

**EVANS ELECTRIC LIMITED**

**INVESTMENT POLICY**

*(Approved through Circular Resolution dated August 25, 2023)*

# EVANS ELECTRIC LIMITED

## INVESTMENT POLICY

### **OBJECTIVE:**

The objective of this policy is to provide guidelines for making investments of surplus funds not immediately required in the operations, in mutual funds, with a maximum allocation of 25% in equity and related instruments and the remaining balance in liquid funds or fixed deposit. This policy aims to balance the potential for capital appreciation through equity investments while ensuring liquidity and stability through investments in liquid funds or fixed deposit.

### **POLICY GUIDELINES:**

#### **1. Investment Allocation:**

- a. Maximum 25% of the total portfolio value shall be allocated to Mutual Funds that primarily invest in equity and related instruments.
- b. The remaining balance shall be allocated to mutual funds that primarily invest in liquid instruments, such as money market instruments, short-term debt securities, and cash equivalents or fixed deposit.

#### **2. Investment Risk:**

- a. The equity and related instruments allocation shall be subject to market risks associated with fluctuations in the stock market. Investments shall be diversified across different sectors and companies to mitigate specific stock risks.
- b. The liquid fund investments aim to provide stability and liquidity, with lower risk compared to equity investments. However, the potential for lower returns should be considered.

#### **3. Asset Allocation Review:**

- a. The asset allocation between equity and liquid funds shall be reviewed periodically, at least semi-annually, to assess the performance of the portfolio and market conditions.
- b. The review shall be conducted by the designated investment committee or personnel responsible for managing the mutual fund investments.

#### **4. Designated officer:**

The Managing Director, Director, Chief Financial Officer, Company Secretary or any other duly authorized officials shall be the designated officer of the Company for making investment on behalf of the Company.

**5. Investment Manager Selection:**

- a. Qualified and experienced investment managers or Mutual Fund Distributors (MFD) may be selected to manage the mutual fund investments, if required.
- b. Investment managers or MFD should have a proven track record in managing equity and liquid fund portfolios, demonstrating expertise in asset allocation and risk management.

**6. Review by Board:**

The Designated officer shall regularly inform the Board in the Board Meeting, details of any investment made by the Company for their review.

**7. Compliance with Regulatory Requirements:**

- a. The investments shall comply with all applicable laws, regulations, and guidelines set forth by regulatory authorities, including but not limited to investment limits, disclosure requirements, and reporting obligations and in particular of the provisions of Section 186 and 187 of the Companies Act, 2013.
- b. Regular monitoring of regulatory changes shall be conducted to ensure ongoing compliance.

**8. Reporting and Disclosure:**

- a. Investment performance reports shall be obtained from the investment managers or MFD on a regular basis.
- b. Relevant investment information, including asset allocation, investment strategy, and risk disclosures, shall be communicated to the stakeholders periodically or as required.

**9. Record keeping:**

All investment transactions, statements, reports, and other relevant documentation shall be properly recorded, maintained, and securely stored for audit and reference purposes.

**10. Review and Amendment:**

This policy shall be reviewed periodically to ensure its effectiveness and may be amended as necessary based on changing market conditions, regulatory requirements, or other relevant factors. Any amendments in this policy shall be approved at the meetings of its Board of Directors.

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