



INVESTMENT POLICY (REVISED)

RGVN (NORTH EAST) MICROFINANCE LIMITED

BOARD OF DIRECTORS FIRST APPROVAL DATE	17.01.2020
EFFECTIVE DATE	17.01.2020
FIRST REVISION DATE	14.05.2021
EFFECTIVE DATE	14.05.2021

RGVN (NORTH EAST) MICROFINANCE LIMITED

Investment Policy

1. Background

The Company is a Core Investment Company [CIC]. The primary objective of the Company is to hold investments in its Subsidiaries and Group Companies.

As per RBI regulations applicable to CIC, not less than 90% of its Net Assets should be in the form of investment in Equity Shares, Preference Shares, Bonds, Debentures, Debts or Loans in Group Companies. Net Assets excludes Cash & Bank balances, investment in money market instruments and money market mutual funds, advance payments of taxes and deferred tax payment.

The Company's investments broadly fall under the following categories:

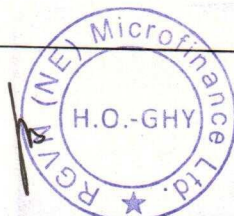
- i) Investment in
 - a. Bank Deposits
 - b. Money market instruments, including money market mutual funds and liquid mutual funds
 - c. Government securities, and
 - d. Bonds or debenture issued by group companies
 - e. Quoted/ Unquoted Equity and Preference Shares issued by Group Companies.
- ii) Granting of Loans to group companies and
- iii) Issuing guarantees on behalf of group companies,

2. Objective

The objective of this Policy is to provide guidance for investments of the Company's funds subject to the RBI CIC Directions, 2016 and other guidelines issued by the regulatory bodies.

3. Classification of Investments-

As RGVN(NE)MFL has become Systemically Important Core Investment Company (CIC-ND-SI), its maximum investments will be within the group only. 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/ or for capital appreciation and/or for other benefits. The investments of the company will be classified into the following two



categories: -

- A) **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. Current Investment can never be more than 10% of the net assets of the company.
- B) **Long term Investments:** Any other investment other than the aforesaid current investments will be construed as long-term investments, including the investments within the Group.

4. **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 at the beginning of each half year, on April 1 or October 1, with the approval of the Board.

The Investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower subject to requirements of Ind-AS.

The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored OR subject to requirements of Ind-AS.

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 scrip of the same category.

5. **Valuation:-**

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.

Quoted current investments for each category shall be valued at cost or market value whichever is lower.



For this purpose, the investments 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.

Unquoted equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower. However, 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.

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

Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.

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.

Commercial papers shall be valued at carrying cost.

A long-term investment shall be valued in accordance with the Ind-AS issued by MCA.

Company will follow the valuation methods as mentioned in Ind-AS issued by MCA.

6. i) Investments in Share Capital of Subsidiaries

The Company can make investment in Share Capital of Subsidiaries as per the approved Business Plans of the Company and its Subsidiaries. Each such investment will require the specific approval of the Board and Shareholders.

ii) Loans to Subsidiaries

The Company can provide loans to its Subsidiaries to meet its short and medium requirements, not exceeding 3 years. Such loans shall be within the limits and terms approved by the Board from time to time.

iii) Investment of short-term surplus funds



a) Deposits with Banks

The short-term surplus funds can be invested in deposits with North East Small Finance Bank Limited [NESFB] and any other Scheduled Commercial Banks in India.

NESFB will be the preferred option for placing bank deposits. However, investment can also be made with other Scheduled Banks.

CEO and CFO can jointly approve the terms of such deposits. In the absence of CEO or CFO, any one member of the Audit Committee can take decision for term of deposits. However, in the absence of both CEO and CFO Audit committee members are authorized to approve the terms of deposits.

b) Investments in liquid Mutual Fund schemes

Investment in this category will include Liquid Funds, Short- term etc. Such Investments shall be within the limits and terms approved by the Board from time to time

7. Deviations

Any deviation to the above Policy will be placed before the Board with sufficient justifications and approval by the Board.

8. Reporting to the Board

Summary of the investments made during the period and outstanding position as at the end of the period to be placed before the Board on a quarterly basis for review.




Signature
CA. Kaberi Bhuyan
Chairperson
Board Meeting Dated 14.05.2021