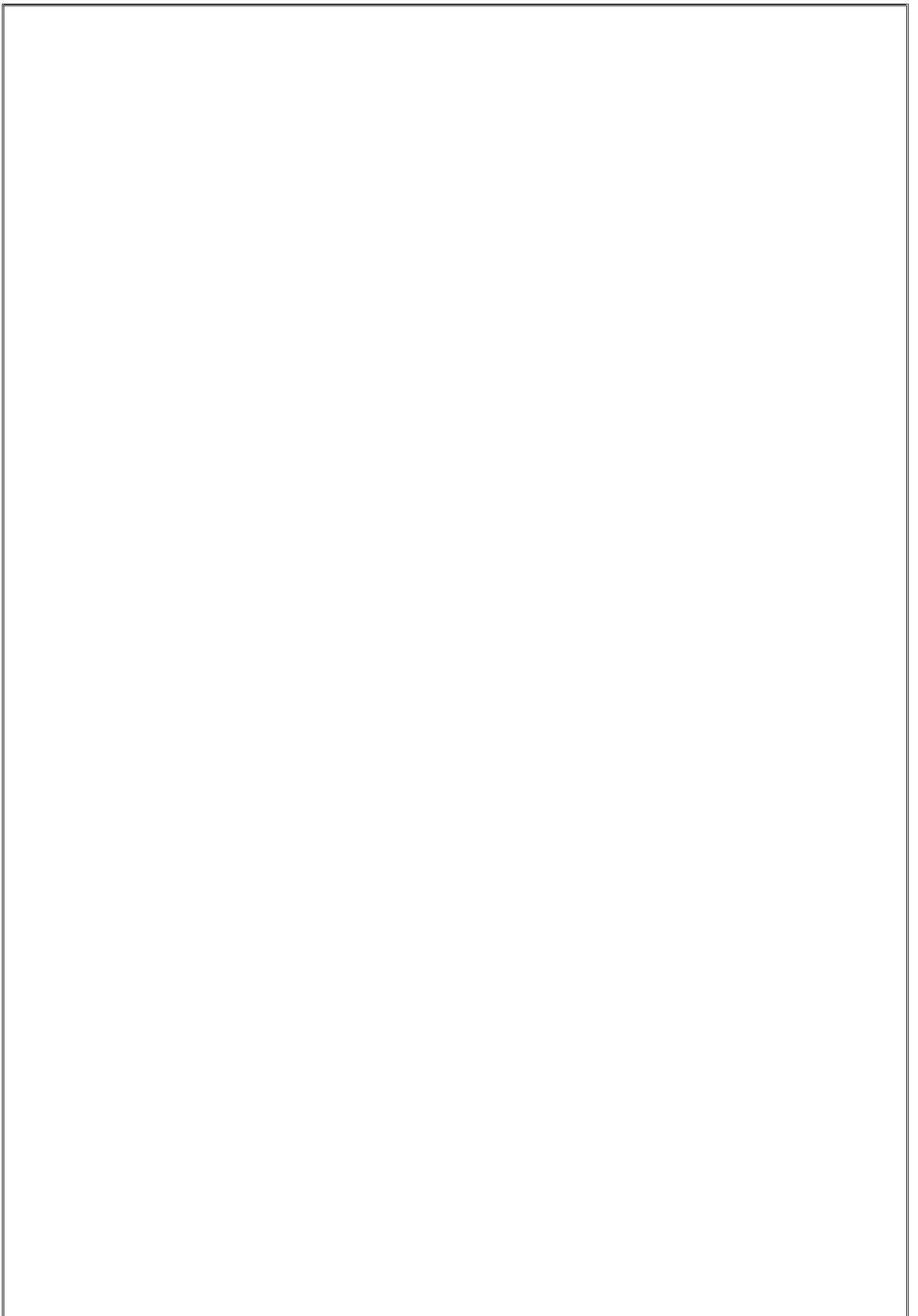

INVESTMENT POLICY

GLOSEC FINANCE PRIVATE LIMITED

(Base Layer NBFC)



Document Control

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Reviewed and Approved By:	Board of Directors

Policy Statement

The Reserve Bank of India ("RBI"), vide its Master Directions – Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation, 2025 ("Directions"), has mandated that the Board of Directors of NBFCs shall frame and implement an appropriate Investment Policy.

Accordingly, this Investment Policy has been formulated in compliance with the aforesaid Directions, read with the relevant provisions of the Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025.

Applicability

This Investment Policy shall apply to all investment activities undertaken by the Company, including investments in securities, financial instruments, and any other permissible avenues, in accordance with applicable regulatory guidelines and internal risk parameters.

Scope

This Policy shall cover all investment-related activities undertaken by the Company, including but not limited to:

- a) Investment of surplus funds in:
 - Government securities, treasury bills, and bonds
 - Equity shares, preference shares, debentures, and other marketable securities
 - Mutual funds and other permitted financial instruments
- b) Investments made as part of treasury operations or incidental to the Company's financing and lending business
- c) Investments in securities acquired:
 - For income generation
 - For strategic or long-term holding
 - In the ordinary course of financing, asset-backed lending, or recovery of dues

- d) Transactions involving purchase, sale, transfer, or valuation of investments
- e) Participation in capital market instruments as permitted under regulatory guidelines
- f) Investment exposure arising from financing activities, including security-backed lending or acquisition of assets under enforcement or recovery

This Policy shall also govern:

- Classification and valuation of investments
- Income recognition from investments
- Risk management, monitoring, and reporting of the investment portfolio

All investment activities shall be carried out strictly within the framework of the applicable laws, and regulatory guidelines.

Objective

The objective of this Investment Policy is to establish a robust and prudent framework for deployment of the Company's surplus funds in a manner that ensures safety, liquidity, and optimal returns, while maintaining full compliance with company's objectives and regulatory requirements.

The Policy is designed to:

- a) Ensure that investment activities support the Company's core business of lending, financing, and investment in securities such as shares, bonds, debentures, and government instruments.
- b) Provide a structured approach for deployment of surplus funds in permitted financial instruments while ensuring safety of capital and adequate liquidity
- c) Ensure compliance with guidelines issued by the Reserve Bank of India, including the applicable Investment Portfolio Directions, 2025
- d) Establish principles for classification, valuation, and accounting of investments in accordance with applicable accounting standards
- e) Promote diversification of investment portfolio and prudent risk management practices
- f) Align investment decisions with the Company's overall financial strategy, including asset financing, capital market activities, and treasury operations
- g) Ensure transparency, governance, and internal control over all investment activities

The Policy aims to balance risk and return while ensuring that investments are made in a prudent, compliant, and commercially viable manner consistent with the Company's long term objects.

Definitions

- 1) **"Carrying Cost"** means book value of the assets and interest accrued thereon but not received.
- 3) **"Current Investment"** means an investment which is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made.
- 4) **"Long Term Investment"** means an investment other than a current investment.

Governance and Responsibility

- a) The Board of Directors shall be responsible for approving this Investment Policy and reviewing or modifying it periodically to ensure compliance with applicable regulatory requirements and business needs.
- b) The Managing Director / Chief Executive Officer (CEO) shall be responsible for overall implementation of the Policy and for ensuring that investment activities are carried out in accordance with the approved framework.
- c) The Board may, if deemed necessary, delegate investment powers to a senior management official for operational efficiency; however, overall responsibility shall continue to vest with the Board.
- d) The designated official(s) shall be responsible for:
 - Execution of investment decisions within approved limits
 - Monitoring of the investment portfolio
 - Ensuring compliance with regulatory guidelines and internal risk parameters
- e) The Company may designate an Investment / Treasury Officer for execution, monitoring, and reporting of investment transactions.
- f) All investment decisions and transactions shall be subject to periodic review by the Board, at such intervals as deemed appropriate, to ensure transparency, control, and alignment with the Company's objectives.

Regulatory Compliance

- a) The Company shall, in the course of its investment and lending operations comply with all applicable guidelines, directions, and circulars issued by the Reserve Bank of India from time to time, in respect of investments made or to be made by the NBFCs.

- b) The Company shall not invest and lend (including loans and investments, taken together) exceeding:
 - **25% of its Owned Fund to a single counterparty; and**
 - **40% of its Owned Fund to a single group of connected counterparties.**

- c) Any existing exposure exceeding the prescribed limits, if any, shall be regularized within such time frame and manner as may be permitted under applicable regulatory directions.

- d) Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines/ norms/ clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the act / regulation will have overridden effect on the parameter(s).

Criteria for Classification of Investments

The investments of the Company shall be treated as assets held for the purpose of earning income by way of interest, dividend, capital appreciation, or other permissible benefits, in the ordinary course of its business.

All investments shall be classified into the following categories:

a. Long-Term Investments

Investments which are intended to be held for a period of more than one year from the date of acquisition shall be classified as long-term investments.

b. Current (Short-Term) Investments

Investments which are intended to be held for a period not exceeding one year from the date of acquisition shall be classified as current investments.

The classification of investments shall be made based on the Company's intention at the time of acquisition and shall be consistently applied. Any reclassification, if required, shall be carried out strictly in accordance with applicable regulatory guidelines and accounting standards.

Transactions in Government Securities

The Company may undertake transactions in Government Securities through its gilt account, demat account, or any other account, as permitted by the Reserve Bank of India from time to time.

Where the Company undertakes such transactions, it shall comply with the applicable operational and regulatory norms prescribed by the RBI. Without prejudice to the generality of the foregoing, the Company shall ensure that:

- a) Settlement of transactions is carried out through recognized clearing and settlement mechanisms, including CCIL, in accordance with applicable settlement cycles.
- b) Transactions are executed in compliance with Delivery versus Payment (DvP) guidelines as prescribed by the RBI.

- c) Participation in Government Securities markets, including primary or secondary market operations (such as Open Market Operations), is undertaken only where permitted and applicable.
- d) Transactions are conducted only with counterparties and through intermediaries permitted under applicable regulatory guidelines.
- e) Adequate documentation, record-keeping, and periodic reconciliation of all transactions are maintained.
- f) All applicable circulars, directions, and guidelines issued by the RBI from time to time are duly complied with.

Reporting of Corporate Bond Transactions

The Company shall report all secondary market over-the-counter (OTC) trades in corporate bonds within the prescribed time limit of 15 minutes from the time of execution, on recognized stock exchanges, in accordance with the guidelines issued by the Reserve Bank of India from time to time.

The Company shall ensure that such reporting is carried out through permitted reporting platforms and in compliance with applicable regulatory directions, including those relating to trade reporting, confirmation, and settlement.

Inter-Class Transfer of Investments

Inter-class transfer refers to the reclassification of investments between different categories, namely Current and Long-Term investments. Such transfers shall be undertaken only in accordance with applicable regulatory guidelines and this Policy, ensuring prudence, consistency, and transparency in financial reporting.

The following principles shall govern inter-class transfers:

- a) All investments shall be classified as **Current or Long-Term** at the time of acquisition, in accordance with applicable accounting
- b) No transfer between investment categories shall be made on an ad hoc basis.
- c) Inter-class transfers, if warranted, shall be effected only at the beginning of each half-year, i.e., **April 1 or October 1**, and shall require prior approval of the Board of Directors.

- d) Investments shall be transferred on a **scrip-wise basis** from Current to Long-Term or vice versa, at **book value or market value, whichever is lower**.
- e) Any **depreciation** in the value of a scrip at the time of transfer shall be fully provided for, while any **appreciation shall be ignored**.
- f) Depreciation in one scrip shall **not be set off** against appreciation in another scrip, even if such scrips belong to the same category.

Frequency and Approval Limits

The Company may deploy its surplus funds in investments on a periodic basis, subject to an aggregate **limit of ₹_____ in** a quarter, without requiring prior approval of the Board or any designated authority.

Any investment exceeding the aforesaid limit in a given quarter shall require prior approval of the Board of Directors or such authority as may be delegated by the Board.

Accounting and Valuation

The Company shall prepare and maintain its investment accounts in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2021, as amended from time to time, to the extent they are not inconsistent with the directions and guidelines issued by the Reserve Bank of India.

Valuation of investments shall be carried out in accordance with the applicable regulatory guidelines issued by the RBI and the relevant accounting standards. The Company shall ensure consistent application of valuation principles and appropriate recognition of depreciation, impairment, and income, as applicable.

Category of Investment	Valuation	
	Quoted Security	Unquoted Security
Equity Shares	Quoted Current investment for each category shall be	Cost or Break up value, whichever is Lower.

Preference Shares	valued at Market value or Cost, whichever is lower.	Cost or Break up value, whichever is Lower.
Government Security		At Carrying Cost.
Units of Mutual Funds		At Net Asset Value declared by Mutual Fund in respect of each particular scheme.
Debentures and Bonds		Shall be treated as Term Loans or other type of credit facilities depending upon the tenure of the debentures.
Commercial Papers		At Carrying Cost.

Functions of the Board

In the absence of a separate Investment Committee, the Board of Directors shall assume overall responsibility for oversight and governance of the Company's investment activities. Accordingly, the Board shall:

- a) Approve the Investment Policy and any amendments thereto, in line with guidelines issued by the Reserve Bank of India.
- b) Define the Company's investment strategy, risk appetite, and exposure limits.
- c) Review and approve investments exceeding delegated authority limits, if any.
- d) Ensure that all investment activities are in compliance with applicable regulatory requirements and internal policies.
- e) Oversee classification, valuation, and accounting of investments in accordance with applicable standards.
- f) Monitor the performance and quality of the investment portfolio on a periodic basis.
- g) Ensure that adequate internal controls, risk management systems, and reporting mechanisms are in place.
- h) Review instances of non-compliance, if any, and ensure corrective actions are taken.
- i) Delegate operational powers to the Managing Director / CEO or designated officials, as deemed appropriate, while retaining overall supervisory control.

Review and Disclosure of the Policy

a) Review

The Board of Directors shall review the Investment Policy at least once in every financial year, or more frequently, if required, to ensure its continued relevance in light of changes in regulatory requirements, business operations, or market conditions, including directions issued by the Reserve Bank of India.

b) Disclosure

The Company shall ensure appropriate disclosure of this Investment Policy, or key features thereof, as may be required under applicable laws and regulatory guidelines. Where applicable, the Policy may be made available to relevant stakeholders, including regulators, auditors, and internal management, to ensure transparency and compliance.