

**ASEEM INFRASTRUCTURE FINANCE LIMITED (AIFL or COMPANY)**

**INVESTMENT POLICY**

**Reviewing & Approving Authority**

<b>Authority</b>	<b>Designation</b>
Prepared By	Chief Financial Officer
Reviewed By	Chief Executive Officer Compliance Officer
Recommended By	Risk Management Committee
Approved By	Board of Directors
Date of approval	November 13, 2024

**Version History**

<b>Version</b>	<b>Issue Date</b>	<b>Brief Description</b>
V.1	July 22, 2020	New Policy Adopted
V.2	August 26, 2021	Amended given the scale in operations of the Company & the equity infusion
V.3	November 09, 2022	Amended to align with the current practice and risk appetite of the Company.
V.4	November 08, 2023	Amended to add Director – Treasury as a member of the Investment Committee
V.5	May 08, 2024	Amended given the scale in operations of the Company for optimal utilization of liquidity management and risk appetite of the Company.
V.6	November 13, 2024	Amended given the scale in operations of the Company for optimal utilization of liquidity management and risk appetite of the Company.

## **INTRODUCTION**

Aseem Infrastructure Finance Limited (“AIFL” or the “Company”) is registered with RBI as NBFC-IFC (Infrastructure Finance Company). This Investment Policy prescribes the policy for management of surplus funds so as to achieve optimal returns with due regard to management of liquidity for AIFL’s lending activities.

The policy is subject to the laws of India, rules and regulations, circular and guidelines issued by the regulatory authorities like the RBI, SEBI, and such other central and local statutory bodies.

### **Scope & Authority**

- The Company’s investment activities will be guided by the RBI circulars, issued from time to time (base circular being Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016, Master Direction RBI/DoR/2023-24/106 dated October 19, 2023 – (NBFC – Scale Based Regulation) Directions, 2023) as well as the parameters laid down in this policy document.
- A review of the Company’s investment portfolio will be placed to the Board of Directors on a half-yearly basis.
- A review of the Company’s investment portfolio, as of September 30 and March 31 respectively, will be placed at the first board meeting held immediately after the reference dates.

### **Extant Regulatory Guidelines**

- All extant & future master circulars/directions/guidelines/guidance notes issued by Reserve Bank of India (RBI) from time to time would be the directing force for the risk governance framework of AIFL and will supersede the contents of this Investment policy.

### **Investment Objectives**

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

#### **1. Investment Committee (IC)**

As Treasury operations require frequent review, the powers for setting & reviewing strategies for the Treasury activities are vested with the Investment Committee.

The Investment Committee will consist of the following people:

- Chief Executive Officer
- Chief Financial Officer
- Chief Risk Officer
- Head Treasury

- The Scope of the IC is:
  - Provide overall guidance to the Treasury function
  - Powers to fix and vary limits within the delegated powers of this Policy.
  - Overall monitoring of the Treasury activities
  - Set and Review Strategies

The Investment Committee will meet whenever felt necessary. The quorum shall consist of any two members.

**Guidelines for Investments**

As required by the RBI, all investments at the time of purchase will be categorized into any one of the following:

- Long Term
  - Current
- There shall be no ad-hoc shifting of securities i.e. inter-class transfer to and from the Long Term and Current categories;
  - Inter-class transfer, if warranted, shall be effected only at the beginning of each half year, i.e. on April 1 or October 1, with rationale and concurrence of the Investment Committee and subsequent approval of the Board;
  - The investments shall be transferred scrip wise, from current to long term and vice versa, at book value or market value, whichever is lower;
  - The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, will be ignored;
  - The depreciation in one scrip shall not be set off against appreciation in any other scrip, at the time of such inter-class transfer, even in respect of scrips in the same category.

The Treasury will ensure that the RBI norms mentioned in the Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (“Master Direction”), Master Direction RBI/DoR/2023-24/106 dated October 19, 2023 – (NBFC – Scale Based Regulation) Directions, 2023) or any amendments thereto from time to time, will be strictly adhered to.

**2. Current and Long Term Investment Book Structure**

For Asset and Liability Management as well as Risk Management purposes, the Treasury Book is divided into Current and Long Term Investment Management Books. The main characteristics of the Current and Long Term Books are given below:

<b>Current Investment Book</b>	<b>Long Term Investment Book</b>
Transactions to manage the short term funds with Treasury	Transactions to enhance holding period yields
Valuation as per FIMMDA guidelines	Accrual accounting
Intention to liquidate at short notice	Intention to hold for a longer period
Subject to Product / Issuer Limits	Subject to Product/issuer Limits
Generates Interest & Liquidity Risk	Generates Interest Rate Risk

### 3. Product Mandate & Investment Limits

Treasury is allowed to invest / deploy of surplus as well as for LCR requirements in following products:

- **Government Securities (G-Secs):**

AIFL may invest in G-Sec, Treasury Bills (T-Bills) where G-Sec having original tenor up to 10 Years and T-Bills having original tenor up to 364 days upto an aggregate amount of Rs. 600 crore.

G-Sec, T-Bills are having SLR status and are very liquid.

The purchase and sale of these securities shall be operated through CSGL Account of a scheduled bank.

- **Repo, Reverse-repo:**

AIFL may do lending and borrowing against underlying of government securities / T-bills (Collateralized borrowing and lending obligation) in the platform of CROMS upto Rs. 750 crore of lending and Rs. 750 crore of borrowing.

- **Bank Deposits (FD – Callable)**

AIFL may place bank deposit (FD – Callable) with any scheduled commercial bank up-to Rs. 500 crore per bank with a rating of at least AA, excluding PCA Banks.

- AIFL may place bank deposit (FD (Callable) with foreign banks – A grade (or equivalent) and above on global rating scale upto Rs.500 crore in total.

- **Mutual Funds (Liquid / Overnight / Debt MF Schemes)**

The Company can invest in the Units of Liquid/ Overnight/ Debt Mutual Fund Schemes of the below Mutual Funds as per their AUM of the schemes and tracking any history of default.

The maximum limit for aggregate investment in Mutual Funds shall be Rs. 1,000 crores, while the maximum limit per scheme of Liquid/ Overnight/ Debt Mutual Fund Schemes in Category – 1 shall be Rs. 250 crores and for Category 2 shall be Rs 200 crore at any given point of time.

The guiding principle while making investment in mutual fund schemes shall be principal protection, ready liquidity through redemption and comparable returns.

Category -1	Category – 2
<ul style="list-style-type: none"> <li>• Top five AUM based fund houses as on last month</li> </ul>	<p>The later five AUM based fund houses as on last month</p>

- **Debentures –**

Upto Rs.300 crore in AAA rated bonds and equivalent-rated short-term instruments, issued by entities which are majority owned by Government of India and which have demonstrated sufficient liquidity/trading (i.e., can be entirely liquidated in a maximum of 20 days)

#### 4. Exceptions Management

Any breach in limits on investments shall be reported to the CEO and corrected at the earliest. A report of all breaches and subsequent actions taken to rectify should be reported to the ALCO and at the succeeding Board.

#### 5. Accounting and valuation of Investments

(i) Valuation

As per the RBI Master Direction, the Company will follow the accounting norms prescribed therein for valuation of ‘investments’. Briefly, these are:

**Long Category:** Investments in this category shall be fair valued in accordance with the Accounting Standard issued by ICAI as notified by Ministry of Corporate Affairs (MCA).

**Current Category:** The Company will mark to market investments under this category as fair value through profit or loss. Investment in mutual funds units shall be valued at the “net asset value” declared by the mutual fund in respect of each particular scheme.

(ii) Accounting

Accounting of all products in this Investment policy would be as per the guidelines of the Indian Accounting Standards (IND AS) accounting framework.

(a) Overnight / Liquid mutual funds

The investments in liquid mutual funds are measured at fair value through profit or loss (FVTPL). The gains in fair value are recognized in profit or loss under Revenue from operations as “Net gain on fair value changes”.

(b) Fixed deposits

Investment in fixed deposits is typically made for short tenure of less than 3 months and are classified as cash and cash equivalents. These are highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Their carrying amounts are a reasonable approximation of their fair value.

Interest earned on fixed deposits is recognized as 'Interest on deposits' under Interest Income.

**6. Review**

This policy document, after due approval from the Board of Directors will be reviewed annually. The Board may amend any part of this document at any time if the circumstances so warrant.