

**CHARTERED FINANCE & LEASING
LTD. (CFL)**

(“NBFC/ B-13.02480”)

INVESTMENT POLICY

SUMMARY OF POLICY

Particular	Details
Policy Name	Investment Policy
Version	V3
Latest Approval/Review Date	07 th April, 2026
Review Cycle	Annually
Approver	Board of Directors of Chartered Finance & Leasing Ltd

VERSION HISTORY

Version	Approval	Version Description	Regulatory Reference	Remarks
I	Board Meeting dated 07 th April, 2022	2022	RBI Regulation	Policy adopted by the Board
II	Board Meeting dated 20 th May, 2025	2025	RBI Regulation	Review by the Board
III	Board Meeting dated 07 th April, 2026	2025	RBI Regulation	Review by the Board

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INVESTMENT POLICY

1. INTRODUCTION

Chartered Finance & Leasing Limited (herein after referred as “CFL”) being a registered Non-Banking Financial Company. The company is primarily engaged in investment activities. The company has to be very cautious in making investment decisions and making use of the surplus funds.

Hence it becomes imperative for the company to have a prudent investment policy to safeguard the Company’s funds and at the same time maximize income.

2. ABOUT THE POLICY

This document lays down the policy of the Company and the guidelines to be adhered to while undertaking investment transactions for deployment of funds, placing short/ long term deposits with body corporate, mutual funds and Banks etc.

3. OBJECTIVE OF THE POLICY

The policy is framed with the following objectives:

1. Effectively manage and invest the funds in the permitted investments.
2. Effectively manage and invest the surplus funds.
3. Effective management of interest rate risk.
4. Effective internal control on the operations/execution of investment transactions.
5. Proper recording/accounting of the investment transactions.
6. Effective reporting of the investment transaction to the management.

The motive of the Company is to make the investments to get returns and manage liquidity.

4. THE RETURN ON INVESTMENT WILL BE IN THE FORM OF

Return on investments in the form of:

1. Dividend and/or interest
2. Capital appreciation or Profit
3. Other benefits.

CFL would invest its funds in

- Debt Instruments
- Equity Shares of Companies
- Units of Mutual Funds/FMPs
- Government Securities
- Fixed Deposit with Scheduled Bank

- Commodities
- Money market instrument
- Trading in Derivatives
- Alternative Investment Funds
- Provided that the Company shall not invest in any scheme of an Alternative Investment Fund (AIF) which has downstream investments, either directly or indirectly, in a debtor company of the Company, other than downstream investments in equity shares of the debtor company; for this purpose, a debtor company means any company to which the Company currently has, or previously had, a loan or investment exposure at any time during the preceding 12 months. Where an AIF scheme in which the Company is already an investor makes such a downstream investment, the Company shall liquidate its investment in the scheme within 30 days, failing which it shall make 100 per cent provision to the extent of its investment in the scheme that is further invested by the AIF in the debtor company.
- The Company shall not individually contribute more than 10 percent of the corpus of an AIF Scheme. Where the Company contributes more than five percent of the corpus of an AIF Scheme that has downstream investment (excluding equity instruments) in a debtor company of the Company, the Company shall make 100 percent provision to the extent of its proportionate investment in the debtor company through the AIF Scheme, subject to a cap equivalent to the Company's direct loan and / or investment exposure to the said debtor company. Where the Company's contribution is in the form of subordinated units, it shall deduct the entire investment from its capital funds, proportionately from both Tier 1 and Tier 2 capital.
- Portfolio Management Scheme
- Preference Shares
- Real Estate Investment Trusts (REITs)
- Infrastructure Investment Trusts (InvITs)

The Company shall undertake transactions in Government Securities through its gilt account or its demat account or any other account, as permitted by the Reserve Bank, and shall follow the guidelines on transactions in Government Securities specified.

The Company shall report its secondary market OTC trades in corporate bonds within 15 minutes of the trade on any of the stock exchanges (NSE, BSE and MCX-SX).

The Company shall participate in the designated currency futures and currency options exchanges recognised by SEBI, as a client, only for the purpose of hedging its underlying forex exposures. The Company may participate in interest rate futures, as a client for the purpose of hedging its underlying exposures, subject to the Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019, and shall submit the data in this regard half yearly to the Regional Office of the Department of Supervision within one month from the close of the half year.

5. INVESTMENT COMMITTEE

The Company has formed investment committee to make the investment. The Investment Committee shall consist of minimum 3 members comprising of

- a. Managing Director

- b. Chief Risk Officer
- c. One Executive Director of the Company

The following activities shall be responsibility of the Investment Committee:

1. Classifying the investments into inventory and investments.
 2. Investment of funds as per the policy guidelines.
 3. Periodic monitoring of investment portfolio.
 4. Disposal of securities and realization of proceeds and revenue dues.
 5. Accounting of the securities transactions and reconciliation thereof.
 6. Review of portfolio as and when required.
6. MEETING OF INVESTMENT COMMITTEE

The investment committee will meet at least once in a quarter. Minimum 2 members shall form a quorum. Members will choose Chairman amongst themselves.

7. INVESTMENT LIMITS

- CFL will ensure that any investment would be decided after taking into consideration RBI norms on credit/investment concentration applicable to single entity and group as under -
- Total Investment and Lending to single company up to 25% of the Tier I capital of the company
- Total Investment and Lending to group of companies up to 40% of the Tier I capital of the company

Provided that the ceiling on the investment in shares of another company shall not be applicable to the Company in respect of investment in the equity capital of an insurance company up to the extent specifically permitted, in writing, by the Reserve Bank of India.

Provided further that the Company may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/ or investment.

The applicable Tier 1 capital for compliance with the concentration norms shall be determined based on the Company's latest available financial statements (audited or subject to limited review); the Company shall obtain an external auditor's certificate on completion of augmentation of capital and submit the same to the Department of Supervision of the RBI before reckoning additions to capital funds.

The above said limits shall not be applicable to:

- A. Investments of Company in shares of
 - I. Its subsidiaries.
 - II. Companies in the same group, to the extent they have been reduced from owned funds for the calculation of NOF

and

- B. the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with, -

- I. subsidiaries of the Company; and
- II. Companies in the same group, to the extent they have been reduced from Owned Funds for the calculation of NOF.
- Sub Limits of Total investments

S. No.	Instrument	Limits
1	Fixed Deposits Bank / Corporate Deposit	Upto 5% of Balance Sheet Size
2	Shares, Commodities and Units of Mutual Funds Bonds and Venture Fund etc.	Upto 75% of Balance Sheet Size
3	Other Investments / Derivative Instruments (G-Sec / other Government Guaranteed Securities)	Upton 20% of Balance Sheet Size

The Company shall fix Board-approved internal limits for Sensitive Sector Exposure separately for capital market and commercial real estate exposures (namely, capital market exposure (direct investment in listed and unlisted equity shares, convertible instruments, units of equity-oriented mutual funds and units of AIFs, and advances against shares) – not exceeding 75% of total assets, within which advances against shares and financing of IPO subscriptions shall not exceed 10% of Tier 1 capital; and commercial real estate exposure – not exceeding 15% of Tier 1 capital, within which financing of land acquisition shall not exceed 5% of Tier 1 capital), and may fix sub-limits within the overall SSE internal limits.

Approving Authority

- Investment Committee will give an in-principle approval for investment as per investment limit prescribed above.
- Investment Committee will authorize Dealers / Authorize Signatories to execute individual transactions on the behalf of the company.
- All investments made by the company between two committee meetings need to be reviewed by the committee in the ensuing Investment Committee Meeting.
- Investment Position shall be tabled in the Investment Committee Meeting for review.
- Investment committee is empowered to ratify the investment limit up to 15% above the aforesaid instrument wise limit and investment/s above this limit needs to be ratified by the Board.

8. CLASSIFICATION OF INVESTMENTS

The Company intends to make Investments in various securities of all kinds and description as may be deemed fit, including Shares, Commodities, Bonds, Debentures, Units, Government Securities etc., issued by any of the public or private sector undertaking(s), Bank(s), Financial Institution(s), Mutual Fund(s), Venture Capital Fund(s) or by any State Governments or Central Government, or by a corporation constituted by any of the State or Central Government enactment or a Government Company or any other Company incorporated under the Companies Act, 1956 / Companies Act, 2013 or other Bodies Corporate. The Company will focus its investment activities to get returns and give impetus to such investment opportunities

The criteria for classification of investments as per the applicable accounting standards (Ind AS) shall be as set out below, and investments in securities shall be classified as per the applicable accounting standards at the time of making each investment; the Company shall clearly articulate and document

its business models and portfolios and the objectives for managing each portfolio. Each investment shall be classified on initial recognition on the basis of the business model under which it is held and the contractual cash flow characteristics of the instrument, as follows:

(a) Amortised cost: a debt instrument held within a business model whose objective is to hold the instrument in order to collect contractual cash flows, and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI);

(b) Fair value through other comprehensive income (FVOCI): a debt instrument held within a business model whose objective is achieved both by collecting contractual cash flows and by selling the instrument, and which meets the SPPI criterion; and an equity instrument not held for trading in respect of which the Company makes an irrevocable election, on initial recognition and on an instrument-by-instrument basis, to present subsequent changes in fair value in other comprehensive income; and

(c) Fair value through profit or loss (FVTPL): all other investments, including investments held for trading, instruments that do not meet the SPPI criterion and equity instruments in respect of which the FVOCI election has not been made; the Company may also, on initial recognition, irrevocably designate a debt instrument at FVTPL where doing so eliminates or significantly reduces an accounting mismatch.

Reclassification of Investments

Reclassification of investments shall be in accordance with the applicable accounting standards (Ind AS).

9. VALUATION

1. The Company, being covered by Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015, shall value its investments in accordance with Ind AS and shall comply with the regulatory guidance specified in the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

10. INCOME FROM INVESTMENT

- (1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis; provided that the income from dividend on shares of corporate bodies shall be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the Company's right to receive payment is established.
- (2) Income from bonds and debentures of corporate bodies and from Government Securities / bonds shall be taken into account on accrual basis, provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- (3) Income on securities of corporate bodies or public-sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government, shall be taken into account on accrual basis.

11. RISK MONITORING AND CONTROL

In case of the breach of the following limit, the details to be placed before the board of direction.

Sr. No.	Instrument	Limits
1.	G-Sec, Bonds & CD's	Upton a maximum value loss of 20% of investment value and till credit rating of instrument and issuer remains investment grade.
2.	Fixed Deposits and Perpetual Bonds with scheduled Bank	Till Credit Rating of issuer and instrument remains investment grade.
3.	Shares, commodities and Units of Mutual Funds and Venture Fund etc.	Upton a maximum value loss of 40% of Investment value

- Investment committee shall meet at least once in a quarter and analyze current investment position.
- Day to day investment decisions and operations shall be handled by the accounting team.
- Any deviation in the above limit to be approved by the board.