



SHRI RAM  
COMMODITIES

RISK MANAGEMENT POLICY  
OF  
SHRI RAM COMMODITIES

M/s Shri Ram Commodities

Managing Partner

RATTAN LAL AGGARWAL  
(MANAGING PARTNER)

M/s Shri Ram Commodities

Managing Partner

RAMESH BANSAL  
(MANAGING PARTNER)

## **RISK MANAGEMENT POLICY**

**RMS stands for Risk Management System** - To manage the risk of the company/client from the volatility of the market.

RMS works on the following concepts:

**Cash:** The clear balance available in the customer's ledger account in our books.

**Margin:** The underlying stake provided by the customer in the form of cash, and/or contract

### **Setting up client's exposure limit:**

- In Commodity segment, exposure limit of each client is set, based on Margin money given by the client, as per the Exchange Regulations. Upfront margin is collected from client.

SHRI RAM COMMODITIES has Right to sell client's Positions or close client's position, without giving notice to the client on account of nonpayment of dues. In case of any such sale the client will not be given any notice.

### **Conditions under which a client may not be allowed to take further position**

Under the following conditions a client may not be allowed to take further position,

1. The client has a due / debit balance – Such clients are allowed to close out his open position but is not allowed to take any new position.
2. The client has not able to meet his pay-in obligation in cash by the schedule date of pay-in
3. The client has not met Market to Market loss in cash.
4. The "open" positions in a contract exceed or are close to market wide cut-off limits.
5. The client had defaulted in meeting cash obligation leading to compulsory close out of the position.
6. If the exchange is not allowing any further position in that contract.

### **Categorization Of RISK**

SHRI RAM COMMODITIES classifies clients into High Risk Profile, Medium Risk Profile and Low Risk Profile. Such classification is done based on a personal relationship maintained with clients. Apart from this, all the clients are evaluated based on the Avg. Daily turnover by them. The trading patterns of clients are also taken into consideration for classification of risk profile.

All the clients should be classified as High, Medium or Low risk clients and a periodic monitoring of the client activity should be undertaken based on the classification

Category A - LOW RISK  
Category B - MEDIUM RISK  
Category C - HIGH Risk

**7. Assign Risk Profile category of clients during a/c opening :**

|  |             |
|--|-------------|
| Face to Face clients                               | Low Risk    |
| Client Introduced by existing Face to Face Clients | Low Risk    |
| Client Introduced by other Existing Clients        | Medium Risk |
| Walk-in Clients                                    | High Risk   |

**Other Details: Turnover**

|   |             |
|---|-------------|
| Client's Avg. daily turnover < 5 Crore or Client's Avg. Monthly turnover < 100 Cr     | Low Risk    |
| Client's Avg. daily turnover < 10 Crore or Client's Avg. Monthly turnover < 200 Crore | Medium Risk |
| Client's Avg. Daily turn > 10 Crore or Client's Avg. Monthly turnover < 200 Crore     | High Risk   |

**Other Details : Gross Income**

|                           |             |
|---------------------------|-------------|
| Below 1 lac & 1 to 5 Lacs | Low Risk    |
| 5 to 10 lacs              | Medium Risk |
| 10 to 25 lacs             | High Risk   |
| 25 lacs and above         | High Risk   |

**Conditions under which client open position may be squared off by RMS**

Under the following conditions client open position may be squared off by RMS,

1. Any client with MTM loss of over 80% of the capital.
2. In case market is extremely volatile RMS may square off partial position if client MTM loss over 70%

There will not be any margin call from **SHRI RAM COMMODITIES** Online.

## **NATURE OF CUSTOMER TRANSACTIONS**

**Intraday** - The amounts of purchase (or sale) in a commodity contract on any trading day that is reversed by the end of the day by making a contra sale (or purchase) of the exact same quantity, thereby nullifying the original position.

**Carry Forward Trades:** The net purchase or sale of commodity contract in a client account that is kept by the RMS in the end of the trading session.

## **MANAGEMENT OF RISK (Online)**

**SHRI RAM COMMODITIES** Risk Management System will monitor the risks at client level. We have margin based automated RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective contract or margin defined by the RMS team based on their risk perception.

In case of exposure taken on the basis of contract's margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the pay in time.

As a part of our risk management system, we observe the position of respective client as well as his credit balance available with us, contracts is lying with us etc. and depending upon the same, we allow them to transact or create the position or to extend / subtract their position.

### **Physical Delivery in Commodity Not Allowed**

No position will be allowed to be carried into delivery/tender period and may be automatically squared off from RMS before the delivery/tender period.

In case of position being carried into delivery/tender period and actual physical delivery being imposed by the exchange, SHRI RAM COMMODITIES is not liable for any extra margin or penalty to be paid to the exchange. Any penalty arising out of non delivery of the contract will be borne by the client.