



INVESTMENT POLICY

Investment Policy approved by the Board at the meeting held on 28th June 2021

1. Scope

The Investment policy of Dhanalakshmi Hire Purchase & Leasing Ltd (hereinafter referred to as the Company) is applicable for all funds invested by the company except the funds created as part of different statutory requirements like Provident Fund, Gratuity Fund etc.

Major source of funds for the company is the subscription to shares/ debentures/Subordinated Debt and other debts instruments issued by the company. The company is a category B NBFC and as such it cannot accept public deposits. As required under Chapter IV Prudential Regulations applicable for the company Dhanalakshmi cannot invest in debt or equity instruments issued by NOFHs or in any of the financial entities under NOFHCs.

All eligible funds will be invested in different ways so as to maximize investment earnings for the company. The investment portfolio will be managed by the Board of Directors of the company who will strive to invest with the judgment and care so as to ensure the safety of the investment, liquidity to meet cash flow needs and to provide a reasonable return on the investment.

2. Objectives

Safety of the amount invested is the fundamental objective of the investment policy of the company. Associated with this, the credit risk and interest rate risk are the other prime considerations before making any investment by the company. The investment policy of the company is framed in such a way as to maximize the earnings with minimum risks for the company. Officers making the investment in accordance with the objectives of this 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 basis to the Board. Employees and investment officials shall disclose any material interests in financial institutions in which they conduct business.

3. Authority

Authority to manage the investment program is granted to the Board of the Company who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Board will send all trade confirmations to the Chief Financial Officer who will compare the

details and verified against internal records. The investment transactions subsequent to execution by the Board or other person designated by Board as investment officer shall be reviewed by the CFO. The Board is responsible for establishing and maintaining an internal control structure for the investment and the same shall be reviewed annually.

Limit of Investment: The total Investment of the company should be made in accordance with the provisions contained in Companies Act 2013

Eligible Investments.

Call Accounts: The Company may invest funds held with banks to meet short-term liquidity needs in call accounts. The investment in call accounts shall not exceed 10% of the total investment.

Commercial Paper: The investments in commercial paper issued by corporations with a maturity period not exceeding 180 days subject to a maximum of 10% of the total investment portfolio.

Treasury Bills: Treasury bills issued by local government, banks and Reserve Bank of India can be considered for investment with a maximum of 5% of the total portfolio.

Subordinated debt and Debentures: Issued by corporates and Banks can be considered for investment up to maximum 10% of the total investment portfolio.

Shares: The Company can invest in listed shares and stocks of companies subject to a maximum of 5% of the investment portfolio.

Kuri Investment: As per Accounting Standard-13 "Accounting for Investments", payment made towards Kuri/Chitty doesn't falls under the definition of Investment. However, Company can invest subject to maximum of 50 lakhs or 10% of total investment whichever is more during the financial year.

4. Restrictions on making investment

Following restrictions are imposed on the investment transactions to provide for the safety and liquidity of the company's funds.

- Borrowing for investment purposes is prohibited.
- Investment in any derivative instrument such as futures and options swaps etc is prohibited.
- Speculative investment is prohibited.
- Not more than 5% of the total market value of the portfolio may be invested in commercial paper of any one issuer.

5. Classification of Investment

The investment made by the Company is classified mainly into two namely Long-Term Investment (Any investment, which is made for the period of 1 year or above) and Short-Term Investment (Any Investment made in Liquid funds or for the period lesser than 1 year).

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 with approval of the Board at Book value or Market value, whichever is lower.

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

(a). Equity Shares (b). Preference Shares (c). Debentures and Subordinated debts (d). Government Securities (e) Units of Mutual Fund and (f) Any Other investment.

Approvals: Unanimous consent of all directors present at the meeting of Board is required for passing a resolution for approving investments. Resolution must specify the limits.

Valuation of Investment

A. Short Term Investment

Category of Investment	Valuation	
	Quoted	Unquoted
Equity Shares	Valued at cost price or market price whichever is lower	Cost or break-up value whichever is lower
Preference shares	-do-	Cost or face value whichever is lower
Government Securities	-do-	At Carrying cost
Mutual Funds	-do-	At net asset value declared by Mutual fund
Debentures and Subordinated debts	-do-	Treated as Term Loans or other type of credit facilities depending upon the tenure of the debentures

B. Long Term Investment

All Long-Term Investments are to be valued in accordance with Accounting Standards issued by Institute of Chartered Accountants of India (ICAI).

The investments portfolio shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific class, currency, or economic sector. Diversification strategies shall be periodically reviewed.

Review & Reporting

The Audit Committee will periodically establish a benchmark yield for investments, and will set targets for portfolio growth and diversification. Investments held at the end of each quarter will be disclosed in quarterly balance sheets being put up for board's consideration. All records of the investment shall be kept by the company. The Head of Finance and Accounts 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 responsibility of Head of Finance and Accounts. On maturity money received shall be reinvested only as provided by this policy.

Revision

The Board of Directors shall review the policy annually. This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.