INVESTMENT POLICY OF LIBORD FINANCE LIMITED

INTRODUCTION

Libord Finance Limited ("LFL" or "the Company") is a limited company domiciled and incorporated in India and is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC). It is listed in the Bombay Stock exchange since 1994 and as such governed by the SEBI Rules and Regulations and the Companies Act, 2013, in addition to the applicable rules and regulations of Reserve Bank of India.

The Company is presently classified as Non-Deposit taking, Non-Systemically Important NBFC, and is engaged in the business of Financial Services, Working Capital Loans, Project Finance, Syndication of Loans, Corporate Advisory Services, Financial Consultancy etc.

This Investment Policy is based on the guiding principles laid by the RBI Circulars and Master Directions issued from time to time as well as the parameters laid down in this policy document. Accordingly, the Investment Policy of the Company is reviewed and duly updated from time to time in pursuance to the required changes/amendments in the regulatory guidelines introduced by the most recent Circulars/Master Directions as may be applicable to the Company.

INVESTMENT POLICY

1. The investment policy for the Company has been framed by the Board of Directors of the Company.

2. The criteria for classification of investments shall be as per applicable accounting standards as spelt out by the Board of the company in the investment policy.

3. Investments in securities shall be classified as per the applicable accounting standards, at the time of making each investment.

OBJECTIVES OF THE POLICY

The broad objectives of the policy are:

1. To invest surplus funds effectively in liquid instruments.

2. To seek optimum yield within reasonable level of risk in consonance with liquidity management.

3. To maintain adequate buffer/develop a contingency strategy for creating liquidity in the event of requirement of funds for unforeseen circumstances.

4. To create a well-diversified portfolio financial instrument with adequate measures to safeguard against liquidity risk, credit risk and interest rate risk etc.

5. To comply with RBI and other statutory guidelines related to investments.

DEFINITIONS

In this policy, unless the context states otherwise, the terms herein shall bear the meanings assigned to them under the RBI Master Directions dated 19th October, 2023:

1. **Carrying Cost** means book value of the assets and interest accrued thereon but not received.

2. **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.

3. **Long Term Investment** means an investment other than a current investment.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the RBI Act and rules / regulations made thereunder, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

EXTANT REGULATORY GUIDELINES

All extant & future master circulars/directions/guidelines/guidance notes issued by Reserve Bank of India (RBI) from time to time would be the directing force for the risk governance framework of LFL and will supersede the contents of this Investment policy.

PERMISSIBLE EXPOSURE

The Company shall not have exposure exceeding the limits prescribed by the Master Directions and subject to the conditions laid therein.
Currently, the Company does not have any exposure in Credit Risk Transfer Instruments and overseas investments.

COMPLIANCE TO REGULATIONS

1. **Transfer of Investments:** LFL shall not make any inter- class transfer of investments. If it becomes absolutely necessary, then such transfers shall be effected at the beginning of the half year on 1st April or 1st October with the approval of the Board.

2. **Valuation:** Valuation of the investments shall be strictly in accordance with the guidelines of the Reserve Bank of India.

3. **Depreciation and Appreciation:** Depreciation in value compared to market rates, if any, in any scrip shall be provided for fully and appreciation, if any, shall be fully ignored. The depreciation in one scrip shall not be set off against

appreciation in another scrip even in respect of scrip of the same category or during inter class transfer, if any.

4. **Income Recognition and Asset Classification:** RBI norms regarding Income Recognition and asset classification shall be strictly complied with for recognition of income and asset classification.

ACCOUNTING

The Company is covered by Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015, ('Ind AS') and prepares its financial statements in accordance with Indian Accounting Standards specified under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and complies with the regulatory guidance specified in the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

1. **Fair Value through Profit and Loss Account**
   Financial assets are measured at FVTPL unless it is measured at amortised cost or at FVOCI on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

2. **Fair Value through Other Comprehensive Income (FVOCI)**
   These include financial assets that are equity instruments as defined in Ind AS 32 "Financial Instruments: Presentation" and are not held for trading and where they are irrevocably designated as equity instruments at FVOCI upon initial recognition. Subsequently, these are measured at fair value and changes therein are recognised directly in other comprehensive income (OCI), net of applicable income taxes.

3. **Gains and losses on these equity instruments are never recycled to profit or loss.**
   Dividends from these equity investments are recognised in the Statement of Profit and Loss when the right to receive the payment has been established.

4. **Investments in Group Companies**
   Investments in group companies are carried at cost less accumulated impairment losses, if any, as per Ind AS 27. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in group companies, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

5. **Debt Instruments at FVOCI**
   Debt instruments that are measured at FVOCI have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding and that are held within a business model

whose objective is achieved by both collecting contractual cash flows and selling financial assets. These instruments largely comprise long-term investments made by the Company. FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

6. **Equity Instruments**
   An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

7. **Determination of Fair Value**
   The Company maintains procedures to value its long-term investments using the best and most relevant data available to arrive at their fair values based on the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

   The following methods and assumptions were used to estimate the fair values:

   i) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

   ii) Fair values of quoted financial instruments are derived from quoted market prices in active markets.

TRANSACTIONS IN GOVERNMENT SECURITIES

The Company shall undertake transactions in Government Securities through its demat account or any other account, as permitted by the Reserve Bank as per the provisions contained in the applicable Circulars and Guidelines issued by the RBI.

INCOME FROM INVESTMENTS

1. Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis, provided that the income from dividend on shares of corporate bodies shall be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the Company’s right to receive payment is established.

2. Income from bonds and debentures of corporate bodies and from Government Securities / bonds shall be taken into account on accrual basis, provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

AUTHORISED PERSON

Mrs. Vandna Dangi, Director of Libord Finance Limited, being a Management Graduate and Chartered Accountant having vast experience in the field of finance, taxation, portfolio management, finance product design, etc. with more than 30 years of experience, is authorized by the Board of the Directors of the company to hereby decide the investment of funds in compliance with the rules and regulations.

Further, any deviation in the purpose of investment, then the same need to be first approved by the majority of the Board of Directors of the Company.

CRITERIA FOR CLASSIFICATION OF INVESTMENT INTO LONG TERM/SHORT TERM:

1. Any investment which is expected to be converted into cash within one year will be classified as short-term investment. These investments should be marketable and liquid.

2. Any investment which is expected to be converted in to cash after one year will be classified as long-term investment.

The Board Reviewed and Approved the Policy on 22nd May, 2024