

# **BTL Investments & Securities Limited**

## **Investment Policy**

### **Introduction & Objective**

One of the main objects of BTL Investments & Securities Limited (herein after referred to as "Company" or "BTLISL") is "To carry on the business as investment company and to invest in, acquire and hold, underwrite, buy/sell or otherwise dispose off or deal in any manner in securities of any kind, shares, debenture, ADR's, GDR's, bonds etc." To meet this objective, the Board of Directors of the Company hereby frames the broad guidelines for making investment decisions as well as to inculcate the operational efficiency for investments.

BTLISL, being a registered Non-Banking Financial Company (NBFC), is required to formulate as Investment Policy in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

The motive of the Company is maximizing returns on the investments, which can be in any of the following manner:-

1. Return on investments in the form of Dividend and/or interest, or
2. For capital appreciation or
3. For other benefits.

### **Regulations**

1. During the course of its operations, the Company will strictly adhere to various guidelines as may be stipulated by the Reserve Bank of India (RBI) from time to time.

These guidelines will include:

- Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, as amended upto date.
- Core Investment Companies (Reserve Bank) Directions, 2011
- Guidelines for investments in unencumbered securities.
- Clarifications as may be issued from time to time by Reserve Bank of India.

2. The Company will adhere to the provisions of the Companies Act, 1956.

3. 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).

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4. The Company shall take all investment decisions only at the meetings of the Board of Directors of the Company. The Board of Directors of the Company, by way of a resolution, may delegate the said power to any committee of directors, the managing 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 upto which the funds may be invested and the nature of the investments which may be made by the delegate.

### **Classification of Investments**

As BTLISL 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:

1. 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.

2. Long term Investments: Any other investment other than the aforesaid current investments will be construed as long term investment, including the investments within the Group.

The Company also intends to make long term strategic Investments (and not for trading purpose) in various securities of all kinds and description as may be permitted under CIC (Reserve Bank) Directions, 2011 as amended from time to time.

### **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 investments to long-term investments or vice - versa, at book value or market value, whichever is lower.

### **Valuation**

#### **A. General**

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1. The cost of the investment(s) will include the acquisition charges such as brokerage, taxes, fees and duties.

2. If the Company acquires (fully or partly) any investment, by issue of shares or other securities, the acquisition cost will be the fair value of the securities issued.

3. If the Company acquires any investment in exchange, or part exchange, for another asset, the acquisition cost of the investment will be determined by reference to the fair value of the asset.

4. If the Company subscribes for any right shares offered, the cost of the right shares is added to the carrying amount of the original holding. If rights are not subscribed for but are sold in the market, the sale proceeds are taken to the profit and loss statement.

5. If the Company acquires investments on cum-right basis and the market value of investments immediately after their becoming ex-right is lower than the cost for which they were acquired, it may be appropriate to apply the sale proceeds of rights to reduce the carrying amount of such investments to the market value.

6. The Company may treat the Interest and dividends in connection with the investments in any of the following ways:

- As income, being the return on the investment.
- Recovery of cost.

### **B. Quoted Current Investments**

The quoted investments will be grouped in the following headings for the purpose of the valuation:

- Equity Shares
- Preference Shares
- Debentures and bonds
- Government securities
- Units of mutual funds and others

The quoted current investments for each category shall be valued at cost or market value, whichever is lower. The investment 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 diminution 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. Diminution in one category of investments shall not be set off against appreciation in another category.

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### **C. Unquoted Investments**

1. The unquoted equity shares in the nature of current investments shall be valued at cost or break-up value, whichever is lower. However, if required, the Company may substitute fair value for the break-up value of the shares. Further, where the Balance sheet of the investment company is not available for two years, such shares shall be valued at one rupee only.
2. The unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
3. The investment in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
4. 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.
5. 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.
6. Long-term investments are usually valued at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognize the decline. The said decline shall be charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist.

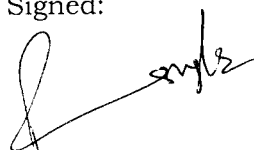
### **D. Diminution and Appreciation**

The diminution, if any, in each scrip, shall be fully provided for and appreciation, if any, shall be fully ignored.

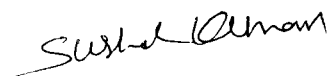
The diminution in one scrip shall not be set off against appreciation in another scrip, at the time of inter class transfer, even in respect of the scrip of the same category.

Dated: 06.07.2012

Signed:



(Parveen Singla)  
Whole Time Director



(Sushil Kumar)  
Director



(Bishan Bansal)  
Director