

AVON MERCANTILE LIMITED
(CIN: L17118UP1985PLC026582)
(Approved by the Board on 12th August, 2023)

INVESTMENT POLICY

PURPOSE

The Purpose of this policy is to set down norms for investment in securities. The Board and management shall endeavour to implement the same in toto.

The Board may at its discretion may will review, update, and approve the Investment policy at least annually. The Board may delegate all or part of its responsibilities to the any Committee.

PROCEDURE

1. The Company will undertake investment transactions to primarily meet the liquidity needs and deployment of surplus within acceptable interest rate risk boundaries, without compromising on the safety of capital.
 - a. It shall also ensure that the investment are: -
 - i. In compliance as per delegation and policies in vogue;
 - ii. Fair assessment of cash flows and surplus, including current and future funding requirements;
 - iii. Investment shall be made in marketable and/ or liquid instruments;
 - iv. within the limits laid down by the Board;
 - v. The liquidation of the same will have no significant impact on cost;
 - vi. so as to minimize downside risk and;
 - vii. Manage to robust operating control standards
2. The accounting policies shall be exercised at the time of accounting of investments as below:
 - a. The classification need to be made into current and long-term investments at the time of making each investment in securities.
 - b.
 - i) No inter class transfer on ad-hoc basis;
 - ii) If inter class transfer is warranted, it shall be effective only at the beginning of each half year, with the consent of Board;
 - iii) The investment 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 shall be ignored;
 - v) The depreciation in one scrip shall not be set off against appreciation in scrip, at the time of such inter-class transfer, even in respect of the scrip of the same category.

c. Quoted current investments shall for the purpose 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 funds, and (f) Others

d. 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.)

e. Unquoted equity shares in the nature of current investment 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.

f. 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.

3. CLASSIFICATION OF INVESTMENTS

Investments must be classified as either 'Current' or 'Long Term' investment, at the time of an investment (refer to Accounting Standards):

- Current Investments - 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 nature marketable securities.
- Long term Investments - Any investment other than current investments.

4. INCOME FROM INVESTMENT:

- Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis.
- Income from bonds and debentures of corporate bodies and from Government securities/bonds may be considered on accrual basis.
- 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 may be taken into account on accrual basis.
