

INVESTMENT POLICY

Duke Commerce Limited being a registered Non- Banking Financial Company (NBFC), is required to formulate an investment Policy pursuant to prudential norms issued by Reserve Bank of India for Non- Systemically Important non deposit Non- Banking Financial Companies (NBFC - ND- NSI). The Audit Committee in consultation with the Board of Directors have made this Policy. This Policy will be applicable to the Company with effect from 22nd February 2023.

Criteria for Investment

The Company implements an actively managed investment strategy undertaking investments typically into one of two broad investment categories:

- Strategic Investments
- Non-Strategic Investments
- Long Term Investments
- Current Investments

The Company at present does not allocate a fixed proportion of funds into each or any of the following investment categories, since it believes that complete flexibility to invest across these categories is the key to maximising long-term value growth for shareholders.

1. Strategic Investment

Investment in Group Companies –The Company may provision funds for investment in group Companies with a view to increase the shareholding strength of its promoter base. The Company undertakes investments in which it can reasonably expect to exert a degree of influence, including board representation or through playing an active role alongside management in order to enhance or realise shareholder value.

Investments include those that have the potential for turnaround in profitability or capital appreciation through the introduction of, capital, improved business practices, and/or industry rationalisation.

The Company will seek to invest in a diversified portfolio, with a focus on achieving financial goals. The strategic Investment made by the Company shall not be included for the purposes of any limit the Company sets on itself for quoted and unquoted investments.

2. Non-Strategic Investment

Any investment made other than above shall in Non-Strategic Investment. The Company will make investments in entities where attractive investment opportunities are available and/or where the Company sees other potential for generating positive returns. In contrast to strategic investments, with non-strategic investments the Company does not envisage that it will take an active role in the management of the investment. The non-strategic Investment portfolio of the Company will be based on determining the health of the economy, the strength of different sectors and then picking the strongest stocks within those sectors to maximize returns.

The Company shall also endeavour to make investment in a corporation or affiliated firm/ young companies that offer to bring something of value to the Company itself. The aim shall be to gain access

to a particular product or technology that the start-up company is developing, or to support young companies that could become customers for the Company, but will not be limited to.

For each strategic and non-strategic investment, the Company expects to receive a level of return that is commensurate with the level of risk associated with that investment. In each investment and for the investment Portfolio in aggregate, the Company will aim to achieve a steady return which will enhance shareholder's wealth in long term.

3. Criteria based on Holding Period

At the time of making the Investment, the investment so made by the Company is to be classified mainly into two criteria based on the intended holding period:

Long Term Investment:

Any investment made by the Company, which is made for the period of 1 year or above, is to be classified as Long Term Investment. Long Term/Non-Current Investments shall be in the range of 50% - 80% of the total assets.

Current Investment:

Any Investment made by the Company, in short term funds for any period or any other funds for the period lesser than 1 year, is to be classified as Current Investment. Current Investments shall be in the range of 5% - 20% of the total assets.

Value of Investments (as at the year-end i.e. 31st March)

a. Quoted Current Investment

The quoted current investments shall, for the purpose of valuation, be grouped into the following categories:

- Equity Shares
- Preference Shares
- Debentures and Bonds
- Government Securities
- Units of Mutual Fund
- Any Other

Review of unquoted shares

The unquoted Investments of the Company shall be reviewed on bi-annual basis and the limit shall be decided with respect to the prevalent market conditions.

Valuation of Investments (as at the year-end)

The valuation of investments as at the financial period end will be carried out in accordance with the applicable Accounting Standards without any deviation in this respect.

Authority for making Long Term Investment

Any Strategic/Long Term investment, except in the Subsidiary Company, should be made by delegating authority to any of the Director duly authorized by the Board of Directors.

Inter Class Transfers

1. 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;
2. Investments in securities shall be classified into current and long term, at the time of making each investment;
3. In case of inter-class transfer –

(i) There shall be no such transfer on ad-hoc basis;

(ii) Such 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, as per the existing accounting norms;

Long Term Investment (as at the year-end i.e. 31st March)

All the Long Term Investments are to be valued in accordance with Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) except in cases of reduction of temporary nature.

Exception

Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

Revision and Review

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, than the act/regulation will have overriding effect on the parameter (s). The policy may be subject to revision in accordance with the changes and directions as per RBI guidelines.
