

CHARTERED FINANCE & LEASING LTD.
(CFL)

(“NBFC/ B-13.02480”)

SUMMARY OF POLICY

Particular	Details
Policy Name	Investment Policy
Version	V2
Latest Approval/Review Date	20 th May, 2025
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

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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
- Portfolio Management Scheme
- Preference Shares
- Real Estate Investment Trusts (REITs)
- Infrastructure Investment Trusts (InVITs)

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 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 NOFand
 - 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

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 investments of the Company will be classified into the following two categories:

- I. Inventory is an investment that is by its nature readily realizable and is intended to be held for not more than one year from the date on which such investment is made.
- II. Long term investment is an investment other than a current investment / inventories.

Reclassification of Investments

The Company shall not make any inter class transfer on ad hoc basis. If the inter class transfer is warranted than it shall be effected only at the beginning of each half year (i.e. 01st April or 01st October) with the approval of the Board. The investments shall be transferred scrip-wise, from inventory, current investments to long-term investments or 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, shall be ignored. The depreciation in one scrip shall not be set off against appreciation in another scrip, at the time of such inter-class transfer, even in respect of the scrips of the same category.

9. VALUATION

1. Quoted inventory & investments shall 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. Commodities
 - g. Others

2. The valuation of the inventory & investments shall be done as per Ind AS.

10. INCOME FROM INVESTMENT

- (1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis.
- (2) Income from bonds and debentures of corporate bodies and from Government securities/bonds may 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 may 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.