

**MASTER TRUST LIMITED**  
**INVESTMENT POLICY**

**(Pursuant to RBI Guidelines and Master direction issued by RBI as amended from time to time)**

**INTRODUCTION & OBJECTIVE**

**MASTER TRUST LIMITED** (“MTL”) being a registered Non Deposit taking and Not Systematically Important Non Banking Financial Company is Public Company Listed with Bombay Stock Exchange (BSE).

As the Company’s business is based on trust which derives from the timely fulfillment of the commitments with the stakeholders – clients as well as the lenders, maintaining sufficient liquidity, at all times and is critical for the Company. As the company maintains liquidity and it comes at a cost of deployment of funds in avenues which give optimum return with nil or negligible risk which is one of the key objectives of the management of the company. This policy sets a guiding principle for the management to deploy/invest the funds in avenues which are safe, liquid and provide optimal return on investment.

MTL has promoted many subsidiaries/group companies and mainly holding unlisted shares in these subsidiaries/group companies since their incorporation.

Unless otherwise provided in this policy, investments by MTL in unlisted shares of group companies shall be undertaken with a view to achieving the following objectives:

- i. Preservation of Capital
- ii. Risk-adjusted Yield
- iii. Strategic fit

In pursuant to said directions, the Board hereby prescribes the broad guidelines for taking investment decisions and to bring operational efficiency in the system.

**PROCESS**

The Board of the Company shall take all investment decisions, and/or may delegate the said power to the Investment committee of the Company. The Board specify the total amount up to which the funds may be invested and the nature of the investments.

**CLASSIFICATION OF INVESTMENTS**

**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 by its very nature are readily realizable.

**Non-current/Long term Investments:** Any other investment other than the aforesaid current investments will be construed as long term investment.

## **TRANSFER OF INVESTMENTS**

The Board of Directors of the Company has power to approve any transfer of Investment and Board may delegate such power to committee.

All such transfer of investments will be transferred as per method provided by various authorities and approved by the Board.

## **VALUATION**

1. The cost of the investment(s) will include the acquisition charges such as brokerage, fees and duties.
2. 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.

## **Quoted Current Investments**

The quoted current investments shall, for the purposes of valuation, be grouped in the following Categories:

- (A) Equity Shares
- (B) Debentures and bonds
- (C) Units of mutual funds

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.

## **Unquoted Current Investments**

The unquoted equity shares in the nature of current investments shall be valued at cost or break-up value, whichever is lower.

## **Long-Term Investments**

Most of the Investments of the Company is for long term and it is mainly in its group companies.

These Investments are emerging as a result of promotion of group companies as MTL has been promoting most of the group companies and these Investments are since incorporation.

A long term investment shall be valued in accordance with the Indian Accounting Standard issued by ICAI.

## **INVESTMENT OBJECTIVES**

### **1. Safety**

Safety of capital is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

### **2. Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

### **3. Yield**

The investment portfolio shall be managed with the objective of attaining a competitive rate of return given the constraints of the aforementioned safety and liquidity objectives.

## **STANDARDS OF CARE**

### **Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

No investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of Company.

### **Performance Review & Reporting**

The Board or Investment Committee will periodically establish a benchmark yield for MTL investments, and will set targets for portfolio growth and diversification.

### **Treatment of 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 Companies 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.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

Company will hold its investment portfolio/ securities broadly classified as 'mandatory securities' (under obligation of law) and other 'non-mandatory securities'. Further surplus securities (held over and above the requirement), shall fall in the category of 'non-mandatory securities'.

**Revision**

The Board or Investment Committee shall review the policy annually and shall recommend all necessary changes for consideration and adoption.