Risk Management Policy of Aaritya Broking Private Limited

SAHI

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This page contains important information regarding the risk management policy which apply to your SAHI trading through SAHI Mobile application, SAHI WEB application and through Dealers.

Introduction

The risk management process is a centralised process. The RMS team is alone in charge of monitoring and controlling the risk. The major steps of the RMS Process flow include the following: (Be aware, however, that client investments are subject to market risk.).

- To list the main risks that the Stock broking industry faces and to outline a plan for managing and mitigating those risks in real time as well as Pre & Post market times.
- To specify a concise and straightforward risk management process for equities and derivatives markets.
- To provide consistency, uniformity, accuracy, and openness in all risk-related activities.
- To ensure improved client satisfaction by facilitating quick TAT.

Products

Customers can place orders for Delivery, Intraday (MIS) trades across segments i.e. Cash and Derivatives on Sahi.

In Cash Segment for Delivery or CNC trades, customers are required to have in their ledger balance funds up to the 100% of the gross value of stock at the time of the transaction.

In Cash Segment for Intraday trades, Sahi customers are provided a limit which is as per the exchange defined VAR+ELM for the respective scrips and subject to a minimum of 20%. For e.g.: customer A has effective ledger balance of Rs. 10,000 and wishes to buy a scrip X, assuming that the VAR+ ELM for the scrip X is 20%, customer can buy/sell scrip X only up to worth Rs. 50,00 for intraday.

In terms of MIS/NRML Based derivative trades, the Sahi customer is provided a margin which is as per exchange defined margin that also is equal to Span + Exposure + Delivery + Special Margin. For Futures and Options traded on NSE/BSE Exchange, the limit provided to the customer is as per margin requirements for the respective contract.

For Example, customer wishes to trade in 1 lot of Nifty, assuming the margin required to create position in 1 lot of Nifty is Rs 2,00,000. The customer needs to have an effective ledger balance of at least Rs. 2,00,000 to initiate the trade.

In terms of derivatives contracts there are specific criteria which define the contracts that can be traded via Sahi for both normal and intraday (MIS) trades in order to protect the consumers from market volatility and fluctuations.

The criteria for trading the areas are summarized below in Table 1.

Table 1: Derivative contract allowed for trading:

Sr. No.	Exchange	Segment	Instrument	MIS/ NRML
1.	NSE	FNO	FUTIDX	All contracts
2.	NSE	FNO	OPTIDX	All contracts
3.	NSE	FNO	FUTSTK	All contracts
4.	NSE	FNO	OPTSTX	All contracts
5	BSE	FNO	FUTIDX	All contracts
6	BSE	FNO	OPTIDX	All contracts
7	BSE	FNO	FUTSTK	All contracts
8	BSE	FNO	OPTSTK	All contracts

Considering market conditions, SAHI can block certain strike prices of index / stocks at its discretion to avoid market risk.

The product wise summary for trading limit that is available via Sahi is summarized below in Table 3.

List of securities with leverage and margin for trading can be found here.

Table 3: Summary of SAHI Product-wise limits:

Sr. No.	Segment	Intraday
1.	Cash Segment	5X* If VAR IS 20%
2.	Derivatives Segment	As per exchange

List of Permissible Intraday Scrips.

Note: *Table 3 above - Maximum limit that can be provided for a scrip. The list of permissible intraday scrips at Sahi, specifies the scrip-wise margins.

Price Band revisions for selected intraday scrips:

In the event of a Price Band revision by the Exchanges for instance, if the price band for any scrip is reduced from 20% to 10%, we will apply a VAR margin of 100% on the affected scrip from the date of such price band revision or Sahi can disallow scrips from MIS Intraday trading at its discretion.

This change is effective immediately. This measure is a proactive risk control to safeguard client interests and reduce exposure to high-risk movements, in accordance with our internal risk management guidelines.

Customer Trading Limit

Trading Limit's - Available Ledger balance (ALB) is arrived at as follows:

- ALB = (BOD) Settled Ledger balance (+) Unsettled ledger balance of Trade+1day (-) 1.2X Value of undelivered Stock (Short sell) (-) Realised Loss - Unrealized Loss - buy premium value of short option - Margin charged on Derivatives

- Available Balance for Trading = Settled ledger balance + Unsettled ledger balance of Trade+1day + Funds Pay in - Realised Loss - Unrealised loss - Funds Payout - Utilised amount (Open position margin charged) - Option buy premium for Option Buy - opt sell premium for Option CF position

Limits and Caps:

There will be certain restrictions on placing transactions and for total turnover as per the internal policy of SAHI as updated from time to time. Some of the most relevant caps are highlighted below.

I. Single order limit (in Quantity and value in Rs)

II. Exposure and Turnover cap at client level

III. Exposure and Turnover cap at underlying level

IV. Client wise position limits

Sahi shall not be responsible for non-execution/delay in execution of orders due to limits and caps as consequential opportunity loss or financial loss to the customer.

Restricted Stocks and Contracts

In the cash segment, Illiquid stocks are those that cannot be sold easily due to limited trading volume. These stocks pose higher risk to investors because it is difficult to find buyers for them as compared to frequently traded shares. Stocks that are not liquid are restricted for purchase on SAHI. The stocks that are restricted on SAHI include unsolicited SMS, GSM/ASM stocks, IRP Stage 1 and above as decided by the Risk Policy or updated basis exchange communication

In terms of derivatives, SAHI has restricted trading in some options and future contracts to avoid manipulation of price and for the protection of consumers.

Sahi shall not be responsible for non-execution/delay in execution of orders in restricted scripts consequential opportunity loss or financial loss to the customer.

Ban period:

No fresh positions or Rollover of existing positions will be allowed if the security is in ban period. Clients can square off their existing positions only.

Margin and Margin Collection

I. Margin is the minimum amount which is required to take a position in the equity derivatives segment as prescribed by stock exchanges from time to time.

II. This includes all the exchange mandated margins (E.g Span, Exposure, Delivery, Additional etc) and any additional margins as levied by SAHI at its discretion

- For buying options: The premium amount + Any other delivery margin as charged before physical settlement
- For Shorting options and for Futures: Span + Exposure + Delivery margin charged during physical settlement + Any other additional margin as levied by the exchange / SAHI.
- Hedge benefit (if any) may be provided on Span margin only as per the relevant positions of the client and as per the hedge benefit calculation available from exchange mandated Span.
- SAHI at its sole discretion may levy additional margin which is over and above the margins already levied by the Exchange from time to time.

III. Clients need to give upfront margins which are defined by stock exchanges before taking positions in the derivatives segment. SAHI reserves the right to charge higher margin than the margin stipulated by the stock exchanges based on our internal Risk Management policy from time to time.

IV. Clients are advised to monitor their positions on a real time basis and never keep any shortfall.

V. The clearance of shortfall based on the timelines if any given by SAHI for liquidation in case of shortfall being continued should be strictly followed.

VI. Any Shortfall in margin may result in penalties from the exchange which may be transferred (for the type of shortfall penalties transferrable to the client as per regulations in force) to the client's ledger. This includes penalty levied for margin shortfall arising due to a hedge break / loss of cross margin benefits like square off by the client of some leg(s) of the hedged positions or expiry of some leg(s) of the hedged positions of the client, leading to higher margin obligations on the open position(s).

VII. If under any circumstances, if clients put any order or any order gets executed in excess of its available margin, then the client is responsible to provide additional collaterals immediately to SAHI to meet the margin requirements. In case of failure to provide the additional collaterals, SAHI has a right to square off the positions in order to cover the margin and MTM shortfall without informing the client.

Risk based Liquidations (Square-Off Policy)

Timer Base/intraday Square off :

At Sahi, a timer based intraday square off policy is followed where all positions created in Intraday (MIS) will be squared off from RMS side before closing of Market. All pending orders / unexecuted / partial orders will be cancelled as per intraday product feature. At the respective segments square off times, the positions will be squared-off at the best available price. Fresh trade in intraday (MIS) product type will be restricted to 1 min prior to timer based square off timing.

Timer based summary time.

Segments	Time
CASH & DERIVATIVES	Between 3.10 PM to 3.30 PM

If Intraday (MIS) Stocks and STOCK Future and Options position remain open:

Due to reasons such as connectivity, link or system failure, stock at Lower or Upper circuit i.e. circumstances beyond control, an intraday position is not squared-off, then it will be treated as a carry forward position and any loss or penalty due this will be borne by clients only. RMS reserves the right to liquidate the same on the next trading day as soon as markets opens in the absence of required margin.

Mark to Market square-off:

SAHI reserves the right to square-off all intraday positions (cash as well as derivatives) and carry forward derivatives trades, where-in MTM crosses 80% and above. The position will be reduced on the best effort basis and the customer will be liable for any losses on square-off. All pending orders of the customer will be cancelled.

Positions will be squared off to the extent of covering the entire shortfall. In case of extreme MTM loss due to movement of prices, the positions will be reduced on a best effort basis and customers will be liable for such losses.

DPR based Auto Square off:

I. Sahi to determine the threshold for blocking and square off for selected Intraday Scrips according to their available DPR range, a DPR-based Square off logic will be defined at the front end of the trading workstations. This facility is to safeguard clients from an auction in case of short sell in Intraday and safeguard clients from lower circuits of buy/long position in Intraday.

- A Daily Price Range (DPR)-based threshold will be applied to specific intraday scrips.
- If the price movement in a scrip crosses a defined percentage i.e. 90% of its DPR range (e.g., 90% of a 20% DPR = 18% movement), the system will:
    - Auto square off any opposing intraday position (short or long).
    - Block new intraday positions in that scrip.
    - Cancel all pending intraday orders for the scrip.
- This mechanism is designed to prevent short-sell auction risks and limit exposure during lower circuit scenarios.
- The affected scrip will be unavailable for intraday trading until it exits the threshold range and returns to a stable trading zone.

These changes are effective immediately and will be applied automatically, no action is required from your end.

Kindly note that these risk controls are implemented on a best-effort basis and do not constitute a guarantee of execution for any pending orders.

Client agrees and accepts that monitoring of positions/trades executed on an intra-day basis is his sole responsibility. The client also agrees that the trading member cannot be blamed for any losses incurred by him while executing intra-day trades and if any

Sale Transaction (Auction) Settlement:

If a client fails to square off a short sell position in an intraday product, customers are still obligated to pay in securities on the same day; otherwise, the sale value plus a 20% buffer and any applicable taxes will be deducted to cover the provisional risk of auction settlement. Exact charges related to the post-auction settlement will be debited from the client's ledger.

Client will be responsible for settlement of securities in case client sells the securities before settlement of the securities. In such situation if client sells the securities and securities will not be delivered by the client, client will have to bear auction penalty charges.

In case of settlement holiday, securities bought prior to settlement holiday will not be allowed to sell and Mark to Mark profit will not be available as margin for trading purpose.

Margin shortfall-based square-off:

Client needs to maintain the defined margin to retain position in derivatives segment (FNO), RMS team reserves the right to initiate liquidation of position up to the required margin at any point of time. If the defined margin or exchange margin is short any open position can be squared-off at the Sahi discretion.

Note:

RMS liquidation will be done on T+1 basis for the Mark to Market (MTM) debit/margin shortfall. Even if due to sudden scrip volatility during the day, if a shortfall arises during the day due to MTM loss or margin increases, RMS liquidation will be done on the same day.

On T+1 day the required margin needs to be maintained before 9.00 AM in order to continue holding the position.

Margin Shortfall Penalties imposed to clients -

Margin shortfall penalty, which can be imposed under certain circumstances as per NSE Exchange where the following penalties would be passed on to the clients by Stock Brokers.

1. Delivery Margin
2. Mark to Market Margins

CUSPA Process:

As per SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated November 11, 2022, on Handling of Clients' Securities by Trading Members (TM) / Clearing Members (CM), if a client fails to make payment for securities purchased.

If the client does not fulfil the fund obligation, Sahi reserves the right to sell the securities pledged in the CUSPA account to recover the outstanding dues within four days from the date of payout.

Physical settlement of F&O Segment

Stock Future and option contracts will be block on Monday Trading before Thursday Final expiry, no fresh carry-forward position will be allowed & no fresh position will allow in Stock Future & Option contract in any product type. For carry forward position, if the customer wishes to take or give physical settlement of Stock Future /Stock Option contracts, they would be required to maintain margin, which is to the tune of 100% of the contract value before 10.00 am on expiry day (Thursday).

If for any reason, in case there is a margin short-fall (i.e. less than 100% of the contract value), Sahi reserves the right to square-off the position. In case the position does not get squared-off for reasons such as liquidity constraints, option contract getting converted to 'In the Money' during market hours etc, the costs (penalties/losses) of physical delivery will be applicable to the customer. On Expiry Day, delivery margin will block for all long stock option positions (ITM, ATM, OTM) and will be calculated as per Exchange defined norms of VAR+ELM % of underline stock or 20% whichever is higher.

Current Margin Rule for Physical Delivery (In-The-Money Positions)

Day	**Margin Required**
E-4 (Friday)	(Higher value between VAR + ELM or 20%) × 10%
E-3 (Monday)	(Higher value between VAR + ELM or 20%) × 25%
E-2 (Tuesday)	(Higher value between VAR + ELM or 20%) × 45%
E-1 (Wednesday)	50% of contract value
Expiry Day (Thursday)	100% of contract value (full delivery)

These margins help ensure the client has enough funds to fulfil physical settlement obligations on expiry.

Pre Expiry- if any F&O contract force closure due to corporate action like a Merger or Demerger, the contract will be physically settled and physical settlement policy of Sahi will be applicable, clients need to maintain 100% of delivery value.

Physical settlement shall be affected on Expiry+1 day.

Post expiry, positions which are converted to physical settlement, margins as applicable in Capital Market segment (i.e. VAR, Extreme Loss Margins, and Mark to Market margins) shall be applicable and levied as delivery margins.

Failure of the seller to deliver securities shall result in auction for the shares by Clearing

Corporation as per auction schedule declared periodically. The auction amount shall be charged in case of short delivery of shares. Failure to procure shares in auction in market shall be closed out.

Please note that SAHI RMS will reserve rights to square off open position in Stock Futures /Option's which has been mandated by Exchanges for physical settlement, at least 2 days before expiry day.

Kindly take adequate care while trading in options as in case of illiquid contract it will be difficult to square-off position which may result in physical settlement. In case Sahi RMS is unable to square off due to market movement, then such contracts will be physically settled and client will be required to honour the securities and funds settlement obligations resulting out of such settlement as per exchange circular.

Payout of Funds

To withdraw funds from SAHI trading account, client can place a fund payout instruction through the trading platform. If the request is made before 4:00 PM, the payout will be processed on the same day, and the amount will be credited to your bank account by the end of the day on the best effort basis, subject to your ledger balance and after adjusting for any positions and margins. Requests made after 4:00 PM will be considered for processing on the next trading day and credited accordingly on the best effort basis.

Execution of Sale of Securities through E-DIS

In order to execute and sell transactions of available securities in the customer's account, the customer can use E-DIS mode by using a TPIN from CDSL. This PIN is required to be set by the customer. Customers can pre-authorize the sale of stocks via the CDSL TPIN facility, at the beginning of the trading day so that customers do not need to take authorization prior to each sell transaction for holdings.

SAHI will not be responsible for failure of EDIS requests, in such cases any penalties or charges levied by Clearing corporation, due to failure to deliver the securities shall be borne by the client.

Credit for Sale (CFS)

According to recent regulatory changes, the Trading Limit on Credit received against delivery sell will be available to clients for further purchasing stocks or initiating new positions in other segment after the successful early pay-in of securities.

If Client sell stock from Free Holding - client will get flat 100% of the CFS benefit

100% of the sell credit of delivery trades can be utilised for all segments for further buying of new positions on the same day. For example: If the customer sells holding worth Rs. 2,00,000 then the customer will get credit for sell benefit up to 100% of gross sell shall be allowed, which will be Rs. 2,00,000 for new positions on the same day.

Delayed Payment Charges

If your account has a negative balance or you lack the funds to manage your trading positions, you will be charged a penalty of 0.045% per day, simple interest, compounded monthly as a late payment fee.

The sum assigned for "charges for delayed payment" is assessed to clients who fail to deposit the required amount of money before the pay-in time on the pay-in day in order to discourage delayed payments. "Charges for delayed payment" are assessed at a rate of 0.045% per day, simple interest, compounded monthly of the account's debit balance on each client's unique ledger debit. After the release of margin has taken effect, the debit balance in the client ledger is combined across all segments of the relevant exchange for the purpose of reckoning the debit balance.

Any amounts that are long due to us from clients for trading or for any other reason will be evaluated delayed payment fees at the rate of 0.045% per day, simple interest, compounded monthly as may be announced by us from time to time. At the conclusion of each month, week, or day, the Client's account will be promptly debited for the Delayed Payment.

It is pertinent to note that the risk policy continues to evolve and is subject to modification in consequence to market dynamics, business plans, management strategy and internal risk assessments from time to time.

Team SAHI