

Investment Policy

1. Scope:

This policy applies to the investment of all operating funds of Taparia Tools Limited.

The investment portfolio will be managed by the Directors/Officials authorized by the Board, who will strive to invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for the Company.

2. Investment Objectives:

The investment objectives are listed in order of importance, with safety being the most important objective:

- a. Safety: Preservation of capital by purchasing high credit quality securities and by limiting exposure to counterparty risk;
- b. Liquidity and Growth: Marketability of investments through purchase of investments with low bid/ask spreads or through the purchase of investments with short maturities for operational need and mix of medium to long term maturities for capital preservation and growth;
- c. Return: Achievement of maximum returns consistent with the above objectives.

3. Standard of Care

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

Investment Officials acting in the best interest of the company and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the Board of Directors and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Ethics & Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Employees and investment officials shall disclose any material interests in financial institutions in which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

4. Authorized Investments:

Investments will be restricted to the following:

- Government of India securities including bonds, treasury bills, G-Sec, SDL, Notes and any other securities issued by Central and State government of India;
- Tax Free bonds;
- Mutual Funds- Equity and Debt Mutual funds, Arbitrage Fund;
- Alternative investment fund (AIF) Registered with SEBI -Debt AIF and Equity AIF;
- Equity Share;
- Banking instruments of Schedule Commercial Bank or its subsidiaries viz. CP,CD and FD;

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- Deposits, Bonds, MLD, Commercial Papers and ICD issued by Financial institution, Non-Banking Financial institutions, Public Sector, Private Sector and Bank.
- b) Investment in Commercial Real Estate is restricted investment and decision shall be subject to specific approval from Board.
- c) **Investment Decision**
Investments decisions shall be subject to the defined limits in point no 5.

5. Investment limits:

Sl. No.	Nature of Security	% of Total Cash Surplus	
		Group Restriction	Single Fund Restriction
i)	Central Govt. Funds/Securities (G-Sec)	Upto 30%	10%
ii)	State Govt. Funds/Securities (SDL)	Upto 30%	10%
iii)	Liquid Mutual funds	Upto 100%	60%
iv)	Other Debt Funds/Securities (incl FDs, Bonds etc)	Upto 70%	20%
v)	Equity Funds/Securities	Upto 5%	1%
vi)	Arbitrage Fund	Upto 30%	20%

6. Credit Rating of the investments:

For treasury investment long term rating to be considered for investment.

Credit Rating	Investment Limit
AAA /AA+ Rated Paper	upto 100%
AA /AA- Rated Paper	upto 30%
Below AA- Rated Paper	No Investment. If investment to be done in this category as strategic call, same to be done only after prior approval of Chairman/Managing Director (MD) .

7. Specific Exclusions:

The following instruments are explicitly excluded from any cash investments:

- a) Open Derivatives.
- b) Any investments in the preference shares or convertibles debenture of any company is subject to Board Approval.
- c) Investment in Real Estate is subject to Board Approval.
- d) No Investment in debt instruments which has External Long Term Rating below "AA-".
- e) Investments in banking Instruments is restricted to Schedule commercial bank only. No investment in Co-operative and Regional Rural Banks.
- f) Investment in ICD to Private Sector Corporate shall be subject to Chairman/Managing Director approval.
- g) Borrowing for investment purposes is prohibited.
- h) Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited. (Except through Mutual Funds)
- j) Not more than 5% of the total market value of the portfolio may be invested in commercial paper of any one issuer.

8. Criteria for Classification:

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

a. Long Term Investment

Any investment, which is made for the period of 1 year or above, is to be classified as Long Term Investment.

b. Short Term Investment

Any Investment made in Liquid funds or for the period lesser than 1 year, is to be classified as Short Term Investment.

c. Inter Class Transfers

The transfer of Investments from Long Term to Short Term shall not be made on ad-hoc basis but are to be made at the beginning of each Half year only i.e. on 1st April and 1st October, with approval of the Board. Such inter class transfer are to be made at Book value or Market value, whichever is lower after providing effect of Depreciation and appreciation, if any, is to be ignored.

9. Valuation of Investment

The valuation of investment at the end of each quarter shall be made at market value.

10. Investment Parameters:

Portfolio Diversification

The investments portfolio shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific class, currency, Country, or economic sector. Diversification strategies shall be periodically reviewed.

Portfolio Management

Following the primary objective of preservation of capital, investments shall be actively managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or reduce risk.

Assets may be sold at a loss only if it is felt that the sale of the security is in the best long-term interest of Taparua Tools Limited.

11. Procedures:

Delivery & Safekeeping

When possible, securities as NCD, Bonds, Equity Share are to be delivered to a NSDL or CDSL Depository Participant through a dematerialized account (DEMAT). Mutual Funds may be kept in the Folio Format or DEMAT.

12. Monitoring and Reporting Requirements:

The Chief Financial Officer (CFO)/ Authorized Person with responsibility for investments ensures all investments are in compliance with investment policy guidelines.

13. Policy Consideration:

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

The Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. The Policy is valid for three years.
