

Risk Management

The Company is a trading and clearing member in Cash segment of BSE Ltd. (erstwhile Bombay Stock Exchange Limited) and is regulated by the stock exchange's respective bye-laws, rules and regulations.

In the course of conducting its aforesaid broking business, the Company is exposed to a variety of risks including market, credit, liquidity, operational and other risk that are material and require appropriate controls and ongoing oversight.

The risk management framework of VLSF for its broking business is based upon the applicable settlement mechanism and SEBI/Stock Exchange regulations.

We set out below the broad principles of our risk management framework:

Client Relationship

Before a formal relationship is entered in to with a client, the client shall be required to comply with all KYC requirements to the satisfaction of the Company's policy in this regard and enter in to such agreement and other documentation as may be required under the rules, regulations and guidelines of the stock exchange, SEBI and any other statutory authority.

Capital Market:

It is recognised that at present the Company has a very limited client base. They trade in very limited volumes and have limited outstanding exposure at any given point of time. Some of the clients are associates of the Company. Currently, in all cases VLSF uses its discretion to collect margins subject to extant provisions of the exchange and SEBI. However, VLSF may from time to time set such exposure limits as is deemed appropriate keeping in view the margin deposited, conduct of the account and any other factor considered relevant for the purpose. The outstanding exposure shall be based on the past conduct of the account as also SEBI and exchange rules and regulations and wherever required, margins shall be collected upfront.

General

In order to mitigate risk, VLSF shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities/ obligations. Any and all losses and financial charges on account of such liquidation/closing out shall be charged to and to be borne by the client.

VLSF shall endeavour to reconcile client accounts with theirs at the end of each quarter with reference to all the settlements where payouts have been declared during the quarter.

VLSF has the absolute discretion to change the above, based on review of the risk management framework and/or any changes in the regulatory framework/settlement mechanism, etc.