

INDEL MONEY LIMITED(IML)

Investment Policy

Indel Money Limited (IML) originally incorporated as '*Payal Holdings Private Limited*', a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated September 11, 1986 issued by Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). The name of our Company was changed to '*Indel Money Private Limited*' pursuant to a fresh certificate of incorporation dated on January 9, 2013 issued by the RoC. Pursuant to a special resolution passed in the general meeting of our Shareholders held on August 16, 2021, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on August 26, 2021, and the name of our Company was changed to '*Indel Money Limited*'. Our Company holds a certificate of registration dated September 27, 2021 bearing registration number B-13.01564 issued by the Reserve Bank of India ("**RBI**") to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934.

Objective: IML's principal business is granting gold loans against the security of household gold ornaments and jewellery. In addition, we engage in other activities like Loan Against Property, Business Loans etc., IML depends for funding on sources like Capital & Reserves, Non-Convertible Debentures, Subordinated Secured Bonds, Credit lines from Banks, NBFCs, Commercial Papers, Internal accruals etc. Although IML does not undertake Investments as a business activity, it does occasionally deploy funds in investments in overnight/Liquid funds, Short Term FD with Nationalized/Scheduled/SFBs, etc., if the fund available over and above the requirement for next 1-30 day bucket.

Statutory: It is the policy of IML to be compliant with the Rules and Regulations issued by the DNBS, RBI, who are the principal regulators for IML and also with the provisions of SEBI Rules and Companies Act. The current instructions of DNBS, RBI in respect of Investments is detailed in their Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based regulation) Directions 2023. Accordingly, in compliance with all regulations, this policy which will govern all investments, including statutory investments, to be made by IML, is framed, and submitted to the Board of Directors for approval. The Policy will be reviewed and revised and will get approved by the Board of Directors if there is any change in the statutory/regulatory provisions or annually, whichever is earlier.

In making such investments IML will be guided by considerations of safety, liquidity, credit risk, Interest Rate Risk and yield of the investment in that order. Such investments will take into account the liquidity requirements if made under the statutory provisions.

Fixed deposits of Banks, Overnight/Liquid funds are some of the instruments in which IML may invest.

Delegation of Powers: All investment decisions will be taken by an Investment Committee consisting of the following members:

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| 1. Executive Director & CEO – Mr. Umesh Mohanan | Chairman |
| 2. Director - Mr. T R Anantharaman | Member |
| 3. Head – Finance & Accounts | Member |
| 4. Head – Risk Management Department | Member |

Quorum: The Chairman or Director and one other member will constitute the quorum.

The investment portfolio will be managed by the Head – Finance & Accounts, who will strive to invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for IML.

From time-to-time investments will be managed through external programs, facilities and professionals. To constitute compliance these must be managed in a manner consistent with this policy.

Investment Objectives

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 and interest rate risk.

1.1 Credit Risk

IML will minimize credit risk, the risk of loss due to the failure of the security issuer or banker, by:

1. Prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which IML will do business.
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.

1.2 Interest Rate Risk

IML will minimize the risk that it will carry because of market value of securities in the portfolio which may fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter- term securities

1.3 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.

1.4 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:

1. A security with declining credit may be sold early to minimize loss of principal.
2. Liquidity needs of the portfolio require that the security be sold.

2. Standards of Care

2.1. Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. IML Recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of IML.

Investment Officials acting in accordance with written procedures and this investment 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 fashion to the Board of Directors and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

2.2. Ethics & Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions in which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officials shall refrain from undertaking personal investment transactions with the same individual or company with which business is conducted on behalf of IML.

3. Eligibility

3.1 Eligible Investment

The board had delegated powers to the Investment Committee to make investments. The current investments shall be in SEBI registered mutual funds, Fixed Deposits, Certificate of Deposits of Banks or all India Financial Institutions and the investment in a single fund shall not exceed 40% of the owned funds of the Company. Other limits for investments are as follows: -

- 40% cap for single institution

- Credit Rating should be minimum BBB
- Eligible investments are Bank FDs, Corporate FDs (A rated), Mutual funds, Government bonds, etc.
- Period of investment – maximum one year and minimum one day

3.2 Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of IML's funds, the investment portfolio will be subject to the following restriction: Investment in any instrument, which is commonly considered a "derivative" investment (e.g. options, futures, swaps, caps, floors, and collars), is prohibited.

- 4. Classification of Investments:** The investments the Company will hold will be treated as assets of the Company made for the purpose of providing cash collateral or for meeting negative maturity mismatches over and above statutorily permitted ceilings etc. However, such investments should earn income for the Company by way of dividends, interest and/or capital appreciation and should be in full compliance with RBI stipulations wherever applicable.

The investments of the Company will be classified into the following two categories.

| Classification | Nature of Investment |
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| Current | Investment which are intended to be held for not more than one year from the date on which the investments are made and which are by its very nature readily realizable. |
| Non-Current Investments | Any other investment other than the current investments. |

- 5. Custody of Scrip:** The scrips relating to the investment will be kept in the custody of CFO, who will also be responsible for the collection of interest/ dividend, if any,
- 6. Valuation:** Valuation of the investments shall be strictly in accordance with the provisions of the Reserve Bank of India Notification reproduced above.
- 7. Depreciation and Appreciation;** Depreciation in value compared to market rates, if any, in any scrip shall be provided for fully and appreciation, if any, shall be fully ignored. The depreciation in one scrip shall not be set off against appreciation in another scrip even in respect of scrip of the same category or during inter class transfer.
- 8. Income Recognition and Asset Classification:** RBI norms regarding Income Recognition reproduced above shall be strictly complied with while recognizing income from investments. Such investments shall be classified in strict conformity with the current RBI norms.
- 9. Risk Weight:** The investments shall be assigned the Risk weight indicated by RBI in their Notification and reproduced above for calculating Capital adequacy.
- 10. Revision:** The committee shall review the policy annually and shall recommend all necessary changes for consideration and adoption.
- 11. Adoption:** This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.