

KOVALAM INVESTMENT AND TRADING COMPANY LIMITED

The Company's primary business activities are investment activities comprising of long term investment activities and Short Term Investment activities i.e. Trading Investment. Besides, the Company's business activities also include lending activities. The Company makes investments in Primary and Secondary Market directly as well as through, Mutual Funds and Portfolio Management Services etc. Investment business is always prone to various risks i.e. risk of capital market fluctuations, global developments, competition risk, interest rate volatility, economic cycle and political risks which can affect the fortunes of investment companies in both ways.

To manage the risk associated with investment and Lending, the Company is following a sound and prudent risk management policy. The aim of the policy is to minimize risk and maximize the returns.

- The Company shall hold its existing investment for Long Term in the Promoter Stake of Group companies which provide the right of management of the Group Companies, irrespective of volatility in the capital markets. In respect of investments other than group companies, the Company is following medium risks and medium returns policy
- The Company shall be making investments in an optimum blend of securities consisting of Equity Shares, Preference Shares, and Debt Instruments like Corporate Bonds, Mutual Funds, and Debt Securities etc. However, the actual composition of securities will depend upon the prevailing market conditions, opportunity available and risk factors associated with those securities.
- The Company shall be making investments in Mutual Fund Schemes of different maturity periods ranging from one to five years. Before making the investment whether short term or long term, the scheme is duly scrutinized by the Board considering all the pros and cons of the scheme and only after its approval the investment is made
- The company shall extend Loans, secured as well as unsecured, mainly to individuals and entities associated with Nahar Group. Interest rate and security will be main considerations, while extending such loans.
- The Company shall employ Senior Management Key personnel of top calibre and educated and experienced staff to conduct its various day to day NBFC activities and will continue employing the same in future also as per the requirements of the Company. The Company will encourage its managerial personnel to attend various training and educational seminars to have themselves updated with the knowledge of latest developments in the market.
- The Company will try to diversify its investment in different regions within India and also out of India to have better returns with lesser risk, as per the opportunities available in the market.

Risk Mitigation Measures

For risk management to be effective, all operations must apply the following measures to the Context of their particular business and its objectives:

Risk response is a process by which the management evaluates and adopts mitigation measures. This should also involve assessment of costs versus benefits of the proposed measures and degree to which the response will reduce impact and/or likelihood of risk

events.

- o Control activities are the policies and procedures in place to ensure that risk mitigation measures agreed are implemented.
- o Information & communication activities ensure that all staff are familiar with risks Identified and mitigation measures and plans. This helps in successful implementation of risk responses.
- o Monitoring helps determine the effectiveness of the processes, technologies and personnel executing risk management. To the extent, monitoring should be in-built to on-going monitoring activities, operational, procurement and financial. Where required, separate evaluations of the risk management process could be carried out to address any special.

This policy is a statement of the overall approach to risk management for investment and Lending business. The overriding purpose of risk management is the responsible achievement of the company's objectives.

The policies may be changed or altered keeping in mind the new developments and market conditions.