

INVESTMENT POLICY

KRA LEASING LIMITED

KRA Leasing Limited is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI). In accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (hereinafter referred to as “the RBI Directions”) issued by the RBI, the Board of Directors of an applicable NBFC is required frame and approve an Investment Policy. The objective of investments by the company is to manage liquidity and to get reasonable returns while ensuring safety of the Investments, which can be in any of the following manners:

- i) Return on investments in the form of Dividend and/or interest, or
- ii) For capital appreciation or
- iii) For other benefits.

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. 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 implement Internal Control on the operations/execution of Investment Transactions.
- iv) Proper recording/accounting of the investment transactions.

Applicable Regulations:

- i) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as applicable.
- ii) Guidelines for investments in unencumbered securities.
- iii) Clarifications as may be issued from time to time by Reserve Bank of India.
- iv) Provisions of the Companies Act, 2013.

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 Managing

Director, CFO, 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.

POLICY STANDARDS

Classification of Investments

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. As per Ind AS, the investments are financial assets. At Initial recognition, Company will classify financial assets in any one of the following categories:

- (a) Amortised Cost
- (b) Fair value through Other Comprehensive Income (FVOCI)
- (c) Fair value through Profit or Loss (FVTPL)

Type of Investment:

The Company may invest the surplus fund of the Company up to a maximum of INR 30 crores (Rupees Thirty Crore Only), at any point in time, in any of the following:

- a) Equity Instrument
- b) Mutual Funds
- c) Debt Instruments
- d) Corporate Debt / Short Term Deposits / Commercial Papers / Inter corporate Deposits of any scheduled Commercial bank, Small Finance Bank, Financial Institution or any other borrowers which are rated minimum A1 or A1+ Short term.

Recognition of Income from Investments

- a) Income from dividend on units of mutual funds shall be taken into account when right to receive dividend is established;
- b) Interest income from bonds and debentures of corporate bodies and from Government securities/bonds are classified at amortise cost or FVOCI and shall be recognised at effective interest rate method. For investments classified at FVTPL, interest income shall be recognised at coupon rate;
- c) Interest Income on Fixed Deposits with Banks/ Financial Institutions may be taken into account on accrual basis;
- d) Financial assets that are classified at FVOCI or FVTPL shall be remeasured at fair value at each balance sheet date and the gain / loss shall be recognised in statement of profit & loss or in OCI as the case may be.

e) Gain / loss on derecognition of financial assets shall be booked as difference between carrying amount and realized value.

Concentration of Investment/ Exposure limits

The Company will ensure that all its investments comply with the concentration norms prescribed in the RBI Directions as applicable.

Investment Criteria for Investment in Equity

- a. Preferably unlisted group companies
- b. Investment in listed companies having net worth of more than 100 crores

Investment Criteria for Investment in Debt Fund/Debentures

- a. Preferably unlisted group companies
- b. Investment in listed companies having net worth of more than 500 crores

Investment in Fixed Deposit

- a. Scheduled commercial bank
- b. Minimum period of Investment 1 month

Investment in Mutual Fund

To be decided by Board from time to time