

**INDUSTRIAL AND PRUDENTIAL INVESTMENT COMPANY LIMITED**

**CIN: L65990WB1913PLC218486**

**INVESTMENT POLICY**

**UNDER RESERVE BANK OF INDIA REGULATIONS FOR NBFC**

**Background**

The Company is in the business of dealing in investments in securities which occasionally gives loans to corporates in the form of money instruments such as bills discounting, intercorporate loans, etc. The Company is classified as a Base Layer, Non-Systemically Important, Non-Deposit taking, Non-Banking Financial, Investment and Credit Company by the Reserve Bank of India.

**RBI regulations**

This Investment Policy ("the Policy") has been formulated and adopted by Industrial and Prudential Investment Company Limited (the Company) as an affirmation of its transparency and fairness in its business. The Policy has been formulated pursuant to RBI Master Direction DNBR.PD.008/03.10.119/2016-17 September 01, 2016 as updated from time to time (Last update on May 02, 2022) and approved by the Board of the Company at its meeting held on 12th August, 2022.

**Objective:**

The Company holds promoters stake of 21% in KSB which is approx. 60% of the company's Investment. The balance 40% of the Corpus is invested in select 30+ Blue Chip Companies which are leaders in their respective sectors for long term value creation and Liquid and other Mutual Funds (around 7%) for taking advantage of the opportunities.

The Board hereby prescribes the broad guidelines for taking investment decisions by the Company and to bring operational efficiency in the system.

**Criteria to Classify the Investments into Current and Long Term Investments**

The Investments, that the Company will hold, will be treated as the assets of the Company held with the motive of earning income by way of dividend, interest, and / or for capital appreciation and / or for other benefits.

## INP INVESTMENT POLICY

Investments in securities shall be classified into current and long term, at the time of making each investment. The investments of the Company shall be classified broadly into the following categories:

|   |                                   |
|---|-----------------------------------|
| Investments in subsidiary and group companies   | Long Term Investments             |
| Investments in quoted shares (unless otherwise specified)   | Long Term Investments             |
| Investments in units of Mutual funds – Equity and Debt (unless otherwise specified)   | Long Term Investments             |
| Investments in units of Mutual funds – Liquid Funds (unless otherwise specified)  | Current Investments               |
| Investments made through (unless otherwise specified):-<br>(1) Kotak Securities Limited<br>(2) Any other SEBI recognised share broker | Current and long term Investments |

### Transfer of Investments

In case of inter-class transfer between current and long term investment–

- (a) There shall be no such transfer on ad-hoc basis;
- (b) Such transfer, if warranted, shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board;
- (c) The investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;
- (d) The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
- (e) 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.

### Valuation of Quoted Current Investments

The 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

The Quoted current investments for each category shall be valued at cost or market value whichever is lower. For this purpose,

- a) The investments in each category shall be considered scrip-wise and the cost and market value aggregated for all investments in each category.
- b) 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.
- c) If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored.
- d) Depreciation in one category of investments shall not be set off against appreciation in another category.

**Valuation of Unquoted Current Investments**

- 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 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) Commercial papers shall be valued at carrying cost.
- f) 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.
- g) A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

**Share Transfer and Investment Committee**

The Company has a Share Transfer Investment Committee for following activities:

- a. Fixing criteria for classifying the investments into current and long term investments,

- b. Investment of funds as per the policy guidelines,
- c. Day to day monitoring of Investment portfolio,
- d. Disposal of securities and realization of proceeds and revenue dues,
- e. Accounting of the Securities transactions and reconciliation thereof,
- f. Review of portfolio as and when required.
- g. Approval of Share transfer, issue of duplicate share certificates

Composition of the Committee

The investment Committee consists of following directors as a member:

Ms. Devina Swarup, Non Executive Non Independent Director

Mr. Debanjan Mandal, Non Executive Independent Director

**Amendments**

The Board may amend the provisions of this Policy from time to time.

Unless otherwise specified, such amendments shall be effective from the date of the Board meeting at which such amendments are approved.