Policy for Handling Client Unpaid Securities

1. Background & Scope :

This policy sets out the framework for handling unpaid securities received in pay out for trades where the client has not fully paid the purchase consideration. It complies with SEBI Circular No. HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated July 03, 2026 and the Operational Guidelines issued by the Exchange on July 31, 2026.

This policy applies to all client trades not covered under Margin Trading Facility (MTF).

2. Definitions :

a. **Unpaid Securities:** Securities where payout is received but full funds have not been paid by the client.

b. **CUSPA:** Client Unpaid Securities Pledgee Account, a separate pledge account opened by the broker.

c. **Payment Window: Maximum upto four trading** days from the settlement date

d. **InCred Capital Wealth Portfolio Managers Private Limited – InCred Capital**

e. **T-Day :** Date on which trade is executed by the client

f. Note : NRI and FPI will not be considered in this policy

3. Process for Handling Unpaid Securities:

a. Direct Pay-out to Client Demat & Auto-Pledge Creation

i. Pay-out of unpaid securities will be made directly in the client's demat account by the Clearing Corporation.

ii. Immediately thereafter, an **auto-pledge** will be created with the reason *Unpaid"* in favour of INCRED CAPITAL's **CUSPA account**.

iii. The value of securities pledged shall be 150% of the client's debit balance and after adjusting margin requirement in the derivative segment if any.

iv. Benefit of securities pledge as collateral with Incred Capital is considered before arriving the net debit balance. For collateral security valuation haircut is applicable as per the Incred capital Risk Management policy.

Ledger Debit – 2,00,000 - Collateral Value – 1,00,000 (After Haircut) = Net Debit 1,00,000

v. As securities cannot be pledged in fractional quantities, the nearest whole-number quantity required to meet the 150% value shall be pledged.

Example: Calculation of Securities to be Pledged for Unpaid Securities

Assume the following:

- *Client's debit balance: ₹1,00,000*
- *Security credited to the client's demat account: XYZ Ltd.*
- *Market price per share: ₹1,000*
- *Pledge value required: 150% of the client's debit balance*

Step 1: Calculate the required pledge value
₹1,00,000 × 150% = ₹1,50,000

Step 2: Calculate the number of shares to be pledged
₹1,50,000 ÷ ₹1,000 per share = 150 shares

Accordingly, 150 shares of XYZ Ltd., having a value of ₹1,50,000, shall be pledged in favour of InCred Capital's CUSPA account.

Example where fractional quantities arise:
If the market price per share is ₹1,200:
₹1,50,000 ÷ ₹1,200 = 125 shares.

If the market price per share is ₹1,100:
₹1,50,000 ÷ ₹1,100 = 136.36 shares
.
Since fractional shares cannot be pledged, 137 shares shall be pledged, having a total value of ₹1,50,700, thereby meeting the required 150% coverage.

Note: The above illustration assumes that the market value of the securities is considered without any haircut. If applicable regulatory or exchange-prescribed haircuts are required to be factored in, the calculation should be adjusted accordingly.

b. Client Communication of Securities Pledged to CUSPA

i. Upon creation of the pledge, the same shall be informed to the client via email along with the following additional details **and calculation**
   - Ledger Balance across all Non-MTF segments
   - Margin Required
   - Name and quantity of Securities pledged

ii. The said communication i.e. "CUSPA Pledge Intimation" shall be sent, o**n trading day on which CUSPA pledge** is created in the Depository system.

iii. All CUSPA pledges created on the same day shall be communicated in one "CUSPA Pledge Intimation" Report.

iv. The CUSPA Pledge Intimation shall be sent only on creation of fresh pledge.

v. Logs of communication of the CUSPA Pledge Intimation shall be maintained for audit trail.

c. Client Payment Window

i. The client must clear the funds obligation within four trading days from trade date.

ii. If the client pays within the allowed window, the pledge will be released.

4. Margin Reporting & Restrictions :

a. CUSPA pledged securities may be considered for margin reporting to the Clearing Corporation but no exposure/trading limits shall be granted based on them.

b. For Peak Margin Reporting, the maximum value of CUSPA securities pledged during the day may be considered;

c. For End-of-Day Margin Reporting, the value of CUSPA securities remaining pledged in the Depository system at the end of the day may be considered.

d. Valuation of CUSPA securities for margin collection and reporting shall be carried out in the same manner as securities pledged under the margin pledge mechanism prevailing from time to time.

e. Securities in CUSPA cannot be pledged / re-pledged / transferred to Banks/NBFCs or any third party for raising funds.

5. Release of Excess Pledge :

a. INCRED CAPITAL shall release the pledge only where the value of CUSPA securities exceeds the Maximum Permissible CUSPA Pledge Value on FIFO basis.

b. INCRED CAPITAL shall compute daily maximum permissible pledge value as follows –
Maximum Permissible CUSPA Pledge Value = 1.50 × (End-of-Day margin obligation of the client across all segments - Aggregate clear ledger balance of

the client across all non-MTF ledgers)

c. INCRED CAPITAL shall release the pledge on the appropriate quantity of securities corresponding to the excess value on or before the next trading day.

6. Invocation & Liquidation of Pledge :

a. If the client fails to pay within T+4 trading days:
   - Broker will invoke the pledge on T+5 trading day.
   - A final intimation will be sent to the client regarding the invocation of securities on T+5 to the registered email id of the client
   - Securities will be liquidated through the client's UCC.
   - Any excess funds shall be credited to the client's ledger.

b. Securities pledged and marked under CUSPA may be invoked and liquidated before T+4 if the client fails to maintain adequate margin or risk coverage.

7. Exceptional Circumstances :

Incase invocation is not possible due to circumstances beyond it's control viz imposition of lower circuit on the scrip, trading halt, MII recognized exceptional conditions, etc., INCRED CAPITAL shall submit an extension request to the Depository in the manner specified.

8. Client Disclosure :

A copy of this policy will be Uploaded on INCRED CAPITAL's website and communicated to clients as directed by the SEBI / Exchanges. Any changes in the said policy will also be communicated to clients.

9. Policy Review :

The said policy shall be reviewed once at least on an annual basis or any change in regulations which ever is earlier.