

## RISK ASSESSMENT AND MINIMIZATION POLICY

### INTRODUCTION

Camac Commercial Company Limited ("Company") is an NBFC registered with Reserve Bank of India. It a systematically important non-deposit taking and the Company invests all its surplus funds in equity and debt based mutual funds of reputed Mutual Fund Houses, Fixed Deposits of Scheduled Banks, Corporate Deposits of top rated NBFC's, Government Bonds and Equity shares of Listed or Non listed Companies. All the Investments held / made by the Company is in nature of Long Term.

To assess the overall risk faced by the Company, the Board of Directors of the Company has formulated and approved a Risk Assessment and Minimization Policy which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to the business on January 29, 2015.

Further, to include guidelines of the Risk Management framework as issued by Reserve Bank of India ("RBI") vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 ("RBI Circular") and amendments thereon, the policy has been revised by the Board of Directors of the Company with effect from February 13, 2023.

The Company has also constituted a Risk Management Committee (RMC) to assess the risk and ensure that this policy is followed in letter and spirit.

### SCOPE

This policy covers risks related to all the investments of Company.

### RISK MANAGEMENT COMMITTEE (RMC)

The Company has constituted a Risk Management Committee (RMC) to assess the overall risk faced by the Company and entrusted with following responsibilities:

- i. To assess overall risks faced by the Company basis risk assessment & minimisation policy.
- ii. To review risk assessment & minimisation policy as and when required.
- iii. To identify, mitigate and monitor the risk and report the same to the Board on quarterly basis.
- iv. To study the market and recommend to the Board changes in the investment policy if required.

### RISK IDENTIFICATION & APPROACH

Ensure safety of Principal, high degree of liquidity while maximizing yield. Liquidity and preservation of capital are the paramount considerations. Yield is important but secondary to these objects.

In order of priority, the risk identification and approach followed by the Company for selection of Investments are as follows:-

a) **Ensure Safety**

Protection of principal will be given highest priority by limiting the Company's investments to specified categories as stated in assessment and categorization.

b) **Maintain sufficient liquidity**



- I. Any surplus arising thereof would be suitably invested in avenues as detailed below; keeping in view the short and long term cash requirements of the Company.
- II. Typically all investments will be held till maturity.
- III. Liquidation of investments before maturity is permissible to meet any exceptional situation or to enhance the health of the portfolio.

#### **RISK MITIGATION PLAN**

The Company has an investment policy which includes parameters of investment in order to safeguard the interest of the shareholders of the Company.

RMC of the Company shall ensure that all the investments made by the Company shall be in accordance with the investment policy of the Company and shall ensure the following:

1. CFO of the Company shall regularly review the portfolio and keep strict watch on market movements and shall report the same in the RMC meeting from time to time.
2. CFO shall meet with the fund managers from time to time to access the portfolio.

The CFO of the Company shall update the RMC from time to time and RMC in turn recommend to the Board changes in the investment policy if required based on the review of the investments.

#### **ASSESSMENT AND CATEGORIZATION**

The assessment and Categorization of funds are made on the following basis:

##### **Categorization**

The following are the main criteria to decide / select the Investment Company / AMC

- **Mutual Funds**  
Primarily invest in Debt and equity oriented funds of Asset Management Companies (AMCs).
- **Bank Fixed Deposits (FDs) and Certificate of Deposits (CDs)**  
Invest in FDs/CDs of Banks except for the FD/CDs of Co-operative banks.
- **Commercial Papers (CPs)/ Inter Company Deposits (ICDs)/ Non Convertible Debentures (NCDs)**  
Invest in CPs/ ICDs/ NCDs of Corporates with highest ratings accorded by CRISIL/ ICRA/ CARE/ FITCH i.e. The rating, in case of investments in Long term instruments should not be below equivalent 'AAA'
- **Government Securities & Bonds**  
Invest in Central government and RBI Securities. Company may from time to time consider investing in PSU and State government Securities based on the risk profile of the issuer and the financial/tax requirements of the Company.
- **Eligible Investments & Investment Pattern**  
Detailed selection criteria has been provided in the investment policy of the Company. RMC shall assess the investment criteria as per the investment policy of the Company and all the investments shall be made by the company as per the said policy.



### RISK MONITORING

The investments shall be reviewed by RMC on quarterly basis and following points to be analysed at the time of review:

- YTM of Schemes
- Portfolio Structure and their ratings
- Average Maturity Period & Modified duration of the Portfolio.
- Interest Scenario of RBI past trends VS Going Forward Trends
- Locking Period –Longer Locking period gives security for the best returns
- Market Trends etc.
- Inputs from Fund Managers from Various Fund Houses

### DELEGATION OF POWER

All the power to execute investment related decisions will be taken by the authorized signatories as may be approved by the Board from time to time.

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