client-Code Modification Controls

Client-code modification is permitted only to correct genuine punching errors. The facility is disabled on all dealer terminals and is carried out only from the corporate manager ID. Genuineness is verified against corroborative evidence (similarity of codes, trades in immediately preceding codes, square-off trades without holdings, etc.). Complete records of daily online modifications are maintained in soft form. Off-line (back-office) modifications detected after the post-closing session may be allowed subject to the same verification, are carried out only by either of the partners (Mr. Atul Khare or Mr. Yashodhan Khare), and are recorded in a register maintained for the purpose.

13. Governance, Review & Ownership

This Policy is approved by the partners of V&S. The **Partner responsible** for this Policy is **Mr. Yashodhan Khare**. The **Compliance Officer, Neelakshi Kshemkalyani** (neelakshik@vimalandsons.com), is responsible for day-to-day oversight of risk-management and surveillance activities, for record maintenance and for reporting to the partners.

This Policy is reviewed at least annually and whenever a SEBI / Exchange / Clearing Corporation circular materially affects it. The internal auditor reviews the Policy, its implementation and effectiveness as part of the audit, and records observations in the audit report. V&S reserves the right to amend, change or revise any part of this Policy in future, with such changes intimated to clients and binding on them forthwith.

Registration: NSE Member · SEBI Registration No. INZ000270222 · TM Code 07726.