INVESTMENT POLICY

Regulatory Basis	RBI (Non-Banking Financial Companies – Concentration Risk Management) Directions, 2025
Approving Authority	Board of Directors
Review Frequency	At least annually and earlier where required

1. Regulatory status and applicability

The Company shall operate as an RBI-registered NBFC–ICC, Type II NBFC–BL, having customer interface and access to public funds.

This policy incorporates the mandatory requirements of the RBI investment-portfolio framework, the Scale Based Regulation framework, AIF investments, prudential limits, governance, KYC/AML, ALM, capital adequacy, Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Directions, 2025, reporting and customer protection, as amended from time to time.

2. Regulatory hierarchy and change control

- The latest applicable RBI direction, circular, notification or amendment shall prevail over any inconsistent provision of this policy from its effective date.
- Material changes shall be placed before the Board or the designated Board committee at the earliest meeting; urgent changes shall be implemented immediately where required by law and subsequently reported.
- The policy shall be read with Companies Act, accounting standards/Ind AS, tax laws and other applicable law.

3. Objectives

- Preserve capital, maintain liquidity and ensure timely fulfilment of liabilities.
- Invest only in legally permitted instruments after documented due diligence and approval.
- Manage credit, market, liquidity, concentration, operational, legal, reputational and ALM risks.
- Ensure correct classification, valuation, accounting, impairment/provisioning and reporting.
- Prevent conflicts of interest, connected-party abuse, speculative activity and regulatory breaches.
- Ensure compliance with Board-approved credit/investment concentration limits for single borrower/party, single group of borrowers/parties and various consumer-credit sub-segments, including unsecured consumer-credit exposures, in accordance with applicable RBI directions.

4. Scope

This policy applies to all investments made, acquired, held, transferred, valued or disposed of by the Company, whether funded from owned funds, borrowings or other permitted sources. It applies to the

Board, Risk Management Committee, Treasury, Finance, Operations, Compliance, Internal Audit, and all employees or agents involved in investment activity.

5. Mandatory portfolio classification

Every investment shall be classified at acquisition in accordance with the RBI investment-portfolio directions and the applicable accounting framework. The investment register shall record the classification, rationale, funding source, expected holding period and approval.

- Current investments: investments intended to be held for not more than one year and readily realisable, subject to the applicable RBI definition.
- Long-term investments: investments intended to be held for more than one year from acquisition, subject to the applicable RBI definition.
- The Company shall not change classification merely to avoid valuation losses, provisioning or prudential limits.
- Transfers between categories shall be exceptional and shall comply with the conditions, approvals, valuation and accounting treatment prescribed by RBI.

6. Permitted investments

- Government securities, Treasury Bills, State Development Loans and other securities permitted by RBI.
- Bank deposits and other permitted bank instruments, subject to counterparty, liquidity and ALM limits.
- Mutual fund units and other collective investment vehicles permitted by RBI.
- Debt securities, bonds and debentures satisfying applicable eligibility, rating, liquidity and prudential requirements.
- Equity shares and other securities permitted by RBI and consistent with the Company's objects and risk appetite.
- Any other instrument only after written legal and compliance confirmation and approval under the delegation matrix.

7. Credit / Investment Concentration Limits

7.1 Single Borrower / Party and Single Group

The Company shall maintain an internal Board-approved policy prescribing credit/investment concentration limits for:

(a) a single borrower / party; and
(b) a single group of borrowers / parties.

The limits shall be determined and monitored in accordance with the applicable RBI Directions.

7.2 Exposure Computation

For the purpose of determining compliance with the credit/investment concentration limits applicable to the Company, exposure shall be computed on similar lines to the methodology prescribed for NBFC-ML under the applicable RBI Directions.

7.3 Consumer Credit Concentration Limits

The Company shall review its sectoral exposure to consumer credit and shall maintain Board-approved limits for various sub-segments of consumer credit as considered necessary by the Board for prudent risk management.

The Company shall specifically prescribe a Board-approved limit for **all unsecured consumer-credit exposures**.

Such limits shall be strictly adhered to and shall be monitored on an ongoing basis by the Risk Management Committee.

7.4 Ceiling on IPO Financing

The Company shall not provide financing exceeding **₹1 crore per borrower** for subscription to an Initial Public Offer (IPO).

The Company may prescribe a lower internal limit with the approval of the Board.

8. AIF investments

AIF investments shall be made only where permitted by the RBI directions applicable on the date of investment. The following controls are mandatory where the relevant RBI provisions apply:

- The Company's contribution to any single AIF scheme shall not exceed 10% of the corpus of that scheme.
- The aggregate contribution by all specified regulated entities to an AIF scheme shall not exceed 20% of the corpus of that scheme.
- Where the Company's contribution exceeds 5% of the corpus and the AIF has downstream investment, excluding equity instruments, in a debtor company of the Company, the Company shall make 100% provision to the extent prescribed by RBI, subject to the prescribed cap linked to its direct loan/investment exposure.
- Where investment is in subordinated units, the investment shall be deducted from capital funds proportionately from Tier 1 and Tier 2 capital, as applicable, in accordance with RBI directions.
- The Company shall undertake due diligence and ongoing monitoring of the AIF scheme and, to the extent reasonably ascertainable, its downstream investments.
- Any RBI exemption shall be used only after verifying and documenting satisfaction of every prescribed condition.

- Any stricter internal prohibition or cap shall be labelled as a Company policy decision and approved by the Board.

9. Valuation, impairment and provisioning

- Investments shall be valued in accordance with the RBI investment-portfolio directions and applicable accounting standards.
- Quoted securities shall be valued using reliable market quotations or the prescribed valuation methodology.
- Unquoted securities shall be valued using the prescribed methodology, supported by appropriate financial information, haircuts and provisions.
- Mutual fund units shall be valued using the applicable NAV or prescribed methodology.
- Realised and unrealised gains/losses, impairment, diminution, overdue income and provisions shall be recognised as required by RBI and accounting standards.
- Finance shall perform periodic valuation and reconciliation; Risk shall independently review exceptions; Internal Audit shall test compliance.

10. Investment process

- Treasury shall prepare an investment proposal containing instrument, issuer, amount, tenor, yield, rating, liquidity, purpose, funding source, risks and proposed classification.
- Risk and Compliance shall verify eligibility, limits, group exposure, related-party status, KYC/AML, sanctions screening, valuation and regulatory restrictions.
- Before approval and execution of any investment or credit exposure, Risk and Compliance shall verify the impact of the proposed transaction on the applicable single borrower/party, single group and other Board-approved concentration limits, including applicable consumer-credit and unsecured consumer-credit limits.
- The authorized person shall approve the transaction within the Board-approved delegation matrix.
- Treasury shall execute only approved transactions with approved counterparties and retain trade confirmations and settlement records.
- Finance shall record the investment and classification promptly and maintain supporting documentation.
- Risk shall monitor market value, maturity, liquidity, rating changes, concentration, covenant breaches and ALM.
- Quarterly compliance and exposure reports shall be submitted to the Board and relevant committees.

11. Liquidity and ALM

- Investment maturities shall be aligned with projected cash flows, borrowing maturities, public-deposit obligations where applicable and liquidity buffers.

- The Company shall maintain a Board-approved liquidity contingency plan and identify readily realisable assets.
- No investment shall impair the Company's ability to meet repayment, margin, statutory liquidity or contractual obligations.
- ALM mismatches, liquidity concentrations and stress-test results shall be reported at least quarterly and more frequently during stress.

12. Public funds and public deposits

The Company shall maintain a separate compliance framework for public funds and, if applicable, public deposits. Acceptance of public deposits shall be undertaken only where legally permitted and after satisfying all applicable RBI conditions relating to eligibility, limits, credit rating, tenure, liquid assets, disclosures, advertising, repayment, returns, auditor certification and depositor protection. Public funds shall not be equated automatically with public deposits; Finance and Compliance shall document the legal classification of each funding source.

13. Governance and responsibilities

- Board: approves policy, risk appetite, internal limits, delegation, material amendments and compliance reports.
- **Risk Management / Risk Management Committee:** The Risk Management Committee shall monitor compliance with the Board-approved concentration limits on an ongoing basis, including limits prescribed for various consumer-credit sub-segments and unsecured consumer-credit exposures, and shall report material breaches to the Board in accordance with this Policy.
- Treasury: executes authorized transactions and maintains deal records.
- Finance: performs accounting, valuation, provisioning and reconciliations.
- Compliance: interprets RBI requirements, maintains the regulatory register and reports breaches.
- Internal Audit: independently tests approvals, limits, classification, valuation, provisioning and reporting.
- Statutory Auditors: report matters required under applicable law and RBI directions.

14. Breach management and reporting

- Any regulatory or internal limit breach shall be reported immediately to the CFO, Compliance Officer and Chairperson of the relevant committee.
- A corrective-action plan shall identify the cause, financial impact, regulatory reporting requirement, responsible owner and completion date.
- The Company shall submit all RBI returns and regulatory information within prescribed timelines.
- The investment register shall contain issuer, instrument, date, amount, classification, valuation, maturity, rating, approval and supporting documents.
- Records shall be retained for the period prescribed by law, RBI directions and the Company's record-retention policy.

- Any breach of the applicable regulatory or Board-approved concentration limit shall be immediately escalated to the Risk Management Committee, Compliance Officer and Board, as applicable.
- Where any regulatory requirement prescribes immediate reporting to the Reserve Bank of India or restriction on further exposure, the Company shall comply with such requirement within the prescribed timeline.

15. Review and amendment

This policy shall be reviewed at least annually and immediately upon any material change in RBI directions, the Company's classification, asset size, funding profile, deposit status, investment strategy or applicable law. No material amendment shall take effect without Board approval.