

YES CAPITAL (INDIA) PRIVATE LIMITED

YES CAPITAL (INDIA) PRIVATE LTD Investment Policy

A. Introduction:

YES Capital (India) Private Ltd (the "Company"/ "YCPL"), Private Limited Company being a Core I Investment Company and governed by the Companies Act, 1956, in addition to the oversight of the Department of Non-Banking Supervision (DNBS) of Reserve Bank of India.

This Investment Policy has been formulated by the Board of Directors to ensure transparency in the Investment transactions of YCPL and in line with the guidelines as may be stipulated by RBI - from time to time.

B. Investment Objectives:

The Company's principal business is to advance loans and make permitted investments. The Company will have temporary surpluses from time to time due to mismatches in Assets & Liabilities. The Company may invest available surplus funds in units of mutual funds, Bank FDRs, etc. as are permitted under the applicable RBI Regulations, for the purpose of their gainful deployment.

In making these investments, Company will be guided by the considerations of Safety, Liquidity and Return on Investment.

- 1. Safety:** Safety of capital (and surplus funds) is the prime consideration while undertaking investment activities. To attain this objective, the investments shall be made primarily on the basis of risk component inherent in the investment instrument.
- 2. Liquidity:** Investments bearing sufficient liquidity is a must, to meet the operating requirements that can be reasonably anticipated, and based on the short term and long term cash flow forecasts. This shall be accomplished by matching the maturities of securities with anticipated fund requirements.
- 3. Return on Investments:** The investment portfolio shall be designed to maximize returns through dividend, capital appreciation, yield/ interest etc. while taking into account the safety of capital and liquidity constraints.

C. Process of Investment

Based on estimated cash flows, prevailing interest rate scenario, and projected target income/ collections, the Company will make investments after obtaining approval of Investment Committee as governed under this policy.

D. Classification of Investments

The investments, that the Company will hold, will be treated as assets of the Company held with the motive of earning income by way of dividends, interest, and/ or for capital appreciation and / or for other benefits. The investments of the Company will be classified into the following two categories:



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- 1. Current Investments:** The investments made by the Company which are intended to be readily realization and held for not more than one year from the date on which such investment is made are classified as Current Investments.
- 2. Long term Investments:** Any other investment other than the aforesaid current investments will be construed as long term investment, including the investments within the Group.

E. Transfer of Investments:

1. YCPL does not intend to make any inter-class transfer of investments. If it becomes absolutely necessary, then such transfers shall be effected at the beginning of the half year on 1st April or 1st October with the approval of the Board.
2. The investments shall be transferred scrip wise, from current to long term or vice-versa, at book value or market value whichever is lower
3. Any depreciation, in each scrip shall be fully provided and appreciation shall be ignored
4. The depreciation in the scrip shall not be set off against appreciation in another scrip at the time of such inter-class transfer, even in respect of the scrip of the same category

F. Valuation

Quoted Current Investments

The quoted investments will be grouped in the following headings for the purpose of the valuation:

- Equity Shares
- Preference Shares
- Debentures and bonds
- Government Securities
- Units of mutual funds, and
- others

The quoted current investments for each category shall be valued at cost or market value, whichever is lower. The investment 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 diminution 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. Diminution in one category of investments shall not be set off against appreciation in another category.

Unquoted Investments

1. The unquoted equity shares in the nature of current investments shall be valued at cost. However, if required, the Company may substitute fair value for the break-up value of the shares.
2. The unquoted preference shares in the nature of current investments shall be valued at cost
3. The investment in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost
4. Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the net assets value declared by the mutual fund in respect of each particular scheme.
5. Commercial papers shall be valued at the carrying cost
6. 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 assets classification.
7. Long term investments are usually valued at cost. However, when there is a decline, other than temporary, in the value of long term investment, the carrying amount is reduced to recognize the



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decline. The said decline shall be charged to the Profit and Loss Statement. The reduction in carrying amount is reversed when there is a rise in the value of investment, or if the reasons for the reduction no longer exist

G. Income Recognition and Asset Classification:

- RBI norms regarding Income Recognition reproduced above shall be strictly complied with while recognizing income from investments. Such investments shall be classified in strict conformity with the current RBI norms as well as applicable Accounting Standard from time to time.

H. Policy Consideration:

- **Exception:** Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
- **Revision & Adoption:** The Board of Directors shall review the policy annually. This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.



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