

MPEE FINANCE PRIVATE LIMITED
Investment Policy

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1. Preamble

Mpee Finance Private Limited (MPEE) is a non-deposit taking NBFC registered with Reserve Bank of India (RBI) having registration number N-10.00276 issued on 02nd April 2018.

The Reserve Bank of India (RBI) vide RBI/DNBR/2016-17/44 Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016 (as amended) has advised Board of NBFCs to frame an appropriate Investment Policy for the company and implement the same.

This Investment Policy has been made pursuant to Regulation 10 of Non-Banking Financial Companies (Reserve Bank) Directions, 2016 as amended and may be modified by the Board of Directors of the Company from time to time.

The Board of Directors has approved and adopted this 'Investment Policy' on April 10, 2024.

2. Classification of Investment

The Investments, that the Company will hold, will be treated as the assets of the Company held with the motive of earning income by way of dividend, interest, and / or for capital appreciation and / or for other benefits.

The investments of the Company shall be classified into the following two categories:

- 2.1 **Current Investment:** The investments made by the Company which are intended to be held for not more than one year from the date on which such investment is made.
- 2.2 **Long Term Investment:** Investment intended to be held for more than one year from the date on which such investment is made.

3. Objectives of the Policy

- 3.1 Effectively manage and invest the funds in the Permitted investments for the duration available.
- 3.2 Effectively manage and invest the other surplus funds which may be available comparatively for a longer period.
- 3.3 Effective management of interest rate risk by adopting certain maturity pattern, particularly when the funds are invested in Government Securities.
- 3.4 Effective Internal Control on the operations/execution of Investment Transactions.
- 3.5 Proper recording/accounting of the investment transactions.
- 3.6 Effective reporting of the Investment transaction to the Management.

Surplus funds available for investment will be as far as possible deployed for the available duration in specific instruments or deployed in instruments which have high liquidity.

4. Investment Objectives

As and when MPEE onboard relevant team members for the purpose of managing the investments made by the company a detailed operating manual will be prepared and adopted keeping in perspective the various investment objectives as below:

4.1 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.

4.2 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 purposes.

4.3 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:

4.3.1 A security with declining credit may be sold early to minimize loss of principal.

4.3.2 Liquidity needs of the portfolio require that the security be sold.

5. Investment instruments

- Securities issued by the Central Government including Treasury Bills.
- Securities issued by the State Governments
- Securities issued by the Indian Financial Institutions
- Term Deposits / Fixed Deposits with Banks
- Mutual Funds

Note: MPEE may form an Investment Committee based on various quantum of investments proposed and accordingly the resources will be deployed so as to optimize the returns from those investments.

6. Valuation

6.1 Valuation of Quoted Current Investment:

The quoted current investments shall, for the purposes of valuation, be grouped in the following categories:

- Equity Shares or any compulsory convertible instruments
- Preference Shares

- Debentures and bonds
- Preference Shares
- Debentures and bonds
- Government Securities including treasury bills
- Unit of Mutual Funds and
- Others

The quoted current investments for each category shall be valued at cost or market value, whichever is lower.

6.2 Valuation of Un-quoted Current Investment:

Equity Shares

Unquoted equity shares in the nature of current investments shall be valued at Cost or Break-up value, whichever is lower. However, the Company 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 Face value only.

Preference Shares

Unquoted preference shares in the nature of current investments shall be valued at Cost or Face value, whichever is lower.

Government Securities

Investments in unquoted Government Securities or Government guaranteed bonds shall be valued at Carrying cost

Mutual Funds

Unquoted investments in the units of Mutual Funds in the nature of current investments shall be valued at the Net Asset Value declared by mutual fund in respect of each particular scheme.

Commercial Papers

Commercial Papers shall be valued at Carrying cost.

Debentures

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.

6.3 Valuation of Long-Term Investment:

A long-term investment shall be valued in accordance with the Accounting Standard issued by ICAI as specified below:

Long-term investments are usually carried 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 recognise the decline. Indicators of the value of an investment are obtained by reference to its market value/fair value, the investee's assets and results and the expected cash flows from the investment. The type and extent of the investor's stake in the investee are also considered.

Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment.

Long-term investments are usually of individual importance to the investing enterprise. The carrying amount of long-term investments is therefore determined on an individual investment basis.

7. Policy Review

The Investment Policy shall be reviewed by the Board on yearly basis and make amendments if considered necessary. The Policy may also be amended or modified, if required, with prior approval of the Board at a date earlier than one year.