INVESTMENT POLICY OF SPOTLIGHT VANIJYA LIMITED

Spotlight Vanijya Limited (hereinafter referred as SVL) is a Listed Company registered under the Companies Act, 1956, and holding a certificate of registration for Non- Banking Financial Corporation issued by Reserve Bank of India.

Pursuant to "Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007", the Board of Directors of the SVL has formulated and implemented the Investment policy for the SVL. The main objective of this investment policy is to make investment decisions as well as to inculcate the operational efficiency for investments.

Basically, long-term investment goal of the SVL is dependent on a number of factors, which not only include the investment capital and rate of return, but also inflation and taxes. The motive of the SVL to hold the investments is to get returns out of the investments, which can be in any of the following manners:

1. Return on investments in the form of Dividend and/or interest, or
2. For capital appreciation or
3. For other benefits.

Classification of Investments

The SVL being an Investment Company intends to make long term strategic Investments (and not for trading purpose) in various securities of all kinds and description as may be deem fit, including Shares, Bonds, Debentures, Units, Commercial Papers, etc., issued by any of the public or private sector undertaking(s), Bank(s), Financial Institution(s), Mutual Fund(s), Venture Capital Fund(s) or by any State Governments or Central Government, or by a corporation constituted by any of the State or Central Government enactment or a Government Company or any other Company incorporated under the Companies Act, 1956 or other Bodies Corporate. The SVL will also make investments in Fixed/Term Deposit and Certificate of Deposits of Bank(s).

The Investments, that the SVL will hold, will be treated as the assets of the SVL held with the motive of earning income by way of dividends, interest, and / or for capital appreciation and / or for other benefits. The investments of the SVL will be classified into the following two categories:

(i) 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 are by its very nature are readily realisable.

(ii) Lone term Investments: Any other investment other than the aforesaid current investments will be construed as long term investment.

Transfer of Investments

The SVL shall not make any inter class transfer on ad hoc basis. If the inter class transfer is warranted than it shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board. The investments shall be Wansferred scrip-wise, from current investments to long-term investments or vice - versa, at book value or market value, whichever is lower.

Valuation

A. General

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

2. If the SVL acquires (fully or partly) any investment, by issue of shares or other securities, the acquisition cost will be the fair value of the securities issued.

3. If the SVL acquires any investment in exchange, or part exchange, for another asset, the acquisition cost of the investment will be determined by reference to the fair value of the asset.

4. If the SVL 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.

5. If the SVL acquires investments on cum-right basis and the market value of investments immediately after their becoming ex-right is lower than the cost for which they were acquired, it may be appropriate to apply the sale proceeds of rights to reduce the carrying amount of such investments to the market value.

6. The SVL may treat the Interest and dividends in connection with the investments in any of the following ways:

   (a) As income, being the return on the investment.
   (b) Recovery of cost.

B. Quoted Current Investments

The quoted investments will be grouped in the following headings for the purpose of the valuation:

1. Equity Shares
2. Preference Shares
3. Debentures and bonds
4. Government securities including treasury bills
5. Units of mutual funds and
6. others

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. 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.

C. Unquoted Investments

The unquoted equity shares in the nature of current investments shall be valued at cost or break-up value, whichever is lower. However, if required, SVL may substitute fair value for the breakup value of the shares. Further, where the Balance sheet of the investee company is not available for two years, such shares shall be valued at one rupee only.

1. The unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
2. The investment in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
3. 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.
4. Commercial papers shall be valued at carrying cost.
5. Long-term investments shall be valued in accordance with the Accounting Standard issued by ICAI.
6. Investment in Unquoted debentures shall be treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

D. Depreciation and Appreciation

The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be fully ignored. The depreciation in one scrip shall not be set off against appreciation in another scrip, at the time of inter class transfer, even in respect of the scrips of the same category.