

GAMCO LIMITED

INVESTMENT POLICY

1. INTRODUCTION, OBJECTIVES AND APPLICABILITY:

GAMCO Limited is an NBFC registered with the Reserve Bank of India (RBI). The Company is classified as a Base layer NBFC (NBFC-BL) pursuant to Reserve Bank of India (Non-Banking Financial Companies – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025 issued by the RBI, and the Board of Directors GAMCO (“GAMCO” or “Company”) is required frame and approve an Investment Policy.

The objective of investments by the Company is to manage liquidity and to get reasonable returns while ensuring safety of the Investments, which can be in any of the following manners:

- i) Return on investments in the form of Dividend and/or interest, or
- ii) For capital appreciation or
- iii) For other benefits relating to such investments.

Investment Objective is also to optimize return on surplus / idle fund with adequate liquidity and safety and to adhere to RBI’s prudential norms as applicable.

1.1 Objectives

The Board of Directors has established the Policy parameters with regard to investment of the funds of the Company into the instruments, products, securities etc. within the regulatory/ statutory requirements.


This policy lays out the general terms and conditions for Investments made by the Company. This policy covers all operational guidelines for the investments.

The broad objectives of the Policy are as under:

- i) Effectively manage and invest the funds in permitted investments for the duration available.
- ii) Effectively manage and invest surplus funds which may be available relatively for a longer period or shorter period
- iii) Effectively manage interest rate risk by adopting appropriate maturity pattern, particularly when the funds are invested in Government Securities.
- iv) Effectively implement Internal Control on the operations/execution of Investment Transactions.
- v) Proper recording/accounting of the investment transactions.

1.2 Applicable Regulations:

- i) Reserve Bank of India (Non-Banking Financial Companies – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025 as applicable.
- ii) Guidelines for investments in unencumbered securities.

GAMCO

Director

GAMCO LIMITED
INVESTMENT POLICY

- iii) Clarifications as may be issued from time to time by Reserve Bank of India.
- iv) The Company will adhere to the provisions of the Companies Act, 2013.
- v) Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the act / regulation will have overriding effect on the parameter(s).

1.3 Delegation of Power, Approval and Review:

The Board of Directors of the Company will approve this Policy and decide on authorities under the Policy. Further, the Board, by way of a resolution, may delegate the said power to any of its Committees, the Managing Director, the Manager or the Principal Officer (hereinafter collectively referred to as the "delegatee") of the Company.

The said powers are subject to review from time to time as may be decided by the Board .

1.4 Exception to the Policy

Any exception to the Policy will need approval from the Board of Directors.

1.5 Recordkeeping


The Company will maintain appropriate records in accordance with the regulatory/ statutory requirements from time to time.

1.6 Applicability

The Policy will be applicable from the date of approval by the Board of Directors of the Company.

1.7 Policy Review

The Board of Directors of the Company or the Risk Management Committee may review the policy yearly to ensure that it remains consistent with the overall objectives of the Company and it complies with the regulatory/ statutory requirements from time to time.

GAMCO LIMITED

Director

GAMCO LIMITED

INVESTMENT POLICY

2. POLICY STANDARDS

2.1 Classification of Investments

The Investments of the Company will be treated as assets of the Company held with the motive of earning income by way of dividends, interest, and / or for capital appreciation and / or for other benefits.

As per IGAAP, the investments are classified as long-term investments or current investments, depending upon the intention of the management and the nature of the investment.

(a) Classification of Investments

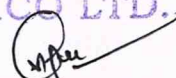
1. Current Investments: An investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made shall be classified as a current investment.
2. Long-Term Investments: An investment other than a current investment shall be classified as a long-term investment.

(b) Valuation of Investments

1. Current Investments: Current investments shall be carried at the lower of cost and fair value (market value). The comparison of cost and fair value shall be made individually for each investment.
2. Long-Term Investments: Long-term investments shall be carried at cost. However, provision for diminution in the value of long-term investments shall be made to recognise a decline, other than temporary, in the value of such investments.

(c) Determination of Cost of Investments

- The cost of an investment shall include acquisition charges such as brokerage, fees, and duties.
- When an investment is acquired by issue of shares or other securities, the acquisition cost shall be the fair value of the securities issued.

GAMCO LTD.

Director

GAMCO LIMITED
INVESTMENT POLICY

- The carrying amount of investment shall be determined using the FIFO, weighted average, or specific identification method, as appropriate and consistently applied.

(d) Disposal of Investments

On disposal of an investment, the difference between the carrying amount and the sale proceeds (net of expenses) shall be recognised as income or loss in the Statement of Profit and Loss.

(e) Disclosure Requirements

The following shall be disclosed in the financial statements:

1. The total amount of quoted and unquoted investments, showing separately current and long-term investments.
2. The market value of quoted investments.
3. The aggregate provision for diminution in value of investments.
4. Significant restrictions on the right of ownership, realisability, or remittance of income and proceeds of disposal.

2.2 Type of Investment:

The Company may invest in the following instruments:

1. Government Instruments:

- Debt instruments, Treasury Bills, or securities issued or guaranteed by the Government of India.

2. Corporate Instruments:

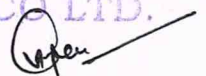
- Corporate Debt, Short-Term Deposits, Commercial Papers, Intercorporate Deposits from scheduled commercial banks, Small Finance Banks, financial institutions.

3. Equity & Preference Investments:

- Quoted equity and preference shares for investment purposes.
- Unquoted equity and preference shares for investment purposes

4. Money Market Instruments:

GAMCO LTD.



Director

GAMCO LIMITED
INVESTMENT POLICY

- Liquid funds, Fixed Maturity Plans, Bond Funds, Gilt Funds, and mutual fund units registered with the Securities and Exchange Board of India (SEBI).

5. Debentures and Other Debt Instruments:

- Debentures, Bonds, and Certificates of Deposit issued by scheduled commercial banks, cooperative banks, or financial institutions.

6. Alternative Investment Funds (AIFs):

- Investments in regulated AIFs, subject to RBI and SEBI guidelines, in alignment with the Company's risk profile and investment strategy.

2.3 Recognition of Income from Investments:

- a) Income from dividend on shares or units of mutual funds shall be taken into account when right to receive dividend is established;
- b) Interest income from bonds and debentures of corporate bodies, from Government securities/bonds and from unquoted preference shares shall be recognised on a time proportion basis, taking into account the amount outstanding and the applicable rate of interest;
- c) Interest Income on Fixed Deposits with Banks/ Financial Institutions may be taken into account on accrual basis

2.4 Transaction in Government Securities:

The Company may undertake transactions in Government securities (Debt Instruments) through its demat account.


2.5 Concentration of Investment/ Exposure limits:

The Company will ensure that all its investments comply with the concentration norms prescribed in the RBI Directions as applicable.

2.6 Investment Authorisation Hierarchy:

The Board may delegate powers to Asset Liability Committee (ALCO) to sell, purchase, transfer, endorse, negotiate and or/otherwise deal in Securities/ Mutual Funds and sign letter of indemnity, execute bond of indemnity, guarantee, sign declaration and also authorised to receive interest & principal thereof on behalf of Company.

The said powers are subject to review from time to time as and when required.

GAMCO LTD.

Director

GAMCO LIMITED
INVESTMENT POLICY

2.7 Investment in Mutual Funds, AIFs, and Debentures:

The Company may invest in mutual funds, alternative investment funds (AIFs), and debentures, based on the suitability of the instruments and the risk-return profile aligned with the Company's investment objectives. The selection of mutual funds and AIFs must be consistent with the Company's risk management framework, ensuring proper due diligence, credit rating, and liquidity considerations. The Company may invest in AIFs after verification of downstream investments. The Company shall not make any investments in any scheme of AIFs which has downstream investments either directly or indirectly in a debtor of the Company.

AIF – specific guidelines:

- Only SEBI-registered AIFs are eligible.
- Preference given to Category I & II AIFs; Category III requires specific Board approval.
- No investment in any AIF scheme with downstream investment in the Company's debtor entities (direct or indirect).
- Exposure to AIFs to be within Board-approved NOF limits.
- AIF investments shall be classified and valued as per AS 13.
- Monitoring: Quarterly review of AIF performance, compliance with concentration norms, and stress testing under ICAAP.

3. APPROVAL & MONITORING PROCESS

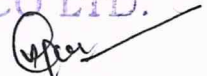
Proposal Stage

- An Investment Note shall be prepared for each proposal, detailing the instrument type, issuer profile, credit rating, risk-return assessment, liquidity parameters, and alignment with the Company's investment policy.
- The proposal shall undergo legal and regulatory compliance verification, including adherence to RBI and SEBI guidelines, as applicable.
- Due diligence shall include review of the financial position and governance track record of the issuer or fund manager.

Approval Stage

- Investment proposals shall be placed before the Investment Committee, Board of Directors, or ALCO, or such other Committee or other delegates depending on the delegation of authority approved by the Board.

GAMCO LTD.



Director

GAMCO LIMITED
INVESTMENT POLICY

- Investments in Category III AIFs or in any unlisted debentures of private companies shall require specific Board approval.
- The approving authority shall record its satisfaction regarding risk, return, and compliance aspects prior to sanction.

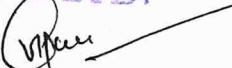
Execution & Recordkeeping

- Upon approval, investments shall be executed only after ensuring completion of documentation such as term sheets, offer documents, and agreements.
- Proper accounting entries, custodian records, and supporting documents shall be maintained.
- The Finance Department shall ensure investments are classified and valued in accordance with AS 13 and regulatory requirements.

Ongoing Monitoring

- A quarterly report on the performance and valuation of all investments shall be placed before the Board / Investment Committee.
- The portfolio shall be reviewed periodically to assess performance, liquidity, credit quality, and compliance with exposure limits and policy parameters.
- Any impairment or permanent diminution in the value of investments shall be recognised in the Statement of Profit and Loss as per AS 13.
- Periodic stress review and rebalancing of the investment portfolio may be undertaken to maintain risk alignment with the Company's financial objectives.

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