

MKVENTURES CAPITAL LIMITED
(Formerly known as “IKAB SECURITIES AND INVESTMENT LIMITED”)

INVESTMENT POLICY

POLICY VERSION CONTROL:

Version	Approval	Version Description	Regulatory Reference
I	Board Meeting dated August 04, 2023	2023	RBI Regulations

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CONTENTS

Sr. No.	Particulars
1	Introduction
2	About the Policy
3	Objectives of the Policy
4	The return on investment will be in the form of
5	Investment Committee
6	Meeting of Investment Committee:
7	Investment Limits
8	Approving Authority
9	Classification of Investments
10	Reclassification of Investments
11	Valuation
12	Income from Investment
13	Risk Monitoring and Control

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INVESTMENT POLICY

1. INTRODUCTION

MKVentures Capital Limited (hereinafter referred as “the Company”) being a registered Non-Banking Financial Company as Investment and Credit Company (ICC). The company is primarily engaged in lending and investment activities. The company has to be very cautious in making investment decisions and making use of the surplus funds.

As per the Notification issued by the Reserve Bank of India regarding NBFC Prudential Norms vide notification no. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17, all Non deposit Systematic important NBFCs are required to frame an investment policy and implement the same. Also considering the notification no DOR.CRE.REC.No.60/03.10.001/2021-22 issued by RBI with respect to Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs is taken into consideration while framing of policy.

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 and Banks etc.

3. OBJECTIVES 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 by adopting certain maturity pattern
4. Effective Internal Control on the operations/execution of Investment Transactions.
5. Proper recording/accounting of investment transactions.
6. Effective reporting of the Investment transaction to the Management

The motive of the Company is to make 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.

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4. The Company would invest its funds in:-

- Debt Instruments
- Equity Shares of Companies
- Debt Instruments
- De Units of Mutual Funds/FMPs
- Government Securities
- Fixed Deposit with Scheduled Bank
- Commodities
- For Trading in Derivatives

5. INVESTMENT COMMITTEE

The Company has formed investment committee to make the investment. The Investment Committee shall consist of minimum 4 Members:

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. Day to day 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 a quarter. A minimum of 2 (two) members shall form a quorum. Members will choose a Chairman among themselves.

7. INVESTMENT LIMITS

The Company will ensure that any investment would be decided after taking into consideration new RBI norms with respect to Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs on the extant credit concentration limits prescribed for NBFCs separately for lending and investments shall be merged into a single exposure limit of 25% for single borrower/ party and 40% for single group of borrowers/ parties. Further, the concentration limits shall be determined with reference to the NBFC's Tier 1 capital instead of their Owned Fund. The revised norms are indicated in the table below:

Existing limits (as a percentage of Owned Fund)			Revised limits (as a percentage of Tier I Capital)	
	Lending	Investment	Total	Exposure
Single borrower/ party	15	15	25	25
Single group of borrowers/ parties	25	25	40	40

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8. 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 above instrument wise limit and investment above this limit needs to ratify by the Board.

9. CLASSIFICATION OF INVESTMENTS

The Company intends to make Investments in various securities of all kinds and description as may be deem 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:

- 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.
- Long term investment is an investment other than a current investment /Inventories

10. 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 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.

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11. 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 & Investment shall be done as per Ind AS.

12. 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:
- (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.

13. RISK MONITORING AND CONTROL

Sr. No.	Instrument	Limits
1.	G-Sec, Bonds & CD's	Upton a maximum value loss of 20% of investment value and till the credit rating of the instrument and issuer remains investment grade.
2.	Fixed Deposits and Perpetual Bonds with scheduled Bank	Till the Credit Rating of the issuer and instrument remains investment grade.
3.	Shares, commodities and Units of Mutual Funds and Venture Fund etc.	Upon a maximum value loss of 30% of the Investment value

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