



<b>Emerald Leasing Finance and Investment Company Limited</b>	<b>Version</b>	<b>Approval Date</b>	<b>Effective Date</b>
<b>Investment Policy</b>	<b>Version : 1.0</b>	<b>November 13, 2021</b>	<b>November 13, 2021</b>



## INVESTMENT POLICY

### INTRODUCTION & OBJECTIVE

Following broad guidelines have been framed by Emerald Leasing Finance and Investment Company Limited (here in after referred to as EMERALD) to inform its investment decisions in order to conform with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Meeting of the long-term investment goals of the Company basically depends on a number of factors, which not only include fund availability and rate of return, but also inflation and taxes. The motive of the Company to hold the investments is to get returns out of the investments, which can be in any of the following manner:

1. Return on investments in the form of Dividend and/or interest;
2. For capital appreciation;
3. For other benefits.

### REGULATION

1. During the course of its operations, the Company will strictly adhere to various guidelines as may be stipulated by the Reserve Bank of India (RBI) from time to time. These guidelines will include:

Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended up to date.

Clarifications as may be issued from time to time by Reserve Bank of India.

2. All investment decisions of the Company shall be taken only at the meetings of the Board of Directors of the Company except for the decisions for the amount upto INR 75 where the Board has delegated the said power to the managing director of the Company, beyond that the rights of the decision of the investment shall be reserved with the Board.

### CLASSIFICATION OF INVESTMENTS

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:

Current Investments	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 and which are by its very nature are readily realizable.
Long term Investments	Any other investment other than the aforesaid current investments will be constructed as long term investment.



## VALUATION

### A. General

1. The cost of the investment(s) will include the acquisition charges such as brokerage, fees and duties.
2. If the Company acquires (fully or partly) any investment, by issue of shares or other securities, the acquisition cost will be the fair value of the securities issued.
3. If 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 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. The Company may treat the Interest and dividends in connection with the investments in any of the following ways:
  - As income, being the return on the investment.
  - Recovery of cost.

### 1. B. Quoted Current Investments

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

- a) Equity Shares
- b) Preference Shares
- c) Debentures and bonds
- d) Government securities including treasury bills
- e) Units of mutual funds and
- f) 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 investments in each category. If the aggregate market value for the category is less than the aggregate cost for that category, the net depreciation shall be provided for or 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. Depreciation in one category of investments shall not be set off against appreciation in another category.



### **C. Unquoted Current 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 breakup value of the shares.
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. Commercial papers shall be valued at carrying cost.

### **D. Long-Term Investments**

A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

**Note:** Unquoted debentures shall be treated as term loans or other types of credit facilities Depending upon the tenure of such debentures for the purpose of income recognition and asset Classification