

## Policy on Exposure Limits

### 1. Policy brief

Risk Management is an integral part of any organization. We need to deal with various kind of risk like Credit Risk, Market Risk, Default Risk, Liquidity Risk and other Risk.

In Securities Market, customers have to be alerted with respect to their obligations, open positions, market conditions, margin requirements, regulatory requirements and steps initiated by brokers in case of changing market situations.

With a view to enhance customer knowledge and safeguarding investor interests, Innovative Consultants have devised a comprehensive Limit Setting Policy to make sure that customers are aware of criteria based on which Innovative Consultants monitors risk and initiates actions to safeguard the interest.

Major parameters of RMS Policy are mentioned below:

Setting up clients exposure limit: We Deal only in Cash Segment

#### **Cash Segment:**

Exposure constitutes both a purchase and sale transactions of shares & securities. A purchase transaction includes buying of securities and it remains as exposure till client gives full payment for the shares bought. A sale involves a share delivery obligation to the exchange and it remains an exposure till the client delivers the shares. Exposure will mean the aggregate of the outstanding purchase and sales.

Exposure limit of the client will be set on the basis of available base capital as defined below. The limits may be allowed only up to the funds and securities in the client account and the risk perception about the market/client. However in exceptional situations may use its own discretion in providing the limits and may change for a client or for all depending on market conditions.

# If limits against securities need to be given the securities will be first pledged All stocks are valued after hair cut applied by Innovative consultants

The market would be categorized as Panic Market if the index movement is 6 % in a single day or a cumulative movement of 10 % (either side movement) in consecutive sessions or is declared specifically by Innovative Consultants in case of emergency for the limited purpose of this Risk Management Policy.

The exposure in online segment will be same as off line segment the exposure limits can be reduced to one time based on clients profile & Innovative consultants Policy

# In addition to above, Innovative consultants can apply specific scrip wise Margin, hence few scrips can attract higher Margin than the normal margin available for liquid scrips, this can vary in the range of 50 % to 100 %.

In other case the exchange increases the margin requirement in any scrip, Innovative consultants can reduce the exposure in that particular scrip as per the exchange margin requirement i.e. say exchange has increased the margin in scrip XYZ Ltd. By 100 %, Innovative consultants may reduce the exposure to half in XYZ Ltd. apart from this scrip, client will be having normal exposure in total as per above guidelines.