

INVESTMENT POLICY

AKASA FINANCE LIMITED

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Approved by Board of Directors on 22.12.2023
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INVESTMENT POLICY

PREAMBLE

Akasa Finance Limited (formerly known as Pooja Finelease Limited) (the “**Company**”), is a Non-Banking Financial Company(“**NBFC**”) having valid certificate of Registration with reserve Bank of India(“**RBI**”) under current RBI Classification as Non-Systemically Important Non-Deposit Taking Non-Banking Finance Company (NSI-ND-NBFC).

The Reserve Bank of India (RBI) vide RBI/DNBR/2016-17/44 Master Direction DNBR.PD. PD.007/03.10/.119/2016-17 dated September 01, 2016 (as amended) has mandated NBFCs to frame an Investment Policy and implement the same.

This Investment Policy has been made pursuant to Regulation 10 of Non-Banking Financial Companies (Reserve Bank) Directions, 2016 as amended and may be modified by the Board of Directors the Company.

APPLICABILITY

This investment policy shall be applicable to all investments made by the company.

Note: 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 in this policy.

DEFINITIONS

For the purpose of this Investment Policy the terms used herein shall have the meaning as set out below: -

“**Board**” means the board of directors of Akasa Finance Limited;

“**Break-up value**” means the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company;

“**Carrying Cost**” means book value of the assets and interest accrued thereon but not received;

“**Company**” means Akasa Finance Limited, registered with the RBI as a non-banking financial company and under the Companies Act, having its registered address at having its registered office at 70/A-32, Rama Road Industrial Area, Najafgarh Road, New Delhi-110015 and Corporate Office at Plot No. 56/6, Block-C, Sector-62, Noida, Gautam Buddha Nagar, Uttar Pradesh-201309;

“**Companies Act**” means the (Companies Act, 2013, including any extant amendments, statutory modifications or re-enactment thereof.

“Discounted Cash Flows (DCF) Value Method” means the value equals to the present value of future cash flows that accrues to the equity shareholders of the Company.

“Earning Value” means the value of an equity share computed by taking the average of profits after tax as reduced by the preference dividend and adjusted for extra-ordinary and non-recurring items, for the immediately preceding 3 (three) years and further divided by the number of equity shares of the investee company and capitalised at the following rate:

- (a) in case of predominantly manufacturing company, 8 (eight) per cent,
- (b) in case of predominantly trading company, 10 (ten) per cent, and
- (c) in case of any other company, including an NBFC, 12 (twelve) per cent.

(Note: If an investee company is a loss-making company, the earning value will be taken at zero);

“Fair Value” means the mean of the Earning Value and the Break Up Value, using the Discounted Cash Flow (DCF) Value Method.

“Net Asset Value” means the latest declared net asset value by the concerned mutual fund in respect of that particular scheme;

OBJECTIVE

The Company has set out broad guidelines under this investment policy applicable to all its investments.

Following broad guidelines have been framed by the company to inform its investment decisions in order to conform with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Meeting of the long-term investment goals of the Company basically depends on a number of factors, which not only include fund availability and rate of return, but also inflation and taxes. The motive of the Company to hold the investments is to get returns out of the investments, which can be in any of the following manner:

1. Return on investments in the form of Dividend and/or interest;
2. For capital appreciation;
3. For other benefits.

INVESTMENT DECISIONS

The investment decision will be made in the best interest of the Company, as approved by any of the Director of the Board of the Company to meet the sensitive requirements. The said resolution should specify the total amount up to which the funds may be invested in Banks/ Mutual Funds etc. and the nature of the investments which may be made.

CLASSIFICATION OF INVESTMENTS

The investments of the Company will be treated as the assets of the Company held with the motive of maintaining a percentage of assets in compliance with the Reserve Bank of India Act, 1934, earning income by way of dividend, interest and / or for capital appreciation and / or for other benefits. Investments will be duly accounted as per the accounting policy and applicable accounting standards.

The investments of the Company shall be classified into the following two categories, at the time of making the investment:

Current Investments	The investments made by the Company which are readily realisable and are intended to be held for no longer than 1 (one) year from the date on which such investment is made.
Non- Current Investments	Any other investment which is not a Current Investment.

TRANSFER

- a. No inter-class transfer will be made on ad-hoc basis;
- b. The inter-class transfer, if warranted, shall be affected only at the beginning of each half year, (i.e. on 1st April or 1st October) with the prior approval of the Board;
- c. The investments shall be transferred scrip-wise, from current to **Non- Current Investments** or vice-versa, at the book value or market value, whichever is lower;
- d. The depreciation, if any, in each scrip shall be fully provided for and the appreciation, if any, shall be ignored; and
- e. The depreciation in one scrip shall not be set off against the appreciation in another scrip, at the time of such inter-class transfer.

VALUATION

(A) General

- (a) The cost of the investment(s) will include the acquisition charges such as brokerage, fees and duties and any other charges
- (b) If the Company acquires (fully or partly) any investment, by issue of shares or other securities, the acquisition cost will be the Fair Value of the securities issued.
- (c) If the Company acquires any investment in exchange, or part exchange, for another asset, the acquisition cost of the investment will be determined by reference to the Fair Value of the asset.
- (d) If the Company subscribes for any rights shares offered, the cost of the rights shares is added to the Carrying Cost of the original holding. If rights shares are not subscribed for but are sold in the market, the sale proceeds are taken to the profit and loss statement.
- (e) If the Company acquires investments on cum rights basis and the market value of investments immediately after their becoming ex-rights is lower than the cost for which they were acquired, it may be appropriate to apply the sale proceeds of these rights to reduce the Carrying Cost of such investments to the market value.

- (f) The Company may treat interest and dividends in connection with the investments as:
 - (i) Income i.e., return on investment, or
 - (ii) Recovery of cost.

(B) Valuation of Quoted Current Investment

- (a) The quoted Current Investments shall, for the purposes of valuation, be grouped in the following categories:
 - (i) equity shares or any compulsory convertible instruments;
 - (ii) preference shares;
 - (iii) debentures and bonds;
 - (iv) government securities including treasury bills;
 - (v) unit of mutual funds; and
 - (vi) others.
- (b) The quoted Current Investments for each category shall be valued at cost or market value, whichever is lower. For this purpose, 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 the appreciation in another category.

(C) Valuation of Un-quoted Current Investment

- (a) Unquoted equity shares in the nature of Current Investments shall be valued at cost or Breakup Value, whichever is lower. However, the Company 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 2 (two) years, such shares shall be valued at one Rupee only.
- (b) Unquoted preference shares in the nature of Current Investments shall be valued at cost or face value, whichever is lower.
- (c) Investments in unquoted government securities or government guaranteed bonds shall be valued at carrying cost.
- (d) 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.
- (e) 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.

(D) Valuation of Other Investments

- (a) Commercial papers shall be valued at carrying cost.

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- (b) Non-current Investments shall be valued in accordance with the Accounting Standard issued by ICAI.

INCOME RECOGNITION AND ASSETS CLASSIFICATION

RBI norms regarding Income Recognition shall be strictly complied with while recognizing income from investments. Such investments shall be classified in strict conformity with the current RBI norms.

RISK WEIGHT

The investments shall be assigned Risk weight as indicated by RBI in their Notification for calculating Capital adequacy.

PERFORMANCE REVIEW & REPORTING

Managing Director will periodically establish a benchmark yield for Company's investments and will set targets for portfolio growth and diversification.

Decision regarding investments and disinvestment shall be made as per the limits approved by the sanctioning authorities specified below:

Limit	Sanctioning Authority
Upto INR	
Above INR	

POLICY REVIEW & CONSIDERATION

The Board of Directors shall review the policy as per the requirement of the business or when any changes are to be incorporated in the Policy due to change in applicable law or at least once in two years and shall recommend all necessary changes for consideration and adoption. This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.

