

AMRIT MALWA CAPITAL LIMITED

Regd.office : Jay Ess Towers, Cool Road, Opp.IDBI Bank Jalandhar

INVESTMENT POLICY

Introduction: Amrit Malwa Capital Limited (AMCL) is registered with the Reserve Bank of India as a Deposit taking, Non-Banking Finance Company (NBFC). It is a unlisted Public Limited Company and the Companies Act, 1956, in addition to the oversight of the Department of Non-Banking Supervision (DNBS) of reserve Bank of India.

Objective: AMCL's principal business is granting of vehicle loans of Two Wheeler and second hand four wheelers. In addition, it depends for funding on sources like Capital & Reserves, Non-Convertible Debentures, Subordinated Secured Bonds, Credit lines from Banks, Financial Institutions Internal accruals etc. Although AMCL does not undertake Investments as a business activity, it does occasionally deploy funds in investments as Cash Collateral for loans sanctioned by Banks, other funds etc.

Statutory: It is the policy of AMCL to be compliant with the Rules and Regulations issued by Reserve Bank of India, who is the principal regulator for AMCL and also with the provisions of Companies Act. The current instructions of RBI - DNBR.PD.008/03/.10.119/2016-17 dated September 01, 2016 in respect of Investments. Accordingly, in compliance with Clause 6 (1) a of the Notification referred to above, this policy which will govern all investments, including statutory investments, to be made by AMCL, is framed and submitted to the Board of Directors for approval. The Policy will be reviewed and revised and got approved by the Board of Directors If there is any change in the statutory/regulatory provisions from time to time.

In making such investments AMCL will be guided by considerations of safety, liquidity, credit risk, Interest Rate Risk and yield of the investment in that order. Such investments will take into account the liquidity requirements if made under the statutory provisions. Fixed deposits of Banks, Credit rated debt funds of reputed Mutual Funds, Financial institutions, etc are some of the instruments in which AMCL may invest.

Delegation of Powers: All investment decisions will be taken by an Investment Committee consisting of the following members:

1. Managing Director/Chairman
2. Executive Director Member
3. Chief Financial Officer Member
4. Head – Risk Management Department Member

Quorum: The Chairman, one of the Executive Directors and one other member will constitute the quorum.

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The investment portfolio will be managed by the Manager (Finance & Accounts), who will strive to invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for AMCL.

Investment Objectives

1. Safety

Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The idea of safety is to mitigate credit risk, interest rate risk.

1.1. Credit Risk

AMCL will minimize credit risk, the risk of loss due to the failure of the security issuer or banker, by:

1. Pre qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which AMCL will do business.
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.

1.2. Interest Rate Risk

AMCL will minimize the risk that it will carry because of market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter- term securities

1.3. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating Requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. Negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposed.

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Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. AMCL Recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of AMCL.

Investment Officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the Board of Directors and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

2.2. Ethics & Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions in which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officials shall refrain from undertaking personal investment transactions with the same individual or company with which business is conducted on behalf of AMCL.

2.3. Delegation of Authority

Authority to manage the investment program is granted to the Manager (Finance & Accounts), who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Manager (Finance & Accounts). The Manager (Finance & Accounts) shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

2.4. Checks & Balances

The following guidelines have been established to enhance the integrity and transparency of AMCL's internal procedures for investing AMCL's funds and accounting for those investments. The Manager (Finance & Accounts) and other persons designated in writing to act as Investment Officers will be authorized to transact investment business on behalf of AMCL. All trade confirmations will be sent directly to the Accountant where transaction details will be compared and verified against internal records. The Accountant shall review all investment transactions subsequent to execution by the Manager (Finance & Accounts) or other person designated as investment officer. All journal entries will be signed by a senior officer not conducting the transaction and entered into the general ledger by one of AMCL's posting officers.

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3.3. Eligible Investment

Board had delegated powers to Financial Resource and Management Committee and The Investment Committee the power to make current investments up to 20 Crores outstanding at any point of time. The current investments shall be mutual funds, Fixed Deposits, Certificate of Deposits of Banks or all India Financial Institutions and the investment in a single fund shall not exceed 10% of the owned funds of the company

3.4. Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of AMCL's funds, the investment portfolio will be subject to the following restriction: Investment in any instrument, which is commonly considered a "derivative" investment (e.g. options, futures, swaps, caps, floors, and collars), is prohibited.

4. Classification of Investments: The investments, the Company will hold will be treated as assets of the Company made for the purpose of providing cash collateral or for meeting negative maturity mismatches over and above statutorily permitted ceilings etc. However, such investments should earn income for the Company by way of dividends, interest and/or capital appreciation and should be in full compliance with RBI stipulations wherever applicable. The investments of AMCL will be classified into the following two categories.

Classification	Nature of Investment
Current Investment	Investment which are intended to be hold for not more than one year from the date on which the investments are made and which are by its very nature readily realizable.
Non-Current Investment	Any other investment other than the current investments.

5. Income Recognition and Asset Classification: RBI norms regarding Income Recognition reproduced above shall be strictly complied with while recognizing income from investments. Such investments shall be classified in strict conformity with the current RBI norms.

6. Performance Review & Reporting

The CFO (Chief Financial Officer) will periodically establish a benchmark yield for AMCL's investments, and will set targets for portfolio growth and diversification. Investments held at the end of each quarter will be disclosed in quarterly balance sheets being put up for board's consideration.

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Policy Consideration

13.1 Exception

Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

13.2 Revision

The Managing Director shall review the policy annually and shall recommend all necessary changes for consideration and adoption.

13.3 Adoption

This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.

For Amrit Malwa Capital Limited

**Sd/-
Ajit Pal Singh
(Managing Director)**