HI KLASS TRADING AND INVESTMENT LIMITED

INVESTMENT POLICY

1. INTRODUCTION, OBJECTIVES AND APPLICABILITY:

Hi Klass Trading and Investment Limited is an NBFC registered with the Reserve Bank of India (RBI). The Company is classified as a Base layer NBFC (NBFC-BL) pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2025 vide its notification no. RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26 dated 28 November 2025 (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 Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025.

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.

Investment Objective is also to optimize return on surplus / idle fund with adequate liquidity and safety and to adhere to RBI's prudential norms as applicable.

2. DEFINITIONS:

2.1. "**Companies in the group**", shall mean an arrangement involving two or more entities related to each other through any of the following relationships: Subsidiary – parent (defined in terms of INDAS as applicable to the company), Joint venture (defined in terms of /INDAS as applicable to the company), Associate (defined in terms of /INDAS as applicable to the company), Promoter -promote (as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997) for listed companies, a related party (defined in terms of INDAS as applicable to the company), Common brand name, and investment in equity shares of 20%and above.

2.2 **"Investment(s)"** shall mean and include, but not limited to acquisition, subscription, purchase of any listed and unlisted shares/securities ,debentures and bonds (listed/unlisted, secured/unsecured), or any other permitted modes of investments as identified and deemed fit by the Board of Directors of the Company, in the subsidiary companies and/or in other bodies corporate or of securities of Central or State Government namely G-Secs, Gold bonds, SDLs, T-Bills , schemes of Mutual Funds (equity, debt, liquid), Portfolio Management Schemes (PMS), Structured products, REITs, In ITs , Fixed Maturity Plan (FMP), with Banks Deposits ,Alternative Investment Funds (Category I, II, III), Art and Antiquities, properties of any kind including movable and immovable, Other permitted modes etc.

2.3 "**Investment and Credit Company - (NBFC-ICC)**" means any company which is a financial institution carrying on as its principal business- asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other category of NBFC as defined by the Bank in any of its Master Directions.

2.4 "**Owned fund**" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

2.5 "**Public funds**" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

2.6 "**Middle Layer NBFC**" means a non-banking financial company which falls under the 'Middle Layer' as defined by the Reserve Bank of India's Scale-Based Regulatory (SBR) Framework, and includes all NBFCs currently classified in this layer based on their size, activities, and other supervisory metrics as specified by the Reserve Bank of India from time to time. *Words or expressions used but not defined herein and defined in the RBI Act or NBFC Master Directions shall have the same meaning as assigned to them therein.*

1.1 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.

This policy lays out the general terms and conditions for Investments made by the Company. This policy covers all operational guidelines for the investments.

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 manage interest rate risk by adopting appropriate maturity pattern, particularly when the funds are invested in Government Securities.
iv) Effectively implement Internal Control on the operations/execution of Investment Transactions.
v) Proper recording/accounting of the investment transactions.

1.2 Applicable Regulations:

i) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2025, 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) The Company will adhere to the provisions of the Companies Act, 2013.
v) 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 overridden effect on the parameter(s).

1.3 <u>Delegation of Power, Approval and Review:</u>

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, the Manager or the Principal Officer (hereinafter collectively referred to as the "delegate") of the Company.

The said powers are subject to review from time to time as per respective Board resolution.

1.4 <u>Exception to the Policy</u>

Any exception to the Policy will need approval from the Board of Directors.

1.5 <u>Recordkeeping</u>

The Company will maintain appropriate records in accordance with the regulatory/ statutory requirements from time to time.

1.6 <u>Applicability</u>

The Policy will be applicable from the date of approval by the Board of Directors of the Company.

1.7 <u>Approval / Review:</u>

This policy shall be reviewed by the Board of Directors, or as and when there are any changes introduced by any statutory / regulatory authority or as and when it is found necessary to change the policy due to business needs.

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2. <u>POLICY STANDARDS</u>

2.1 <u>Classification of Investments</u>

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)

<u>(a) Amortised Cost:</u>

A financial asset shall be measured at amortised cost if both of the following conditions are met:
(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>(b) Fair value through Other Comprehensive Income (FVOCI):</u>

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:
(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>(c) Fair value through Profit or Loss (FVTPL):</u>

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

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Business Model assessment and Solely payments of principal and interest (SPPI) test:

Classification and measurement of financial assets depends on the business model and results of SPPI test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including;

1) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
2) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
3) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
4) The expected frequency, value and timing of sales are also important aspects of the Company's assessment

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.2 <u>Type of Investment:</u>

The Company may invest in the following instruments:

1. **Government Instruments**:
   - Debt instruments, Treasury Bills, or securities issued or guaranteed by the Government of India.
2. **Corporate Instruments**:
   - Corporate Debt, Short-Term Deposits, Commercial Papers, Intercorporate Deposits from scheduled commercial banks, Small Finance Banks, financial institutions.
3. **Equity & Preference Investments**:

- Quoted equity and preference shares for investment purposes.
- Unquoted equity and preference shares for investment purposes

4. **Money Market Instruments**:
   - Liquid funds, Fixed Maturity Plans, Bond Funds, Gilt Funds, and mutual fund units registered with the Securities and Exchange Board of India (SEBI).
5. **Debentures and Other Debt Instruments**:
   - Debentures, Bonds, and Certificates of Deposit issued by scheduled commercial banks, cooperative banks, or financial institutions.
6. **Alternative Investment Funds (AIFs)**:
   - Investments in regulated AIFs, subject to RBI and SEBI guidelines, in alignment with the Company's risk profile and investment strategy.

2.3 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, from Government securities/bonds and from unquoted preference shares are classified at amortise cost 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 realised value.

2.4 Transaction in Government Securities:

The Company may undertake transactions in Government securities (Debt Instruments) through its demat account.

2.5 Concentration of Credit/Investment:

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In line with the Reserve Bankof India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Directions, 2025, as may be amended from time to time,the following norms shall govern credit and investment exposure of the Company:

A) Regulatory Exposure Norms (as per RBI Guidelines)

The aggregate exposure (credit and investment combined) of the Company shall be subject to the following limits as defined by RBI:

Category	Exposure Limit (% of Tier I Capital)	Additional Limit (For Infra Exposure)
Exposure to a single party	25%	+5% (Total 30%)
Exposure to a single group of parties	40%	+10% (Total 45%)

Tier I Capital shall be computed as per the latest audited financials and applicable RBI guidelines.

The following investments would be exempt from Exposure Norms

1) Investments/exposures (to the extent deducted from Owned Funds for NOF calculation) in:
   - Subsidiaries of the Company.
   - Companies within the same group.

2) Exposure to the Government of India and State Governments which are eligible for zero percent risk weight under capital regulations applicable to the Company

B) Internal Exposure Limits for Non-Group Investment Portfolio*

The Company shall adhere to the following internal exposure thresholds, calculated as a percentage of Total Investments based on market value of investments as per the last audited balance sheet

Sr No	Parameters	Maximum Threshold (% of Total Investments)
1	Exposure to single Asset Management Company (AMC)	3%
2	Exposure to Single Instrument (Mutual Fund, Bond or AIF)	1%
3	Exposure to Alternative Investment Funds (AIFs) Category 1 and Category 2	1%

4	Exposure to single Portfolio Management Service (PMS)	2%
5	Exposure to Fixed Income Products (Debt MF + Bonds)	3%
6	Exposure to Liquid Funds	2%
7	Minimum Credit Rating for Investment in Corporate Bonds	AA- and above
8	Exposure to single Corporate Bond	1%
9	Exposure to Real Estate Sector	2%
10	Exposure to Metals and commodities	1%
11	Exposure to Art and Antiquities	1%

*Basis of Calculation

- Total Investments include all investments (group and non-group), measured at market value as per the last audited balance sheet.

2.6 Investment Authorisation Hierarchy:

The Board may delegate powers to Asset Liability Committee (ALCO) to sell, purchase, transfer, endorse, negotiate and or/otherwise deal in Securities/ Mutual Funds and sign letter of indemnity, execute bond of indemnity, guarantee, sign declaration and also authorised to receive interest & principal thereof on behalf of Company.

The said powers are subject to review from time to time as and when required.

2.7 Investment in Mutual Funds and Debentures:

The Company may invest in mutual funds and debentures, based on the suitability of the instruments and the risk-return profile aligned with the Company's investment objectives. The selection of mutual funds must be consistent with the Company's risk management framework, ensuring proper due diligence, credit rating, and liquidity considerations.

2.8 AMENDMENTS TO THE POLICY:

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

3. GUIDING FACTORS WHILE MAKING INVESTMENTS

3.1 **Investments and Instruments:** The Company may invest in all asset classes including but not limited to investments in 'securities' which shall have the same meaning ascribed to the term under the Securities Contracts (Regulation) Act, 1956 (as amended from time to time), Art and Antiquities, Metals and Commodities, properties of any kind, etc. The Company may also invest in properties of every kind including moveable and/or immoveable, tangible and/or intangible, etc.

3.2 The Company may invest in the above either directly or indirectly through acquiring a stake in any company or body corporate engaged in the business of transacting or holding such asset classes Investments in capital market should be primarily in equity markets including in group companies from a long term perspective. Depending on the availability of funds, decisions on investments into equity would be taken. Investments in group companies would be done for making creeping acquisition as allowed by law or to maintain the overall promoter shareholding in the investee group company which would have been reduced due to occurrence of any event like ESOP given by the investee group company to its employees as per their ESOP scheme.

3.3 In the case the Company wishes to divest /dilute its stake in investee companies, in which the Company is part of the promoter group entity, such decision could be based on factors such as inter-se transfer amongst promoter group entities or any strategic decision to disinvest from that investee company or as per specific purpose and decision arrived by the Board.

3.4 Investments as defined in Clause 2.2, excluding investment in group company securities, shall be either based on advise received from any investment advisor or directly done by the Company's officials authorized in this regard.

3.5 All investment decisions taken by the CFO, Manager or other designated person as authorized by the Board should be taken in line with investment policy.

3.6 Instruction for trades to the brokers should strictly be given by the persons authorized as per the Board Resolution.

3.7 All investment decisions both purchase(s) and/or sale(s) should be reviewed by the Audit Committee/ Board of Directors on a quarterly basis. The audit committee and the Board would review the performance of investments outside the group.

3.8 While the Company makes investments in the investee companies in the same group, investments being made in the Company's equity by any promoter / promoter group entity should not be permitted at the same time and such permission to buy the company's shares should be given only after a reasonable period of time elapses from the occurrence of any event of purchase or sale of group company shares by the company.

3.9 Company shall not invest in the companies where it is part of the promoter group entity, during their trading window closure period except as per relaxations given under the Insider Trading Code of respective investee company(is).

3.10 All compliances in respect of all applicable laws should be followed.

Review of Policy: -

The Policy is reviewed and recommended by the Audit Committee at its meeting held on 13th February 2026, approved by Board of Directors at its meeting held on 13.02.2026