



Investment Policy

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Investment Policy

The motive of the Company to hold the investments is to get returns out of the investments, which can be in any of the following manner:

1. Return on investments in the form of Dividend and/or interest;
2. For capital appreciation;
3. For other benefits.

The Investments, that the Company will hold, will be treated as the assets of the Company held with the motive of earning income by way of dividend, interest, and / or for capital appreciation and / or for other benefits. The investments of the Company shall be classified into the following two categories:

1. **Current Investment:** The investments made by the Company which are intended to be held for not more than one year from the date on which such investment is made.
2. **Long Term Investment:** Investment intended to be held for more than one year from the date on which such investment is made

TRANSFER OF INVESTMENT

- a) Investments in securities shall be classified into Current and Long Term, at the time of making each investment;
- b) No inter-class transfer will be made on ad-hoc basis;
- c) The inter-class transfer, if warranted, shall be effected only at the beginning of each half year, (i.e. on 1st April or 1st October) with the approval of the Board of Directors;
- d) The Investments shall be transferred scrip-wise, from Current to Long term or vice-versa, at the Book Value or Market Value, whichever is lower;
- e) The depreciation, if any, in each scrip shall be fully provided for and the appreciation, if any, shall be ignored;
- f) The depreciation in one scrip shall not be set off against the appreciation in another scrip, at the time of such inter-class transfer.

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Valuation of Quoted Current Investment:

The quoted current investments shall, for the purposes of valuation, be grouped in the following categories:

- A. i) Equity Shares or any compulsory convertible instruments
- ii) Preference Shares

- B. i) Debentures and bonds
- ii) Preference Shares
- iii) Debentures and bonds
- iv) Government Securities including treasury bills
- v) Unit of Mutual Funds and
- vi) Others

The quoted current investments for each category shall be valued at cost or market value, whichever is lower.

For this purpose:

- i) Investments in each category shall be considered scrip-wise and the Cost and Market value/Fair Value aggregated for all investments in each category.

- ii) 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.

- iii) If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored.

- iv) Depreciation in one category of investments shall not be set off against the appreciation in another category.

Valuation of Un-quoted Current Investment:

- a) Equity Shares

Unquoted equity shares in the nature of current investments shall be valued at Cost or Break-up value, whichever is lower. However, the Company may substitute Fair value for the Break-up value of the shares, if considered necessary.

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Where the balance sheet of the investee company is not available for two years, such shares shall be valued at One Rupee only.

b) Preference Shares

Unquoted preference shares in the nature of current investments shall be valued at Cost or Face value, whichever is lower.

c) Government Securities

Investments in unquoted Government Securities or Government guaranteed bonds shall be valued at Carrying cost.

d) Mutual Funds

Unquoted investments in the units of Mutual funds in the nature of current investments shall be valued at the Net Asset Value declared by mutual fund in respect of each particular scheme.

e) Commercial Papers

Commercial Papers shall be valued at Carrying cost.

f) Debentures

Unquoted debentures shall be treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

Valuation of Long Term Investment:

A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI as specified below:

“Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value/fair value, the investee’s assets and results and the expected cash flows from the

investment. The type and extent of the investor's stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment.

Long-term investments are usually of individual importance to the investing enterprise. The carrying amount of long-term investments is therefore determined on an individual investment basis.

Where there is a decline, other than temporary, in the carrying amounts of long term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist.”

Note: Unquoted debentures shall be treated as term loans or other types of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

The Management of the Company is permitted to invest in Pass Through Certificates (PTCs) in Securitization transactions, Commercial Paper, Bank Deposits, Government Securities, short term mutual funds etc., for conduct of normal business operations of the Company

The Management of the Company is permitted to invest in either by way of Equity or Quasi Equity like investment in Equity / Preference Shares, Convertible or Debt Instruments like Non Convertible Debentures etc. subject to specific prior approval of the Board of Directors
