

Annex 2

# **INVESTMENT POLICY OF SITAL LEASING & FINANCE LIMITED**

(Amended & Approved By the Board by Resolution Dated 27<sup>th</sup> May, 2017)



*Priti Jain*

Introduction and Objective

One of the main object of **Sital Leasing & Finance Limited** (herein after referred to as "Company") is to:-

"Invest the funds of the company in the purchase or acquisition of shares, stocks, debenture stock, bonds, mortgages, obligations, securities. To meet this objective the Board of Directors of the Company hereby frames the broad guidelines for making investment decisions as well as to inculcate the operational efficiency for investments.

**Sital Leasing & Finance Limited** being a registered Non Banking Financial Company, the Board of Directors of the Company is required to formulate Investment Policy in terms of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

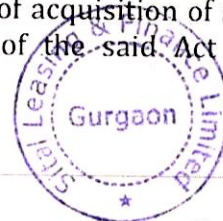
Meeting of the long-term investment goals of the Company is basically dependent on number of factors, which not only include the investment capital and rate of return, but also inflation and taxes.

The motive of the Company to hold the investments is to get returns out of the investments, which can be in any of the following manners:

1. Return on investments in the form of Dividend and/or interest, or
2. For capital appreciation or
3. For other benefits.

Regulations

1. During the course of its operations, the Company will strictly adhere to various guidelines as may be stipulated by the Reserve Bank of India (RBI) from time to time. These guidelines will include:
  - Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, as amended upto date.
  - Guidelines for investments in unencumbered securities.
  - Clarifications as may be issued from time to time by Reserve Bank of India.
2. The Company will adhere to the provisions of the Companies Act, 2013. However being an Investment Company, engaged in the business of acquisition of shares, stock, debentures or other securities, the provisions of the said Act is not applicable to the Company.



3. The Company being a non accepting public deposit company, the provisions specified under Para 12 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 relating to concentration of credit / investment is also not applicable.
4. Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the act / regulation will have overriding effect on the parameter(s).
5. The Company shall take all investment decisions only at the meetings of the Board of Directors of the Company. The Board of Directors of the Company, by way of a resolution, may delegate the said power to any committee of directors, the managing director, the manager or the principal officer (hereinafter collectively referred to as the "delegate") of the Company. The said resolution should specify the total amount upto which the funds may be invested and the nature of the investments which may be made by the delegate.

#### Classification of 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 dividends, interest, and for capital appreciation and / or for other benefits.

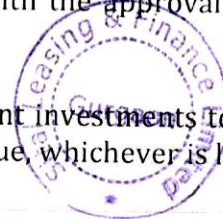
The investments of the Company will be classified into the following two categories:

The Company being an Investment Company intends to make long term strategic Investments (and not for trading purpose) in various securities of all kinds and description as may be deem fit, including Shares, Bonds, Debentures, Units, Commercial Papers, 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, 1956/2013 or other Bodies Corporate.

#### Transfer 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 with the approval of the Board.

The investments shall be transferred scrip-wise, from current investments to long-term investments or vice - versa, at book value or market value, whichever is lower.



Valuation**A. General**

1. The cost of the investment(s) will include the acquisition charges such as brokerage, fees and duties.
  2. If the Company acquires (fully or partly) any investment, by issue of shares or other securities, the acquisition cost will be the fair value of the securities issued.
  3. If the Company acquires any investment in exchange, or part exchange, for another asset, the acquisition cost of the investment will be determined by reference to the fair value of the asset.
  4. If the Company subscribes for any right shares offered, the cost of the right shares is added to the carrying amount of the original holding. If rights are not subscribed for but are sold in the market, the sale proceeds are taken to the profit and loss statement.
  5. If the Company acquires investments on cum-right basis and the market value of investments immediately after their becoming ex-right is lower than the cost for which they were acquired, it may be appropriate to apply the sale proceeds of rights to reduce the carrying amount of such investments to the market value.
  6. The Company may treat the Interest and dividends in connection with the investments in any of the following ways:
    - As income, being the return on the investment.
    - Recovery of cost.
1. **Current Investments:** The investments made by the Company which are intended to be held for not more than one year from the date on which such investment is made and which are by its very nature are readily realizable.
  2. **Long term Investments:** Any other investment other than the aforesaid current investments will be construed as long term investment.

**B. Quoted Current Investments**

The quoted investments will be grouped in the following headings for the purpose of the valuation:

- Equity Shares
- Preference Shares
- Debentures and bonds
- Government securities including treasury bills
- Units of mutual funds and
- Others



*Pooji Jain*

The quoted current investments for each category shall be valued at cost or market value, whichever is lower. The investment in each category shall be considered scrip-wise and the cost and market value aggregated for all investments in each category. 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. If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored. Depreciation in one category of investments shall not be set off against appreciation in another category.

**C. Unquoted Investments**

1. The unquoted equity shares in the nature of current investments shall be valued at cost or break-up value, whichever is lower. However, if required, the Company may substitute fair value for the break up value of the shares.
2. The unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
3. The investment in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
4. 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.
5. Commercial papers shall be valued at carrying cost.
6. Long-term investments are usually valued at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognize the decline. The said decline shall be charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist.

**D. Depreciation and Appreciation**

The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be fully ignored.

The depreciation in one scrip shall not be set off against appreciation in another scrip, at the time of inter class transfer, even in respect of the scrips of the same category.



*Posti Jani*

**E. CEILINGS ON CONCENTRATION OF CREDIT/INVESTMENT**

RBI prescribes the following credit / investment concentration thresholds for systemically important Non Banking Financial Companies ("NBFCs") as tabulated below.

Sr. No.	Nature of Business	Mandatory Ceiling Limit
1	Lending to any single customer.	15% of its Owned Fund
2	Lending to any single group of customer's.	25% of its Owned Fund
3	Investing in the shares of another Company.	15% of its Owned Fund
4	Investing in the shares of single Group of Companies.	25% of its Owned Fund
5	Lending and investing to a single Party (Loans / investment taken Together)	25% of its Owned Fund
6	Lending and investing to a single group of parties.	40% of its Owned Fund

However, there are certain exceptions, exemptions and allowances prescribed in the RBI Directions with regard to the above limits, which are set out below:

- The above ceiling on the investment in shares of another company shall not be applicable to **Sital Leasing & Finance Limited** in respect of investment in the equity capital of an insurance company up to the extent specifically permitted, in writing, by the Reserve Bank.
- Investments in debentures will be treated as lending and not investment.
- The above ceilings on credit / investments shall be applicable to the own group of **Sital Leasing & Finance Limited** as well as to the other group of customers / investee companies.
- For determining the limits, off-balance sheet exposures shall be converted into credit risk by applying the conversion factors as explained by RBI through various circular.

For Sital Leasing & Finance Limited

*Priti Jain*

**Priti Jain**

**Director**

**Din: 00537234**

**Address: 555, Double Storey,**

**New Rajendra Nagar, New Delhi-110060**





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**SITAL**  
LEASING AND FINANCE LIMITED  
(An ISO 9001 : 2008 Certified Company)

*Investment*  
~~Investment~~  
**Regd. Off.**  
322, 3rd Floor, SS Plaza Commercial Complex  
Mayfield Garden, Sector-47  
Gurgaon, Haryana - 122001

**EXTRACTS OF THE MEETING OF BOARD OF DIRECTORS OF SITAL LEASING AND FINANCE LIMITED HELD ON 27<sup>TH</sup> MAY, 2017 AT THE REGISTERED OFFICE OF THE COMPANY AT OFFICE NO. 322, 3RD FLOOR, SS PLAZA COMMERCIAL COMPLEX MAYFIELD GARDEN, SECTOR-47, GURGAON-122001, HARYANA**

**BOARD RESOLUTION: ADOPTION OF AMENDED LENDING POLICY, INVESTMENT POLICY & MIS POLICY**

**WHEREAS THE COMPANY** is a registered NBFC Company and has to comply with all the applicable circulars, notifications, guidelines & Obligations of NBFCs In Terms Of Rules Notified Thereunder'.

**WHEREAS ASPER THE RBI LATESTED CIRCULAR** the company has revamped and made changes/ modifications in their Lending Policy, Investment Policy & MIS Policy in compliance of the latest RBI Circulars, notifications, guidelines & Obligations of NBFCs In Terms Of Rules Notified Thereunder'

**IT IS NOW HEREBY RESOLVED** that the company do make the desired changes/ modifications in the existing policies and the copy of this board resolution duly signed and certified, to be submitted to the Reserve Bank of India, New Delhi.

**CERTIFIED TO BE TRUE COPY**

**For SITAL LEASING AND FINANCE LIMITED**

*Priti Jain*

**Priti Jain  
(Director)**

**Din: 00537234**

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New Rajinder Nagar, New Delhi-110060**

