

**NORTHERN ARC CAPITAL LIMITED/ NORTHERN ARC INVESTMENT ADVISER SERVICES PRIVATE  
LIMITED/ NORTHERN ARC INVESTMENT MANAGERS PRIVATE LIMITED**

**SHORT TERM INVESTMENT POLICY**

**I. PURPOSE**

The objective of this policy is to lay policies to invest surplus funds of the Northern Arc Capital Limited and its subsidiaries with the short term - investment horizon.

**II. INVESTMENT CRITERIA**

- Surplus funds mean funds available for disbursements and other requirements and are available for deployment.
- Surplus funds may be invested
  - to generate reasonable returns.
  - to provide short term liquidity to the seller
  - to create liquidity or market making in approved securities within approved asset classes.

**III. RESPONSIBILITY**

Managing and investing of surplus funds shall be centrally managed and Northern Arc Capital and the Head – Treasury of Northern Arc Capital shall be responsible for diligent fund management of Northern Arc Capital, Northern Arc Investment Adviser Services and Northern Arc Investment Managers.

**IV. AVENUES**

The short-term surplus arising out of various sources including placement of equity shares, long-term borrowings etc. are suitably placed to ensure that reasonable returns are generated. The avenues for investment are as follows:

- a. Bank Fixed Deposits – When the short-term surplus is available for a period of 7 days and above, the surplus can be deposited with any bank, after getting the market rates for such tenors from at least three banks along with their ratings.
- b. Mutual Funds – Investment in Liquid Funds<sup>1</sup> and Short-Term Funds<sup>2</sup> will be considered to park overnight-surpluses and weekend surpluses. The funds will be selected based on the following criteria:
  - i. Performance – Rolling returns in the last three months and its performance since inception will be the key parameters.

---

<sup>1</sup> Liquid Funds are funds that have high liquidity and safety. They are considered as good as cash. Liquid funds invest purely in short term (less than one year) debt instruments.

<sup>2</sup> Short-Term Funds are funds that invest in instruments that are short term in nature i.e. a period of 12 months or less. Short term funds invest purely in debt instruments.

- ii. Servicing ability – Servicing ability in terms of providing support on time in terms of issuance of unit statements, turnaround time for redemption, direct credit as well.
- c. Other securities – Surplus funds may also be invested into NCDs or other securities issued by Issuers for a maximum period of 365 days.

## **V. LIMITS**

- a. Bank Deposits – For Bank Deposits, the upper limit for any deposit should not exceed INR.10 Crores in a bank. CEO/CFO can approve an aggregate sum of INR 100 crore for deposits.
- b.
- c. Mutual Funds – For investments in Liquid Funds and Short-Term Funds, and should not exceed. INR 10 Crores per fund house. CEO/CFO can approve an aggregate sum of INR 100 crores.
- d. Other securities As approved approving authorities of the respective companies (see VI below).
- e. Time Limit – For Liquid Funds and Short Term Funds the tenure of investment shall not exceed a continuous period of 12 months.
- f. Exception –Any exceptions to the above shall be approved by the CEO of the respective companies.

## **VI. APPROVING AUTHORITY**

- Bank deposits and Mutual fund investments are approved by the CEO/CFO of the respective companies.
- However, investments in liquid mutual funds for Northern Arc Capital, up to a maximum of INR 50 crores may be approved by the Treasury internally. For Northern Arc Investment Managers and Northern Arc Investment Adviser, however this shall be with the authority of CEO/ CFO of the respective companies.
- Investment in securities is approved by the credit/ investment committee of respective companies, or where there is no such Committee, by the CEO of the Company or any one of the Board of Directors of the Company.

## **VII. AUTHORISATION PROCESS**

- The investments will be identified and recommended by the Treasury Team to the above approving authorities. The investment will be executed upon the approval of relevant approving authorities.
- The investment documents has to be duly signed by any of the person mentioned below:
  - 1. CEO
  - 2. CFO
  - 3. CROHOO

- Such other persons as authorized by the board of directors of respective companies or DFP

**VIII. EVALUATION**

- Performance of actual Investments made will be reviewed once a quarter by the CEO/CFO of the respective companies.

**IX. ACCOUNTING**

- The investment will be accounted as per the extant RBI guidelines/ accounting standards.