

ASEEM INFRASTRUCTURE FINANCE LIMITED (AIFL or COMPANY)

INVESTMENT POLICY

Reviewing & Approving Authority

Authority	Designation
Prepared By	Chief Financial Officer
Reviewed By	Chief Executive Officer Compliance Officer
Recommended By	Audit Committee
Approved By	Board of Directors
Date of approval	November 09, 2022

Version History

Version	Issue Date	Brief Description
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.

ASEEM INFRASTRUCTURE FINANCE LIMITED

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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 (current circular being **Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016**) 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.

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
 - Head – Risk/Chief Risk Officer
- 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”)** 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:

Current Investment Book	Long Term Investment Book
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 in following products:

- Bank Deposits – any scheduled commercial bank up-to Rs.500 crore per bank with a rating of at least AA, excluding PCA Banks
- Units of Liquid/ Overnight/ Debt Mutual Fund Schemes – Up-to Rs.200 crore in liquid/ ultra-short-term debt-oriented scheme of leading 5 mutual funds in respective category. The limit of investment in mutual funds defined above is per fund house and not an aggregate limit.
- 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).
- Government of India Bonds (G-secs) (whether SLR or Non SLR), Treasury Bills (T-Bills), (Gsecs, TBills are generally having SLR status and are very liquid) upto Rs.300 crore.
- Deposits in foreign banks to be allowed – A grade (or equivalent) and above on global rating scale upto Rs.500 crore in total.

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 Board in its first meeting following any such breach.

4. 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

(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.

5. 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.