



ABANS FINANCE PRIVATE LIMITED

INVESTMENT POLICY

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I. INTRODUCTION

Abans Finance Private Limited (AFPL) is registered with the Reserve Bank of India as a Systemically Important, Non-Deposit taking, Non-Banking Finance Company (NBFC- ND-SI). It's debt security is listed in the Bombay Stock exchange and as such governed by the SEBI Rules and Regulations and the Companies Act, 1956, in addition to the oversight of the Department of Banking Supervision (DBS) of Reserve Bank of India. As per the RBI circular dated October 22,2021, AFPL has been classified a NBFC – Middle Layer as per the Scale Based Regulations (SBR).

As per the Master Directions DNBR.PD.008.10.119/2026-17 dt. September 01, 2016 updated as on 16/5/2019, NBFC-ND-SI are required to frame an investment policy and implement the same.

Accordingly, Board approved an investment policy in its meeting dt.12/2/2016 and the current policy is renewed with updates based on the regulatory guidelines and business needs.

II. Scope and Objective of this Policy:

This investment policy applies to the investment activities of all financial assets for all funds of the AFPL. These funds are accounted for in the AFPL's Annual Financial Report and includes investment in subsidiary, investment in securities whether short term or long term.

It is the policy of the AFPL to invest funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the company and conforming to requirements of all the applicable rules and regulations.

The broad objectives of the policy are:

To invest in subsidiary companies and to invest funds effectively in any securities which includes investment required to be done as per the contractual terms and conditions. The primary objectives, in priority order, of investment activities shall be safety, liquidity, yield and compliance:

1. **Safety:** Safety of the principal is the primary objective of the AFPL. Investments of the company shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To achieve this objective, a well-diversified portfolio of different instruments across varied maturities with sufficient measures to safeguard against liquidity risk, credit risk and interest rate/exchange risk.
2. **Liquidity:** To maintain adequate buffer/develop a contingency strategy for creating liquidity in the event of requirement of funds for unforeseen circumstances.

3. Yield : To attain a market rate of return throughout budgetary and economic cycles, taking into account the AFPL's investment risk constraints and the cash flow characteristics of the portfolio. For additional details, please refer to "Performance Standards" below.
4. Compliance: To comply with all applicable rules and regulations for all activities from inception till record keeping and reporting. This generally includes adherence to rules and regulations laid down by Companies Act, RBI , SEBI and any other statutory guidelines related to investments.

III. Investment

Investments in subsidiaries - AFPL may invest in subsidiaries within the statutory and regulatory guidelines, subject to approval from the Board of Directors. Board of Directors may also approve strategic investments in other companies for furtherance of the business of AFPL within the statutory and regulatory limit.

Other investments: For liquidity and treasury management, investment can be made in following short-term instruments.

- Term deposits with banks
- Government securities
- Units of money market mutual funds
- Commercial papers, certificate of deposits (Minimum credit rating CRISIL – A1)
- In Shares/bonds of other listed companies

IV. Guidance for Accounting of investments:

1. All the investments shall be recognized as prescribed in Indian Accounting standard.
 - Investment in Subsidiaries and shall be valued at Cost less provision for impairment if any applicable.
 - Investment in Government securities and same shall be valued either at amortised cost or fair valued through profit & loss or fair valued through other comprehensive income.
 - Investment in debentures or bonds and same shall be valued either at amortised cost or fair valued through profit & loss account or fair valued through other comprehensive income.
 - Investment in equity shares shall be fair valued through profit & loss account or fair valued through other comprehensive income.

2. Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis.
3. Income from Fixed deposits with banks shall be taken in to account on accrual basis.
4. Mark to market gain or losses on reporting date shall be recognized as per the requirements of the applicable Accounting Standards.
5. Income from derivative trades are to be recognized either when trades are squared off or in case of trading positions remaining open mark to market gain / losses