

Avanti Microfinance Private Limited

Investment Policy

This Policy was:

Version	Drafted by	Reviewed by	Board approval date
Version 1	-	Mr. Manish Thakkar, Director	October 30, 2017
Version 2	Mr. Ankit Hurkat, VP Corporate Finance of the Holding Company	Mr. Manish Thakkar, Director	December 16, 2024
Version 3	Mr. Ankit Hurkat, VP Corporate Finance of the Holding Company	Mr. Manish Thakkar, Director	August 01, 2025
Version 4	Mr. Sushil Thaker, CFO of the Holding Company	Mr. Manish Thakkar, Director	September 07, 2026

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1. Introduction

Avanti Microfinance Private Limited (hereinafter referred to as 'the Company') has framed the Investment Policy (hereafter referred to as "Investment Policy" or "the Policy") in accordance with the regulatory requirements specified by the Reserve Bank of India (RBI).

2. Objectives of the Policy

The objective of the Investment Policy is to define a criteria to classify the investments into current and long term investments, to define the risk profile of different securities and to decide limits for investing in different types of securities based on their risk profile as decided by the Board of Directors.

3. Guidelines for Investment

- Strategic Investments and/ or Investments in equity shares:

The power to make strategic investments and/ or investments in equity shares vests with the Board of Directors on a case to case basis.

- Company can invest in following instruments securities within limits as specified below:

Category A	Investable amount (Crores)	Maximum limit per Bank/Schemes
Bank Fixed Deposits	No limit	40.00
Debt Mutual Funds - (a) Overnight funds (b) Liquid funds (c) Money market funds	No limit	25.00

Category B	Precondition of minimum amount in FD/MF (Crores)	Maximum Amount that can be invested [after FD/MF] (Crores)	Maximum limit per script/scheme/e ntity
Commercial papers (A1+ rated)	75	50.00	25.00
Government Securities	75	50.00	25.00
Other investable paper approved by Board	75	50.00	25.00

Further explaining the table in detail:

1. Bank Fixed Deposit and Debt Mutual funds have no limits to the amount that can be invested in these instruments
2. Any surplus above 75 Crores gives Treasury an option to invest in Category B options
3. Any amount invested in each type of Category B cannot exceed 50Cr

- **Bank Deposits:**

Bank deposits are the safest investment as the Company always invests in known scheduled commercial banks i.e. public sector, private sector and foreign banks. The company will not invest in FDs of co-operative banks, Regional Rural Banks (RRBs) and Primary Agricultural Credit Societies (PACS).

- **Debt Mutual Funds:**

The following guidelines should be adhered to while appointing associates or brokers for mutual funds

Associates and Brokers:

The rationale for appointing the brokers and associates should include:

- Sound reputation and relation based on trust.
- Sound Research Repots
- Good Professional Advice
- First hand information of the latest development in the industry and
- The assets managed by them are more than Rs. 10 crores each.

- **Commercial Papers:**

These are relatively risk free. Since the company has taken / will take necessary approvals to invest in A1+ (equivalent) or above rated papers only.

- **Government Securities:**

Government securities are debt instruments issued by a government to finance its expenditures and obligations. They are considered risk free investments because they are backed by the government's credit. The company can invest in Treasury Bills (T-Bills) which are short-term securities with maturities of one year or less. They are sold at a discount and redeemed at face value.

4. Accounting of Investments

The Company maintains the records of its investments as per the following guidelines issued by RBI:

- Investments in securities are classified into current and long term, at the time of making each investment, “Current investment” means an investment which is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made. Any investment which is not a current investment shall be classified as “Long term investment” / “Non-Current investments”
- Quoted current investments, for the purposes of valuation, are grouped into the following categories, viz.
 - equity shares,
 - preference shares,
 - debentures and bonds,
 - Government securities
 - units of mutual fund, and
 - others
- Investments are classified as under as defined in Ind AS 109 - Financial Instruments:
 - Investments at Amortised Cost which shall be measured using the Effective Interest Rate (EIR) method.
 - Investments at Fair Value Through Profit or Loss (FVTPL) which shall be measured at fair value with changes recognized in the Statement of Profit and Loss.
 - Investments at Fair Value Through Other Comprehensive Income (FVOCI) which shall be measured at fair value with changes recognized in OCI,
- For Quoted Investments Fair value shall be determined using observable market prices (Level 1 inputs). For unquoted investments with an underlying of listed instruments proxies of quoted investments can be taken (Level 2 inputs). For other unquoted investments, fair value shall be determined using valuation techniques such as discounted cash flow (DCF), comparable company multiples, or other accepted valuation methodologies (Level 3 inputs). Management shall ensure consistency and documentation of valuation techniques applied. Valuation of investments shall be in accordance with the Ind AS 109 – Financial instruments.
- Reclassification of investments shall occur only when there is a change in the Company’s business model for managing financial assets.
- Interest income shall be recognized using the EIR method and Dividend income shall be recognized when the Company’s right to receive payment is established.
- Appropriate disclosures shall be made in the financial statements in accordance with the Indian Accounting Standards

5. Reporting

Report following to the board on a quarterly basis:

- Asset-class wise investments made during the quarter and Total Investment as on quarter end
- Cases of investment limit breach and reason for the same

6. Review and update

The Policy shall be reviewed as and when required or at least once in a year, to suit the needs of the Company with the approval of the board and to comply with revised guidelines issued by RBI from time to time.

7. Regulatory References

This policy is framed as per the following regulatory references and in accordance with leading industry practice:

- Reserve Bank of India (Non-Banking Financial Companies – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025
- Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025
- Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025
- Ind AS 109 Financial Instruments and any other directions as applicable from time to time