

COMPREHENSIVE INVESTMENT POLICY

The following shall be the updated comprehensive Investment Policy reviewed and drafted at the meeting of the Board of Directors held on Thursday 29th May 2014 as per the guidelines of Reserve Bank of India.

INVESTMENT POLICY OF THE COMPANY

The Board of Directors of **Galada Finance Limited** has framed investment policy for the company and directs strict adherence of the same; The Company has opted for investments in shares of other corporates to ensure assured returns in the form of dividend distributed by the other companies and reap the benefit of increment in the market value of shares of such companies on account of its continued performance/outperformance. The investment policy strictly restricts trading in the capital market. All investments are to be on a long term non-current investments. All investments are to be strictly made on a non-current investments basis, however after review of the revenues generated in the form of dividend and revenue that can be generated by liquidating the investment the board may recommend transfer of shares from long term to current, however there shall be no interclass transfers on an adhoc basis

1. Income from investments

- (a) 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 may 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.

- (b) Income from bonds and debentures of corporate bodies and from Government securities/bonds may 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.

- i) **Accounting standards**

Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (referred to in these directions as "ICAI") shall be followed in so far as they are not inconsistent with any of these directions.

ii) **Accounting of Investments**

The Board of Directors shall frame investment policy for the company and implement the same;

- (a) The criteria to classify the investments into current and long term investments shall be spelt out by the Board of the company in the investment policy;
- (b) Investments in securities shall be classified into current and long term, at the time of making each investment;
- (c)
 - (i) There shall be no inter-class transfer on ad-hoc basis;
 - (ii) The inter-class transfer, if warranted, shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board;
 - (iii) The investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;
 - (iv) The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
 - (v) 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 scrips of the same category.

1) 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.

Depreciation in one category of investments shall not be set off against appreciation in another category.

- 2) 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.
- 3) Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
- 4) Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
- 5) 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.
- 6) Commercial papers shall be valued at carrying cost.
- 7) A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

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.