THAKUR FININVEST PVT. LTD.
NBFC Regd. with Reserve Bank of India

THAKUR FININVEST PRIVATE LIMITED

COPROPRATE INVESTMENT POLICY DOCUMENT

(Confidential)

1. Scope

Thakur Fininvest Private Ltd., hereinafter referred to as the “TFPL”, obtains its funding primarily through the subscription of Share Capital and internal accruals. It does not accept public deposits. Its concentration of credit/investment decisions are based in terms of para 6 and para 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 which reads as under:

(1) On and from April 1, 2007 no systemically important non-deposit taking non-banking financial company shall,

(I) Lend to
(a) Any single borrower exceeding fifteen percent of its owned fund; and
(b) Any single group of borrowers exceeding twenty five percent of its owned fund;

(ii) Invest in

(a) The shares of another company exceeding fifteen percent of its owned fund; and

(b) The shares of a single group of companies exceeding twenty five percent of its owned fund;

(iii) Lend an invest (loans/investments taken together) exceeding

(a) Twenty five percent of its owned fund to a single party; and

(b) Forty percent 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 a systemically important non-deposit taking non-banking financial company in respect of investment in the equity capital of an insurance company upto the extent specifically permitted, in writing, by the Reserve Bank of India.

Provided further that any systemically important non-deposit taking non-banking financial company, classified as Asset Finance Company by the Reserve Bank of India, may in exceptional circumstances, exceed the above ceiling on credit / investment concentration to a single party or a single group of parties by 5 percent of its owned fund, with the approval of its Board.

Provided further that any systemically important non-deposit taking non-banking financial company not accessing public funds, either directly or indirectly, may make an application to the Bank for modifications in the prescribed ceilings.

Explanation: “Public funds” for the purpose of the proviso shall include funds raised either directly or indirectly through public deposits, Commercial Papers, debentures, inter-corporate deposits and bank finance.

All remaining funds will be invested in a variety of ways to maximize investment earnings.

The investment portfolio will be managed by the CFO as per Investment policy and approval from board from time to time, who will strive to invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for TFPL.

From time to time investments will be managed through external programs, facilities and professionals. To constitute compliance these must be managed in a manner consistent with this policy.

2. **Investment Objectives**

2.1. Safety

Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The idea of safety is to mitigate credit risk, interest rate risk.

2.1.1. Credit Risk

TFPL will minimize credit risk, the risk of loss due to the failure of the security issuer or banker, by:

1. Pre qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which TFPL will do business.
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.

2.1.2. **Interest Rate Risk**

TFPL will minimize the risk that it will carry because of market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for on-going operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter- term securities.

2.2. **Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. Negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposed.

2.3. **Yield**

The investment portfolio shall be managed with the objective of attaining a competitive rate of return given the constraints of the aforementioned safety and liquidity objectives. To ensure long-term objectives are met, securities shall not be sold prior to maturity with the following exceptions:

1. A security with declining credit may be sold early to minimize loss of principal.
2. Liquidity needs of the portfolio require that the security be sold.

3. Standards of Care

3.1. Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. TFPL recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of TFPL.

Investment Officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the Board of Directors and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

3.2. Ethics & Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions in which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officials shall refrain from undertaking personal investment transactions with the same individual or company with which business is conducted on behalf of TFPL.

3.3. Delegation of Authority

Authority to manage the investment program is granted to the CFO, who shall act in accordance with the Board resolution and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy, board approval and the procedures established by the CFO. The CFO shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

4. Investment Transactions

4.1. Internal Controls

The CFO is responsible for establishing and maintaining an internal control structure that will be reviewed annually. The internal control structure shall be designed to ensure that the assets of TFPL are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived.

4.3. Eligible Investment

The following list represents the current range of investments that TFPL will consider and which shall be authorized for the investment of funds.

Bonds (Sovereign and Corporate).

TFPL may invest in Bonds issued by the local government and by banks and Reserve Bank of India, as well as in corporate bonds.

Shares (Stocks).

TFPL may invest in public and private equity & preference securities. Except with Board approval, equity/preference holding in a single entity or a group of related entities shall not exceed 5% of the investment portfolio. Further investments in subsidiaries will not fall within this parameter.

Mutual Fund.

TFPL may invest in categories of Mutual fund as may be approved by the Board of Directors from time to time.

Investment Properties.

TFPL may invest in Investment Properties as may be approved by Board of Directors from time to time.

4.4. Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of TFPL's funds, the investment portfolio will be subject to the following restriction:

1. Borrowing for investment purposes ("Leverage") is prohibited.
2. Investment in any instrument, which is commonly considered a "derivative" investment (e.g. options, futures, swaps, caps, floors, and collars), is prohibited.
3. Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.

5. Criteria for Classification

At the time of making the Investment, the investment so made by the Company is to be classified mainly into two criteria:

a. Long Term Investment

Any investment, which is made for the period of 1 year or above, is to be classified as Long Term Investment.

b. **Short Term Investment**

Any Investment made in Liquid funds or for the period lesser than 1 year, is to be classified as Short Term Investment.

Inter Class Transfers

The transfer of Investments from Long Term to Short Term shall not be made on ad-hoc basis but are to be made at the beginning of each Half year only i.e. on 1st April and 1st October, with approval of the Board. Such inter class transfer are to be made at Book value or Market value, whichever is lower after providing effect of Depreciation and appreciation, if any, is to be ignored.

6. Authority for making Long Term Investment

Any Long Term investment, except in the Subsidiary Company, should be done with the permission of Board of Directors.

7. Grouping of Investment

The investments made by the Company are to be classified into following categories:

a. Equity Shares
b. Preference Shares
c. Debentures and Bonds
d. Government Securities
e. Units of Mutual Fund
f. Any Other

8. Valuation of Investment

A. General

1. The cost of the investments(s) will include the acquisition charges such as brokerage, taxes, fees and duties.

2. If the Company acquires (fully or partly) any investment, by issue of shares or others securities, the acquisition cost will be the fair value of the securities issued.

3. I f the Company acquires any investment in exchange, or part exchange, for another asset, the acquisition cost of the investment will be determined by reference to the fair value of the asset.

4. If the Company subscribes for any right shares offered, the cost of the right shares the cost of the right shares is added to the carrying amount of the original holding. If rights are not subscribed for but are sold in the market, the sale proceeds are taken to the profit and loss statement.

5. If the Company acquires investments on cum-right basis and the market value of investments immediately after their becoming ex-right is lower than the cost for which they were acquired, it may be appropriate to apply the sale proceeds of rights to reduce the carrying amount of such investments to the market value.

6. The Company may treat the Interest and dividends in connection with the investments in any of the following ways:-
    - As income, being the return of the investment.
    - Recovery of cost.

B. Quoted Current Investments

The quoted investments will be grouped in the following headings for the purpose of the valuation:

- Equity Shares
- Preference Shares
- Debentures and Bonds
- Government Securities
- Units of mutual funds and others

The quoted current investments for each category shall be valued at cost or market value, whichever is lower. The investment in each category shall be considered scrip-wise and the cost and market value aggregated for all investment in each category. If the aggregate market value for the category is less than the aggregate cost for that category, the net diminution shall be provided for all 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. Diminution in one category of investments shall not be set off against appreciation in another category.

C. Unquoted Investments

1. The unquoted equity shares in the nature of current investments shall be valued at cost or break-up value, whichever is lower. However, if required, the Company may substitute fair value for the break-up value of the shares. Further, where the Balance sheet of the investment company is not available for two years, such shares shall be valued at one rupee only.

2. The unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.

3. The investment in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.

4. 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.

5. 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.

6. Long-term investments are usually valued 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 recognize the decline. The said decline shall be 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.

7. Investment properties are classified as long term investment. Investment properties are valued at cost less accumulated depreciation.

9. Investment Parameters

9.1. Portfolio Diversification

The investments portfolio shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific class, currency, Country, or economic sector. Diversification strategies shall be periodically reviewed. The current policy guidelines are as follows:

Asset Allocation TFPL shall adopt a flexible weightings approach (strategic asset allocation) involving the periodic adjustments of the weights for each category based either on the market analysis. A new allocation therefore may be constructed to capture greater returns in a changing market as may be decided by Board of Directors from time to time.

9.2. Maturity Limitations

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as in Fixed deposits.

10. Performance Review & Reporting

Board of Directors will periodically reviewTFPL's investments, and will set targets for portfolio growth and diversification. Investments held at the end of financial year will be disclosed in balance sheets being put up for board's consideration.

11. Record Keeping and Safekeeping

The accountant shall be responsible for recording all investment transactions and for securing all documents relative to such transactions. The Accountant will ensure credit in demat are received in reasonable time and filed. The Accountant will further ensure that all certificates for other investments are received in reasonable time, are accurately recorded and securely filed away. Also, the monthly interest accruals and quarterly market value adjustments will be the Accountant's responsibility.

12. Policy Consideration

12.1 Exception
Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

12.2 Revision
CFO shall review the policy annually and shall recommend all necessary changes to the Board for consideration and adoption.

12.3 Adoption
This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.

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