



**Dar Credit & Capital Ltd.**

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## **INVESTMENT POLICY**

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### **1. INTRODUCTION, OBJECTIVES AND APPLICABILITY:**

Dar Credit & Capital Limited ('DCCL' or 'the Company') is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI).

In accordance with **Master Direction-Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023** (hereinafter referred to as "the RBI Directions") issued by the RBI, every non-banking financial company shall frame investment policy for the company and implement the same.

The objective of investment policy is to safeguard the Company's funds and at the same time maximize returns along with adhere to RBI's prudential norms as applicable.

#### **1.1 Objectives**

This document lays down the policy of the Company and the guidelines to be adhered to while undertaking investment transactions for deployment of funds. This policy covers all operational guidelines for the investments.

**Key criteria that need to be looked-at while deploying surplus funds or investments:**

- (a) Capital protection – This is the most important criteria as any loss in funds that are temporarily deployed is highly undesirable. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- (b) Liquidity – It should be possible to get access to the funds invested at short notice as requirement for lending activity cannot be predicted with certainty.
- (c) 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.



## 2. POLICY STANDARDS

### 2.1 Classification of Investments

All Investments shall be classified as Long-Term Investments and Current Investments at the time of making the investments primarily on the basis of the objective of the investments, nature of expected returns, period of holding and the liquidity as follows

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 by its very Nature readily realizable.
Long term Investments	Any other investment other than the aforesaid current Investments will be construed as long-term investment.

### 2.2 Investment Limit:

The board has approved the overall investment limit of Rs 50 Crore and Company can invest surplus funds in following instruments:

- (a) Units of Mutual funds (AAA rated Debt oriented liquid mutual fund)
- (b) Fixed deposits with Banks
- (c) Inter Corporate Deposits (ICD) restricted upto 10% of the portfolio amount
- (d) Any other short-term instruments (less than 12 months).

### 2.3 Recognition of Income from Investments

- a) Income from dividend on units of mutual funds shall be taken into account on cash basis.
- b) Income from bonds and debentures of corporate bodies and from Government securities/bonds may be taken into account on accrual basis: Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- c) Interest Income on Fixed Deposits with Banks/ Financial Institutions may be taken into account on accrual basis: Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.



## 2.4 Valuation of Investments

- a) Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.,
- Debentures & Bonds;
  - Units of Mutual funds;
  - Government securities including treasury bills;
  - Others.
- Quoted current investments for each category shall be valued at cost or market value whichever is lower. For this purpose, the investments in each category shall be considered scrip-wise/ scheme-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.
- b) 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;
- c) Commercial Papers shall be valued at carrying cost;
- d) A long-term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

## 2.5 In Case of Inter-Class Transfer

- (I) There shall be no such transfer on ad-hoc basis.
- (II) Such 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
- (III) The investments shall be transferred scrip wise, from current to long term or vice versa at book value or market value whichever is lower.
- (IV) The depreciation, if any in each scrip shall be fully provided for and appreciation, if any shall be ignored.
- (V) The depreciation on 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.



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### **3. Authorization of Investments:**

All investments to be authorized by **any one** of the followings:

- i) Any Executive Director of the Company
- ii) Chief Executive Officer (CEO)
- iii) Chief Financial Officer (CFO)
- iv) Any other person authorized by the Board or its committee

The above officers are authorized to sell, purchase, transfer, endorse, negotiate and or/ otherwise deal in Securities/ Mutual Funds and sign letter of indemnity, execute bond of indemnity, guarantee, sign declaration etc. on behalf of Company.

### **4. Deviation to the Policy**

Any deviation in the investment policy can be approved by Board of Directors.

### **5. Revision**

The Chief Executive Officer (CEO) / Chief Financial Officer (CFO) / Company Secretary (CS) shall review the policy annually and shall recommend all necessary changes to the Board for consideration and adoption.

### **6. Adoption**

This policy and any change made during the annual reviews shall be adopted by resolution of the Board of Directors.