

## **HCL CORPORATION PRIVATE LIMITED**

### **CORPORATE INVESTMENT POLICY**

(Confidential)

*(Approved in the Board dated March 17, 2018 and reviewed on March 20, 2023 and September 28, 2023)*

## 1. Scope

This policy applies to the investment of all operating funds of HCL Corporation Private Limited. It does not cover the Employee 's Benefit Funds created under the requirements of various statutes and laws in force in India and applicable to the Company.

HCL Corporation Private Ltd. obtains its funding primarily through the subscription of Share Capital, Loans, other Debt Instruments. It does not accept public deposits. Its concentration of credit/investment decisions are based in terms of para 6 and para 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 which reads as under:

- (1) On and from April 1, 2007 no systemically important non-deposit taking nonbanking financial company shall,
  - (i) lend to
    - (a) any single borrower exceeding fifteen percent of its owned fund; and
    - (b) any single group of borrowers exceeding twenty-five percent of its owned fund;
  - (ii) invest in
    - (a) the shares of another company exceeding fifteen percent of its owned fund; and
    - (b) the shares of a single group of companies exceeding twenty-five percent of its owned Fund.
  - (iii) lend and invest (loans/investments taken together) exceeding

- (a) twenty -five percent of its owned fund to a single party; and (b) forty percent of its owned fund to s ingle group of parties.

Provided further that any systemically important non-deposit taking non-banking financial company not accessing public funds, either directly or indirectly, may make an application to the Bank for modifications in the prescribed ceilings.

Explanation: “Public funds” for the purpose of the proviso shall include funds raised either directly or indirectly through public deposits, Commercial Papers, debentures, inter-corporate deposits and bank finance.

All remaining funds will be invested in a variety of ways to maximize investment earnings.

The investment portfolio will be managed by the Senior Vice President (Finance) 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 HCL Corporation Private Limited.

From time to time investments will be managed through external programs, facilities and professionals. To constitute compliance these must be managed in a manner consistent with this policy.

## 2. Investment Objectives

### 2.1. Safety

Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The idea of safety is to mitigate credit risk, interest rate risk.

#### 2.1.1 Credit Risk

HCL Corporation Private Limited will minimize the credit risk, the risk of loss due to failure of the security issuer or banker, by:

1. Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which HCL Corporation will do business.
2. Diversifying the Portfolio so that potential losses on individual securities will be minimized.

### 2.1.2 Interest rate risk

HCL Corporation will minimize credit risk, the risk of loss due to the failure of the security issuer or banker, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter-term securities.

## 2.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. Negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purpose.

## 2.3 Yield

The investment portfolio shall be managed with the objective of attaining a competitive rate of return given the constraints of the aforementioned safety and liquidity objectives. To ensure longterm objectives are met, securities shall not be sold prior to maturity with the following exceptions:

1. A security with declining credit may be sold early to minimize loss of principal.
2. Liquidity needs of the portfolio require that the security be sold.

## 3. Standards of Care

### 3.1. Prudence

Investments shall be made with judgement 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. HCL Corporation recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of HCL Corporation Private Limited.

Investment Officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market prices, 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.

### 3.2. 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 their interest in financial institutions in which they conduct business. They shall further disclose any personal investment positions that could be related to the performance of the investment portfolio. Employees and officials shall refrain from undertaking personal investment transactions with the same individual or company with which business is conducted on behalf of HCL Corporation.

### 3.3. Delegation of Authority

Authority to manage the investment program is granted to Directors, who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Directors

shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### *3.4. Checks & Balances*

The following guidelines have been established to enhance the integrity and transparency of HCL Corporation's internal procedures for investing HCL Corporation's funds and accounting for those investments.

## **4. Investment Transactions**

### **4.1. Internal Controls**

The Directors are responsible for establishing and maintaining an internal control structure that will be reviewed annually with HCL Corporation's internal auditor. The internal control structure will be designed to ensure that the assets of HCL Corporation are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived.

### *4.2. Authorized Financial Dealers and Institutions*

HCL Corporation will ensure that all financial institutions being dealt with are registered with respective agencies like SEBI or RBI and funds floated by such institutions only will be approved for the purpose of investment. Any investment which is not approved by either SEBI or RBI will not qualify for investment unless prior approval for the same is taken from Board of Directors.

### *4.3 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**
- b. Short- Term Investment**

## *5. Authority for making Long Term Investment*

Any Long Term investment, except in the Subsidiary Company, should be done with the permission of Board of Directors.

## 6. Grouping of Investment

The Investments made by the Company are to be classified into following categories:

- a. Equity Shares
- b. Preference Shares
- c. Debentures and Bonds
- d. Government Securities
- e. Units of Mutual Funds
- f. Any Other

## 7. Valuation of Investment

- a. Short Term Investment

Category of Investment	Valuation	
	Quoted Security	Unquoted Security
Equity Shares	Quoted Current investment for each category shall be valued at Market Value or Cost, whichever is lower.	Cost or Breakup value, whichever is lower.
Preference Shares		Cost or Face value, whichever is Lower.
Government Security		At Carrying Cost

Units of Mutual Fund		At Net Asset Value declared by Mutual Fund in respect of each particular scheme.
Debentures and Bonds		Shall be treated as Term Loans or other type of credit facilities depending upon the tenure of the debentures.

**b. Long Term Investment**

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

In case of inter-class transfer

- (a) there shall be no such transfer on ad-hoc basis;
- (b) 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;
- (c) the investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;
- (d) the depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
- (e) the depreciation in one scrip shall not be set off against appreciation in another scrip, at the time of such inter-class transfer, even in respect of the scrips of the same category.

Commercial papers shall be valued at carrying cost.

**8. Investment Parameters**

**8.1. Portfolio Diversification**

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

## 8.2 Portfolio Management

Following the primary objective of preservation of capital, investments shall be actively managed to take advantage of market opportunities. In doing so, 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 reduce risk. Assets may be sold at a loss only if it is felt that sale of the security is in best long term interest of the Company.

## 9. Performance Review & Reporting

The Directors will periodically establish a benchmark for HCL Corporation's Investments, and will set targets for portfolio growth and diversification. Investments held at the end of each quarter will be disclosed in quarterly balance sheets being put up for board's consideration.

## 10. Record Keeping & Safekeeping

The accountant will be responsible for recording all investment transactions and for securing all documents relative to such transactions. The Accountant will ensure credit in demat are received in reasonable time and field. The Accountant will further ensure that all certificates for other investment are received in reasonable time, are accurately recorded and securely filed away.

## 11. Policy Consideration

### 11.1 Exception

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

### 11.2 Revision

The Directors shall review the policy annually and shall recommend all necessary changes to the Board for consideration and adoption.



**HCL CORPORATION PRIVATE LIMITED**

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### 11.3 Adoption

This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.

### 12. List of Attachments

NIL