

INVESTMENT POLICY

Purpose

The Board of Directors of every applicable NBFC shall frame investment policy for the company and shall implement the same.

Scope

- I. The criteria to classify the investments into current and long term investments shall be spelt out by the Board of the company in the investment policy;
- II. Investments in securities shall be classified into current and long term, at the time of making each investment;
- III. In case of inter-class transfer –
 - (a) there shall be no such transfer on ad-hoc basis;
 - (b) such transfer, if warranted, shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board;
 - (c) the investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;
 - (d) the depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
 - (e) the depreciation in one scrip shall not be set off against appreciation in another scrip, at the time of such inter-class transfer, even in respect of the scrips of the same category.
- IV. Categorization and Valuation
 - i) Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.
 - (a) equity shares
 - (b) preference shares,
 - (c) debentures and bonds,
 - (d) Government securities including treasury bills,
 - (e) units of mutual fund, and
 - (f) others.
 - ii) Quoted current investments for each category shall be valued at cost or market value whichever is lower. For this purpose, the investments in each





category shall be considered scrip-wise and the cost and market value aggregated for all investments in each category. If the aggregate market value for the category is less than the aggregate cost for that category, the net depreciation shall be provided for or charged to the profit and loss account. If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored. Depreciation in one category of investments shall not be set off against appreciation in another category.

- iii) Unquoted equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower. However, applicable NBFCs shall substitute fair value for the breakup value of the shares, if considered necessary. Where the balance sheet of the investee company is not available for two years, such shares shall be valued at one Rupee only.
- iv) Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
- v) Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
- vi) Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the net asset value declared by the mutual fund in respect of each particular scheme.
- vii) Commercial papers shall be valued at carrying cost.
- viii) A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

Compliance with Master Direction

The Company shall not invest in;

- (a) the shares of another company exceeding fifteen per cent of its owned fund; and
- (b) the shares of a single group of companies exceeding twenty five per cent of its owned fund;

The Company shall not lend and invest (loans/investments taken together) exceeding;

- (a) twenty five per cent of its owned fund to a single party; and
- (b) forty per cent of its owned fund to a single group of parties.



Provided that the ceiling on the investment in shares of another company shall not be applicable to an applicable NBFC in respect of investment in the equity capital of an insurance company up to the extent specifically permitted, in writing, by the Bank.

Provided further that an applicable NBFC may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/ or investment.

Provided further that nothing contained in this paragraph shall apply to;

Investments of applicable NBFCs in shares of

- a) its subsidiaries;
- b) Companies in the same group.

subject to the compliance of applicable provisions.

The Company shall invest in;

- a) Fixed Deposit
- b) Mutual Funds
- c) Liquid funds

Delegation

The Board of Directors has delegated the power to invest the funds of the Company to the Whole Time Director if the investment is beneficial to the company and if it is as per the limits envisaged in the Companies Act 2013 and other applicable regulations.

Amendments

The Board may amend/ratify the amendments to the Policy from time to time.

