

SUBHKAM VENTURES (I) PRIVATE LIMITED

INVESTMENT POLICY

Version	Approval	Version Description	Regulatory Reference
1.0	Board Meeting dated 16 th April, 2024	2024	Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023
2.0	Board Meeting dated 21 st April, 2025	2025	Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

SUBHKAM VENTURES (I) PRIVATE LIMITED

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SUBHKAM VENTURES (I) PRIVATE LIMITED

INVESTMENT POLICY

1. INTRODUCTION AND STATUTORY COMPLIANCE:

Subhkam Ventures (I) Pvt. Ltd. (**the “Company”**) is a Non- Banking Finance Company (Non Deposit Accepting Systemically Important NBFC) registered under the Section 45-IA of the Reserve Bank of India Act, 1934. As per the “Non- Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, our NBFC was classified as a Systemically Important Non- Deposit taking Non- Banking Financial Company and is required to have an Investment Policy. Also as per the notification no. DOR.CRE.REC.No.60/03.10.001/2021-22 issued by RBI with respect to Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs as per which we have been classified as **“Middle layer NBFC”**, we are required to frame a Investment policy. Hence this new Investment Policy is amended and framed to take into consideration the new frame work applicable to our NBFC. The said comprehensive policy shall be reviewed from time to time to take into account the amendments issued by the DNBS, RBI from time to time.

2. OBJECTIVES OF THE POLICY

The policy is framed with the following objectives:

- a. Effectively manage and invest the funds in the Permitted investments.
- b. Effectively manage and invest the surplus funds
- c. Effective management of interest rate risk by adopting certain maturity pattern
- d. Effective Internal Control on the operations/execution of Investment Transactions.
- e. Proper recording/accounting of investment transactions.
- f. Effective reporting of the Investment transaction to the Management

The motive of the Company is to make investments to get returns and manage liquidity.

3. LENDING AND INVESTMENTS THEMES

Though, the Company’s main business constitutes of trading in shares and securities, it follow opportunistic Lending and Investment strategies. The following will be the broad Lending and Investment themes (indicative and not exhaustive)

Lending Themes	Investment Themes
Situation which are not usually structured and financed by Banks and Private Equity Funds.	SEBI approved Mutual Funds
Lending in ordinary course of Company’s business activities as ‘NBFC’.	Commercial Papers
	Certificate of Deposits and Fixed Deposits issued by Banks
	Equity Shares of Companies/Body Corporates
	Convertible and Non-Convertible Preference Shares, Warrants etc.
	Non-Convertible Debentures and optionally Convertible Debentures
	Derivatives (Equity/ Currency/ Commodities)
	Others in ordinary course of Company’s business activities as ‘NBFC’

4. INVESTMENT LIMITS:

The Company will ensure that any investment would be decided after taking into consideration new RBI norms with respect to Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs on the extant credit concentration limits prescribed for NBFCs separately for lending and investments shall be merged into a single exposure limit of 25% for single borrower/ party and 40% for single group of borrowers/ parties. Further, the concentration limits shall be determined with reference to the NBFC's Tier 1 capital instead of their Owned Fund. The revised norms are indicated in the table below:

Existing limits (as a percentage of Owned Fund)				Revised limits (as a percentage of Tier I Capital)	
	Lending	Investment	Total		Exposure
Single borrower/ party	15	15	25	Single borrower/ party	25
Single group of borrowers/ parties	25	25	40	Single group of borrowers/ parties	40

Note: Provided that an NBFC may exceed the exposure norm specified above, by 5 percent for any single party and by 10 percent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment.

5. TERMS AND CONDITIONS FOR MAKING INVESTMENTS

- The Company will not lend/ invest in the shares of another Company exceeding 25% of its Tier-I capital and any single group of Companies exceeding 40% of its Tier-I capital.
- Exposure norms shall not apply to
 - (i) investments of NBFC in shares of (a) its subsidiaries; (b) companies in the same group, to the extent they have been reduced from Owned Funds for the calculation of NOF and
 - (ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with- (a) subsidiaries of the NBFC; and (b) companies in the same group, to the extent they have been reduced from Owned Funds for the calculation of NOF.
 - (iii) The exposures listed below shall also be exempt from exposure norms (a) Exposure to the Government of India and State Governments which are eligible for zero percent risk weight under capital regulations applicable to NBFCs (b) Exposure where the principal and interest are fully guaranteed by the Government of India Investment decisions are made on the basis of audited financials and/or latest available management certified financials or any other research as may be conducted by the experts of the Research Team.
- In case of a long term investment in any other Company, the Company shall have an option to appoint a nominee on the Board of the Investee Company.
- The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The funds which may be required on a temporary basis may be invested in the liquid funds. Board has authority to invest the surplus funds of the Company from time to time.
- Company shall comply with RBI's prudential norms from time to time.

6. CLASSIFICATION AND RECLASSIFICATION OF INVESTMENTS

The Company intends to make Investments in various securities of all kinds and description as may be deemed fit, including Shares, Commodities, Bonds, Debentures, Units, Government Securities etc., issued by any of the public or private sector undertaking(s), Bank(s), Financial Institution(s), Mutual

Fund(s), Venture Capital Fund(s) or by any State Governments or Central Government, or by a corporation constituted by any of the State or Central Government enactment or a Government Company or any other Company incorporated under the Companies Act, 1956 / Companies Act, 2013 or other Bodies Corporate. The Company will focus its investment activities to get returns and give impetus to such investment opportunities.

- (i) Classification of investments into current or short term (investments intended to be made for a period not exceeding 1 year) and long-term (investment intended to be made for a period not less than 1 year) would be made at the time of making of investments
- (ii) 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 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.

7. ACCOUNTING FOR INVESTMENTS

- (i) Quoted current investments shall, for the purpose of valuation, be grouped into the following categories, viz.
 - equity shares,
 - preference shares,
 - debentures and bonds,
 - Government securities including treasury bills,
 - units of mutual fund,
 - Derivatives (Equity/ Currency/ Commodities), and
 - others.
- (ii) 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.
- (iii) Unquoted equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower. However, NBFCs 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.
- (iv) Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
- (v) Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
- (vi) 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.
- (vii) Commercial papers shall be valued at carrying cost.

(viii) Derivatives shall be valued at fair market price in accordance with applicable Indian Accounting Standards.

(ix) A long-term investment shall be valued in accordance with the applicable Indian Accounting Standards.

Note: Unquoted debentures shall be treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

8. INCOME RECOGNITION AND INCOME FROM INVESTMENTS

The income recognition shall be based on recognised accounting principles.

Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis. Provided that the income from dividend on shares of corporate bodies shall be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the NBFC's right to receive payment is established.

Income from bonds and debentures of corporate bodies and from Government securities/ bonds shall 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.

Income on securities of corporate bodies or public-sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

9. RECORD KEEPING AND SAFEKEEPING:

The accounts and compliance Team shall be responsible for recording all investment transactions and for securing all documents relating to such transactions.

10. EXCEPTION /DEVIATION

Any loan/investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At the time of repayment, maturity or liquidation, such monies shall be reinvested only as provided by this policy.

11. REVISION

The Board of Directors shall review the policy as and when required, in line with regulatory or internal policy changes.

12. ADOPTION

This policy and any changes shall be adopted by resolution of the Board of Directors.

Date: 21/04/2025

Place: Mumbai

