

Equitas Holdings Limited

Investment Policy

1. Background

The Company is a Core Investment Company [CIC]. The primary objective of the Company is to hold investments in its Subsidiaries and Group Companies.

As per RBI regulations applicable to CIC, not less than 90% of its Net Assets should be in the form of investment in Equity Shares, Preference Shares, Bonds, Debentures, Debts or Loans in Group Companies. Net Assets excludes Cash & Bank balances, investment in money market instruments and money market mutual funds, advance payments of taxes and deferred tax payment.

2. Objective

The objective of this Policy is to provide guidance for investments of the Company's funds.

3. Classification of Investments

The investments of the Company could be broadly classified as under:

Current Investments	Long-term investments
a. Loans to Subsidiaries	Investments in Share Capital of Subsidiaries
b. Investment of surplus funds in Bank Deposits and in liquid Mutual Fund schemes	

4. i) Investments in Share Capital of Subsidiaries

The Company can make investments in Share Capital of Subsidiaries as per the approved Business Plans of the Company and its Subsidiaries. Each such investment will require specific approval of the Board.

ii) Loans to Subsidiaries

The Company can provide loans to its Subsidiaries to meet its short and medium requirements, not exceeding 3 years'. Such loans shall be within the limits and terms approved by the Board from time to time.

iii) Investment of short-term surplus funds

a) Deposits with Banks

The short-term surplus funds can be invested in deposits with Equitas Small Finance Bank [ESFB] and any other Scheduled Commercial Banks in India.

ESFB will be the preferred option for placing bank deposits. However, if the Company opts so, the same will be carried out on arms' length basis. Investments can also be made with other Scheduled Banks.

b) Investments in liquid Mutual Fund schemes

Investments under this category will include Liquid Funds, Ultra Short-term, Short-term etc.

The funds will be selected based on the Asset under Management of the scheme [not less than Rs.1,000 crore], performance trends etc. of the Fund.

Maximum limit for investment will be 1% of the scheme's AUM, subject to a maximum of Rs.15 Crore per scheme.

In the case of both (a) and (b), the investments shall be made (i) based on a note recommending the proposal; (ii) the approval for investments shall be given by CEO or CFO.

5. 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 in 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.

6. Valuation

(a) 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 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 equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower. However, the Company being a CIC-ND-SI may substitute fair value for the breakup 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 one Rupee only.

(c) 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.

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

7. Deviation

Any deviation to the above Policy will be placed before the Board with sufficient justifications and approval by the Board.

8. Reporting to the Board

Summary of the investments made and outstanding position as at the end of the period to be placed before the Board on a quarterly basis for review.

As amended in the Board Meeting held on January 30, 2020