

INVESTMENT POLICY
DEEVEE COMMERCIALS LIMITED

2. Maintain a system for day to day monitoring of Investment portfolio.
3. Disposal of securities and realization of proceeds and revenue dues.
4. Review of portfolio and periodically provide a report on its performance.

CATEGORY OF INVESTMENTS

Investments will be made under the following two categories: -

1. Investments in Equity/preference capital and or debt instruments of companies or in form of loans to companies

Short term surplus funds shall be invested only in permitted investments. Permitted investments under this category at present are: -

- a) Securities issued by the Central Government including Treasury Bills.
- b) Securities issued by the State Governments
- c) Securities issued by the Indian Financial Institutions
- d) Mutual Funds – Income Funds and Liquid Funds, Growth Oriented Funds etc.
- e) CP or Corporate Debentures with adequate credit ratings as per RBI norms prescribed from time to time.
- f) Equity shares or Mutual Fund Units of equity schemes
- g) Preference Shares
- h) Others.

CREDIT RATING

The rating at the time of investment shall be taken for exposure. If the rating falls below the rating prescribed in the investment policy, such investments shall be sold within 90 days to avoid further loss. However, if the security cannot be sold within the stipulated time of 90 days, the matter should be reported to the Board.

In the minimum credit rating that the Company will consider for making investments will be [•]

TRANSACTIONS THROUGH BROKERS:

Transactions shall be done either directly with the counter parties or through brokers who are members of debt/equity segment of NSC and BSE. Brokerage payable shall be in line with the market and the same shall be mentioned in the specific notes put up for purchase/sale.

STOP LOSS

Stop loss limits are risk control mechanisms. A stop loss is the maximum permissible loss that can be incurred on a position or portfolio of positions. It is that point at which either



approval of a superior authority is required to continue with the position or the trader has to square off the position and book the loss.

The portfolio is exposed to price risk arising out of interest rate movements, foreign currency movements and credit risk on account of investments/positions. Since the value of the securities/positions undergoes a change on account of the changes in the interest rates, exchange rates or the credit rating, the profit/value of the investment undergoes change, even though the security has not been sold.

In order to limit the amount of loss which can arise out of the adverse market rate movements, stop loss limits are required for treasury operations. It also enables an efficient risk monitoring mechanism by which information can be passed on to the management before a certain threshold level of stop loss limit has been reached. The management will then be able to take corrective action, if necessary, before the actual stop loss limit is reached.

CLASSIFICATION

In accordance with the RBI Prudential Norms read with Accounting Standard 13 issued by the Institute of Chartered Accountants of India/ Central Government of India, investments shall be classified into following categories at the time of making investment:

- (i) Current and
- (ii) Long term

Investments which are readily realizable and intended to be held for not more than twelve months from the date, on which the investments are made, are classified as current investments. All Other Investments are classified as Long Term Investments.

VALUATION

(1) Long Term Investments are to be stated at cost. Current Investments should be carried at cost or realizable value whichever is lower. Diminution in the value of Long Term Investments, 'other than temporary in nature', should be provided for, in the Books of Accounts.

There should be no inter-class transfers of Investments on ad-hoc basis. Any such transfers should be done post its approval in the Board Meeting and depending upon the future outlook of the investments. Moreover, the inter-class transfers can take place only at the beginning of each year / half year as on April 1 or October 1 with the approval of the Board. The investments are to be transferred scrip-wise at lower of book value or market value from long-term to current or vice-versa. The depreciation, if any, in each scrip should be fully provided for and appreciation should be ignored. Further, the depreciation in one scrip cannot be set off against appreciation in scrip at the time of such inter-class transfer even though it may be in the same category.



(2) Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.

- (a) equity shares,
- (b) preference shares,
- (c) debentures and bonds,
- (d) Government securities including treasury bills,
- (e) units of mutual fund, and
- (f) others.

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.

(3) Unquoted equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower. However, non-banking financial companies 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.

(4) Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.

(5) Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.

(6) 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.

(7) Commercial papers shall be valued at carrying cost.

(8) A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

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.

