

JSW I NVESTMENTS P R I V A T E L I M I T E D

I NVESTMENT P O L I C Y

Document Control Sheet	
Document Name	Investment Policy
Name of Company	JSW Investments Private Limited
Policy Authorization by	Board of Directors
Review of the policy	Bi-annual
Board Approval date	November 28, 2024
Version	V2

- 1) This policy may be known as "JIPL – Investment Policy" hereinafter referred to as the "Investment Policy".
- 2) This Investment Policy has been made pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 as amended from time to time.
- 3) The Board of Directors has approved and adopted this 'Investment Policy' on 28th day of March, 2024.
- 4) **Company's Profile**

JSW Investments Private Limited (JIPL) is an (CIC-ND-SI) company. As a part of business; it can acquire, hold, sell, buy, subscribe or otherwise deal in shares, stocks, debentures, bonds, units, negotiable instruments, obligations, preference shares and other financial instruments issued by a company / government /public bodies. Further, the Company can lend money, give guarantee, pledge the securities to secure borrowings of the Company or any other person, body corporate or to secure third party borrowings, manage investment pools, mutual funds, syndicates in stock, securities and undertake money market operation, treasury management, and portfolio management.

5) **Applicability**

This Investment policy shall be applicable to all future investments made by the Company.

6) **Definitions**

For the purpose of this Investment Policy –

- a) "Act" means the Reserve Bank of India Act, 1934;
- b) "Board of Directors" means the Board of Directors of JSW Investments Private Limited.
- c) "Body corporate" means a body corporate as defined under Section 2 of the Companies Act, 2013;
- d) "Breakup value" means the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company;
- e) "Carrying cost" means book value of the assets and interest accrued thereon but not received;
- f) "Company" or "JIPL" means JSW Investments Private Limited;
- g) "Companies Act" means the Companies Act, 2013 or any statutory modifications or re-enactment thereof for the time being in force.
- h) "Current investment" means an investment which is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made;

- i) **"Discounted Cash Flows (DCF) Value Method"**, is defined as value equals to the present value of future cash flows that accrues to the equity shareholders of the Company.
- j) **"Earning value"** means the value of an equity share computed by taking the average of profits after tax as reduced by the preference dividend and adjusted for extraordinary and non-recurring items, for the immediately preceding three years and further divided by the number of equity shares of the investee company and capitalized at the rates approved by the Board of Directors.
 - (a) in case of predominantly manufacturing company, eight per cent;
 - (b) in case of predominantly trading company, ten per cent; and
 - (c) in case of any other company, including an NBFC, twelve per cent;

Note: If, an investee company is a loss making company, the earning value will be taken at zero;

- k) **"Fair value"** means the mean of the earning value and the break-up value and discounted cash flow value method;
- l) **"Group companies" or "Companies in the group"** means an arrangement involving two or more entities related to each other through any of the following relationships: Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter-Promotee (as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997) for listed companies, a related party (defined in terms of AS 18), Common brand name, and investment in equity shares of 20% and above.
- m) **"Long term investment"** means an investment other than a current investment;
- n) **"Net asset value"** means the latest declared net asset value by the concerned mutual fund in respect of that particular scheme;
- o) **"Officer of a Company"** means any person as defined in Clause (59) of Section 2 of the Companies Act, 2013 including an Auditors of the Company;
- p) **Relative"** shall have the meaning assigned to it under clause 77 of section 2 of the Companies Act, 2013.
- q) **"Substantial interest"** means holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares of a company, the amount paid up on which exceeds ten percent of the paid-up capital of the company; or the capital subscribed by all the partners of a partnership firm.

Other terms not defined hereinabove shall have same meaning as defined in **"Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023"** and as amended from time to time.

7) Objectives

The Board of Directors have established the Policy parameters with regard to investment of the funds of the Company into the instruments, products, securities etc. within the regulatory/statutory requirements.

This policy lays out the general terms and conditions for Investments made by the Company. This policy covers all operational guidelines for the investments.

The broad objectives of the Policy are as under:

- i) Effectively manage and invest the funds in permitted investments for the duration available.
- ii) Effectively manage and invest surplus funds which may be available relatively for a longer period or shorter period.
- iii) Effectively manage interest rate risk by adopting appropriate maturity pattern, particularly when the funds are invested in Government Securities.
- iv) Optimize return on available fund with adequate liquidity and safety
- v) Effectively implement Internal Control on the operations/execution of Investment Transactions.
- vi) Proper recording/accounting of the investment transactions.
- vii) Timely reporting of the Investment transaction to Management.
- viii) The Company will ensure that all its investments comply with RBI Directions as applicable.

8) Applicable Regulations:

- i) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as applicable.
- ii) The Company will adhere to the provisions of the Companies Act, 2013.
- iii) 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).

9) Delegation of Power, Approval and Review

The Board of Directors of the Company will approve this Policy and authorities under the Policy. Further, the Board, by way of a resolution, may delegate the said power to any of its Committees, the 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 up to which the funds may be invested and the nature of the investments which may be made by the delegate.

The said powers are subject to review from time to time as per respective Board resolution.

10) Classification of Investments

- i. The Investments of the Company will be treated as assets of the Company held with the motive of earning income by way of dividends, interest, and / or for capital appreciation and / or for other benefits. At the time of making each investment, it will be classified into the following three categories:

Current Investments	Investments which are intended to be held for not more than one year from the date on which such investment is made and by its very nature readily realisable.
Long term Investments	Investment other than current investments will be classified as long-term investments.
Stock in Trade	Investments which are held for trading purpose will be classified as Stock in Trade.

- ii. Surplus funds will be invested in short-term or long-term investments in various securities as per the following matrix:

Sl. NO.	Parameter	Investment Criteria
1	Securities/Instruments allowed for Investments jointly by 2 directors and reporting to Board at quarterly intervals. For Individual Product Limits Please Refer Annexure-A	<ul style="list-style-type: none">- Investments in Debt Funds /Arbitrage Funds up to Rs.10 Crore, subject to following limits – i.e., Lower of; Rs.5 Crore per Asset Management Company (AMC) or 1% of the AUM of the Fund.- Fixed Deposit in Bank up to Rs. 10 Crore.- Investment in Government upto Rs.10 Crore.- Any other investments like equity shares, preference shares, debenture, etc. upto Rs.1 Crores.
2	Securities/Instruments allowed for Investment is subject to Board approval.	<ul style="list-style-type: none">- Any investments other than above.

11) Recognition, De-recognition and disclosure of investments

Investments shall be recognised / de-recognised accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

Investments shall be disclosed in the financial statements in the format prescribed in the Division III of Schedule III to the Act and as per applicable accounting standards.

12) Accounting for investments

Quoted Current Investments

- a) For the purpose of valuation, the Quoted Current investments shall be grouped into following categories, viz.
- Equity Shares
 - Preference Shares
 - Debentures and Bonds
 - Government securities including treasury bills
 - Units of Mutual fund, and
 - Others
- b) Quoted current Investments for each category shall be valued at Cost or Market value whichever is lower.

For this purpose:

- i) Investments in each category shall be considered scrip- wise and the Cost and Market value aggregated for all investments in each category.
- ii) 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.
- iii) If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored.
- iv) Depreciation in one category of investments shall not be set off against the appreciation in another category.

Unquoted Current Investments

a) Equity Shares

Unquoted equity shares in the nature of current investments shall be valued at Cost or Break up value, whichever is lower. However, the Company may substitute Fair value for the Break up 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) Preference Shares

Unquoted preference shares in the nature of current investments shall be valued at Cost or Face value, whichever is lower.

c) Government Securities

Investments in unquoted Government Securities or Government guaranteed bonds shall be valued at Carrying cost.

d) Mutual Funds

Unquoted investments in the units of Mutual funds in the nature of current investments shall be valued at the Net Asset Value declared by mutual fund in respect of each particular scheme.

e) Debentures

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.

Long Term Investments

A long-term investment shall be valued in accordance with the Accounting Standard issued by Institute of Chartered Accountants of India (ICAI).

13) Inter-class Transfer of Investments

- a) Investments in securities shall be classified into Current and Long Term, at the time of making each investment;
- b) No inter-class transfer will be made on ad-hoc basis;
- c) The inter-class transfer, if warranted, shall be effected only at the beginning of each half year, (i.e. on 1st April or 1st October) with the approval of the Board of Directors;
- d) The Investments shall be transferred scrip-wise, from Current to Long term or vice-versa, at the Book Value or Market Value, whichever is lower;
- e) The impairment, if any, in each scrip shall be fully provided.
- f) The depreciation in one scrip shall not be set off against the appreciation in another scrip, at the time of such inter-class transfer.

14) Impairment of Investments

Investments in subsidiaries, associates and Joint Ventures

At the end of each reporting period, the Company reviews the carrying amounts of its in subsidiaries, associates and Joint Ventures to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the fair value is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an investments is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

Any reversal of the previously recognised impairment loss is limited to the extent that **the investment's carrying amount does not exceed the carrying amount** that would have been determined if no impairment loss had previously been recognised.

Other investments

Investments other than in subsidiaries, associates and Joint Ventures shall be recognised at Amortised Cost, Fair Value through OCI (FVTOCI) and/or Fair Value Through P&L (FVTPL) in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

15) Recognition of Income for Investments

- a) **Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).**
- b) Interest income from investments is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial **asset to that asset's net carrying amount on initial recognition.**

16) Reporting

The sanctioning authority shall submit report of Investments made/renewed/sold on quarterly basis to the Board.

Annexure- A
Individuals Limits Prescribed for Investment in various Products
for Sr. no. 1 of clause 10(ii) above

1) Investment Criteria for Investment in Debt Fund/ Arbitrage Fund

AUM size	Minimum Rs.500 Crore
Investment Amount	Maximum 1% of AUM size or Rs.5 Crore whichever is lower

2) Investment in Fixed Deposit

Maximum FD exposure to Bank	Rs.10 Crore
Tenure	0 – 180 days
Category of Banks	Top 10 Private Sector Banks or Public Sector Banks.