



EMPOWERING DREAMS

INVESTMENT POLICY



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Document review and approval

Revision history

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For Seeds Fincap Private Limited

 Director/Authorised Signatory



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1. Investment Policy

1.1. Introduction & Objective

The policy aims at laying down guidelines and procedures involved in investment operations. Entire operations of SEEDS for investments will be governed by this policy. The policy includes authorized instruments, counterparties, and the limits for each of the investment categories.

The Objective of this policy is to provide guidelines for investing the surplus funds of the company in various investment instruments for meeting the organizational objectives and create a well-diversified portfolio.

The broad objectives intended to be achieved by the policy are:

- To comply with RBI Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, as amended up to date and any other directions issued by RBI, time to time.
- Provide guidance on nature of investments that shall be undertaken.
- Define limits for each category of investment instruments.
- Define the Delegation of Authority matrix for approval of investment decisions.
- Define the roles and responsibilities for investment activities.
- Define reporting and monitoring procedures to be followed for investments.
- Define the procedure of Accounting and valuation of investments.
- Procedures to be followed in case of any deviation from the guidelines specified in the policy.

1.2. Target Audience

The members of the Board, Finance Department, Accounts Department, Compliance departments and Asset Liability Committee (ALCO) shall be the primary audience for this document. This document shall not be circulated beyond mentioned individuals.

1.3. Applicability & Validity of the Policy

The policy will become applicable from such date as approved by the Board of Directors. The policy needs to be updated periodically at least on annual basis. Any change in policy by way of additions and amendments due to changes in laws, regulations, accounting standards shall be implemented immediately with a report to Board of Directors subsequently.

1.4. Regulatory & Professional body Reference

RBI vide its Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 had instructed NBFC-ND to adopt guidelines on income recognition and income from investments. Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (referred to in these Directions as "ICAI") shall be followed in so far as they are not inconsistent with any of these Directions.

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1.5. Governance Framework

Role of Finance Department

Finance department personnel shall ensure compliance of all the treasury and internal policies and procedures laid down by the organization, the regulator and other governing bodies.

The department is responsible for:

- Conducting pre-purchase analysis of the securities identified for buying in respect of coupon, price, rating, size, security, issuer details etc.
- Negotiating with counter parties and conclude the deal.
- Generating the deal slip.
- Undertaking/executing the approved transactions.
- Adherence to various applicable guidelines/internal approved limits etc.
- Proper documentation of transactions, maintenance of necessary records and various other related information.
- Periodical reconciliations e.g., the cost of investment as available in the Investment Portfolio Management is tallied with GL balances, the sales proceeds are tallied with net sales amount receivable before appropriation of sale/generation of voucher is allowed.
- Monitoring interest accruals and redemption of investments.

The Head Accounts/CFO shall be responsible for supervision of treasury activities related to investment of surplus funds.

1.6. Investment Limits & Approval Matrix

The overall investment limits of the company shall be approved by the board of directors.

(a) The investment categories and limits are summarized as below

S. No.	Products Category	Criteria	Limits
1	Fixed (Term) Deposit/ CD with Banks (FDs and term deposit with maturity not exceeding 1 year	PSU Banks Private sector banks (Scheduled Commercial Banks as approved)	Total Limit: 100% of surplus funds. Total PSU Limit: 100% of Surplus funds Single PSU Bank Limit: 25% of the total PSU Bank Limit or INR 5 Crore whichever is lower. Total Private Bank Limit: 50% of the surplus funds or INR 10 Crore whichever is lower

Note:

- The investment limits for category of products may be revised on a need basis by the Board of Directors.

(b) Approval Matrix

I. For Fixed Deposits only

Category	Approving Authority
Investment	Director and Head Finance & Accounts
Disinvestment	Director and Head Finance & Accounts

The approval matrix may be reviewed/ revised by the Board on need basis. These limits are based on cost of purchase and not face value basis.

1.7. Compliance with Regulatory Guidelines

The policy complies with the RBI *Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007*, as amended up to date and any other directions issued by RBI, time to time.

The concentration limits as stipulated by RBI shall be applicable to the investment exposure of SEEDS. The concentration norms for single entity and single group of entities exposure shall be as follows:

- For investing in shares of a single company, it should not exceed 15% of owned funds.
- For investing in single group of companies, it should not exceed 25% of the net owned funds.

The ceiling for investment in shares of another company, shall not be applicable if such investment is made in equity capital of Insurance Company up to the extent specifically permitted in writing by the Reserve of Bank of India.

1.8. Accounting and Valuation of Investments

Classification, accounting of investment (purchase/sale) and investment income will be as per the accounting policy of the company and applicable RBI guidelines. Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (referred to in these Directions as "ICAI") shall be followed insofar as they are not inconsistent with any of these Directions.

(a) Accounting for investments

The following RBI guidelines needs to be adhered to for accounting of investments:

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

The following guidelines will be followed for inter-class transfers:

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

- 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.

(b) Accounting for investment income

The following RBI guidelines needs to be adhered to for accounting of investment income:

- Income from Interest on Fixed Deposits shall be taken into account on accrual basis.

(c) Accounting for profit/ loss on sale of investment

Profit/ Loss on sale of investment shall be strictly computed with respect to cost of investment on the basis of weighted average approach.

1.9. Reporting and Monitoring

The investments made by SEEDS shall be monitored by Board, as spelled out in the policy. The performance of various investments will be reported to Board on a regular basis.

Reporting shall be done to Board as follows:

- Investment reporting statement shall be prepared by the Finance Department and reported to Board on a quarterly basis.
- Summary statements containing investments in shares of single company and group of companies which shall include cost of investments, total holding as a percentage of the owned funds of SEEDS to ensure compliance with prudential investment limits of RBI.

1.10. Deviations

As far as possible, the guidelines specified under this policy should be followed. If deviations or exceptions are dictated by circumstances, they need to be approved in advance by the Board.

1.11. Glossary

S. No	Term	Definition
1	Current Investment	"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.
2	Long term investment	"Long term investment" means an investment other than a current investment.

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1.12. Abbreviations

Abbreviations	Details
AUM	Asset under Management
MD	Managing Director
CFO	Chief Financial Officer
GL	General Ledger
NBFCs	Non-Banking Financial Companies
PSU	Public Sector Undertakings
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India

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