



INVESTMENT POLICY

Background:

Nirmal Bang Financial Services Pvt. Ltd. (hereafter referred to as 'Company') has adopted the following Investment Policy for investments as required by Reserve Bank of India Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. The same is now replaced by 'Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016' dated 01st September' 2016

Definitions:

"Current Investment" means an investment which is by its nature readily realizable and is intended to be held for not more than one year from the date on which such investment is made;

"Long Term Investment" means an investment other than a current investment.

"Net Asset Value" means the latest declared net asset value by the mutual fund concerned in respect of that particular scheme;

Classification of Investment:

Investments in securities shall be classified into current and long term, at the time of making each investment;

- (i) There shall be no inter-class transfer on ad-hoc basis;
- (ii) The inter-class 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;
- (iii) The investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;
- (iv) The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
- (v) 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.

The company shall review periodically list of investment in terms of credit assessment and ensure that any of the scrip shall not falling under Non-performing asset.

Valuation of Investments:

- (a) Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.
 - (i) Equity Shares,
 - (ii) Preference Shares,
 - (iii) Debentures and Bonds,
 - (iv) Government securities including treasury bills,
 - (v) Units of mutual fund, and
 - (vi) Others.

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.

- (b) Unquoted equity shares in the nature of current investments shall be valued at cost or break up value, whichever is lower. However, Nirmal Bang Financial Services Pvt. Ltd may substitute fair value for the break up 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.
- (c) Unquoted preference shares in the nature of current investments shall be valued at carrying cost.
- (d) Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
- (e) 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.
- (f) Commercial papers shall be valued at carrying cost.
- (g) A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

Note: 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.

Accounting for income from investments:

- (a) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis:
 Provided that the income from dividend on shares of corporate bodies may be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the non-banking financial company's right to receive payment is established.
- (b) Income from bonds and debentures of corporate bodies and from Government Securities/bonds may be taken into account on accrual basis:
 Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- (c) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government may be taken into account on accrual basis.

Amendment to Policy

The policy or any of the clauses will be suitably reviews and modified based on the Directions of Reserve Bank of India from time to time.

X-X-X-X-X