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INVESTMENT POLICY

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1. INTRODUCTION

Aeroflex Finance Private Limited ("AFPL" or "the Company") is a Non-Banking Financial Company – Base Layer (NBFC-BL) registered with the Reserve Bank of India ("RBI") and operating as a Non-Deposit Taking NBFC.

The Company's primary business is providing personal loans, business loans and other credit facilities. Effective management of financial resources is essential to ensure that the Company maintains adequate liquidity, efficient deployment of funds, and sustainable growth of its lending operations.

This Investment Policy establishes a framework for mobilization, deployment, monitoring, and control of funds to ensure prudent financial management and regulatory compliance.

The Company has prepared this Investment Policy in line with the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, and the Companies Act, 2013, and the rules made thereunder, each as amended from time to time and applicable as on July 2026.

2. REGULATORY FRAMEWORK

This Investment Policy has been framed in accordance with the following applicable laws, regulations and guidelines, as amended from time to time:

1. Reserve Bank of India Act, 1934.
2. Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 (Master Direction No. RBI/DoR/2025-26/339).
3. Reserve Bank of India (Non-Banking Financial Companies – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025.
4. Reserve Bank of India (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025.
5. Reserve Bank of India (Non-Banking Financial Companies – Financial Statements – Presentation and Disclosures) Directions, 2025 (Master Direction No. RBI/DoR/2025-26/116).
6. Companies Act, 2013 and the Rules made thereunder.
7. Applicable Accounting Standards / Indian Accounting Standards (Ind AS), as notified by the Ministry of Corporate Affairs and applicable to the Company.
8. Any other circulars, notifications, directions or guidelines issued by the Reserve Bank of India or any other regulatory authority, as amended from time to time, applicable to the Company.

3. OBJECTIVES

The objectives of this Policy are to:

- Ensure efficient utilization of financial resources through permitted investments.
- Maintain adequate liquidity to support the Company's lending operations.
- Optimize the cost of funds and borrowing mix.

- Ensure timely servicing of financial obligations.
- Strengthen financial discipline and treasury management.
- Ensure compliance with the applicable guidelines and directions issued by the Reserve Bank of India.
- Preserve the safety of the Company's funds by investing only in approved and low-risk investment instruments.
- Establish a prudent investment framework with appropriate governance, monitoring and internal controls for investment decisions.

4. SCOPE AND APPLICABILITY

This Policy shall apply to:

- Investment of surplus funds of the Company.
- Liquidity management of operational funds for short-term and long-term requirements, depending on the Company's business needs.
- All investment decisions undertaken by the Company in accordance with the Board-approved Investment Policy.
- All investment activities carried out by the Company in compliance with the applicable regulatory guidelines issued by the Reserve Bank of India and other applicable laws.

All investments undertaken by Aeroflex Finance Private Limited ("AFPL" or "the Company") shall be in accordance with this Policy and the applicable regulatory guidelines.

5. INVESTMENT PHILOSOPHY

The Company shall adopt a prudent and risk-averse investment approach with the following priorities:

1. Safety of principal.
2. Liquidity of funds.
3. Reasonable yield.
4. Risk management by adopting an appropriate maturity profile and diversification of investments.
5. Proper recording, accounting and valuation of investment transactions in accordance with the applicable Accounting Standards and RBI Directions.
6. Adequate internal control measures for investment activities.
7. Timely reporting of investment portfolio and related matters to the Board of Directors.
8. Investments shall be made only in permitted financial instruments and in accordance with the applicable regulatory guidelines.
9. No investment in speculative or high-risk instruments.

6. CATEGORIES OF INVESTMENTS

The Company's investments shall broadly fall under the following categories:

i) Investment of Surplus Funds

Surplus funds may be invested in:

- Fixed Deposits with Scheduled Commercial Bank**s** and Small Finance Banks, preferably where the Company has existing or proposed banking relationships or other business relationships.
- Units of Liquid Mutual Fund Schemes regulated by the Securities and Exchange Board of India (SEBI).
- Government Securities and Treasury Bills, where considered appropriate.

These instruments are intended to provide reasonable returns while ensuring liquidity and preservation of capital.

ii) Investment of Short-Term Surplus Funds

Short-term surplus funds may be deployed in the following instruments:

a) Deposits with Banks

The Company may place deposits with:

Scheduled Commercial Banks having a minimum AA or equivalent credit rating, subject to internal approval and assessment of the financial strength of the bank.

b) Investment in Mutual Fund Schemes

The Company may invest in:

Liquid Mutual Funds

Money Market Mutual Funds

Short-Term Debt Mutual Funds

Such investments shall be made only in SEBI-registered mutual fund schemes managed by reputed Asset Management Companies.

iii) Investment in Government Securities

The Company may invest in:

- Government of India Securities (G-Secs)
- Treasury Bills (T-Bills)
- State Development Loans (SDLs), where appropriate

These investments are considered low-risk instruments with high credit quality.

7. EXPOSURE LIMITS

To ensure diversification of investments and mitigate concentration risk, the Company shall adhere to the following exposure limits while making investments:

1. Investments shall be diversified across approved investment instruments and counterparties to avoid concentration risk.
2. The exposure to any single Bank, Financial Institution, Mutual Fund Scheme or other approved investment instrument shall be within the limits approved by the Board of Directors from time to time.
3. Investments shall be made only with entities having satisfactory financial strength and creditworthiness, after carrying out appropriate due diligence.
4. The Finance Department shall monitor the investment portfolio on an ongoing basis to ensure compliance with the exposure limits approved by the Board.
5. Any investment exceeding the prescribed internal limits or any exception to this Policy shall require the prior approval of the Board of Directors.
6. The Company shall review the exposure limits periodically, taking into account the Company's financial position, liquidity requirements, risk profile and applicable regulatory guidelines.

8. RISK MANAGEMENT

The Company shall ensure appropriate risk management through:

- Investment only in low-risk investment instruments.
- Diversification of investments across approved financial institutions and investment instruments.
- Periodic review of the creditworthiness and financial strength of counterparties.
- Monitoring of the investment maturity profile to ensure adequate liquidity.
- Compliance with the exposure limits and investment limits approved under this Policy.
- Periodic review of the investment portfolio to ensure compliance with applicable regulatory requirements and the Company's investment objectives.

The Company shall prioritize the safety of capital, liquidity and regulatory compliance over higher returns.

Among other risks, operational risks related to investments shall be reviewed by the Risk Management Committee, wherever applicable, and significant matters shall be reported to the Board of Directors.

9. APPROVAL AUTHORITY

The approval authority for investment decisions shall be as follows:

Board of Directors

- Approve the Investment Policy and any amendments thereto.
- Approve the overall investment strategy, exposure limits and investment limits of the Company.
- Review the investment portfolio periodically.
- The Board may, at its discretion, delegate investment approval powers to the Managing Director/Chief Executive Officer or the Finance Committee, subject to such limits and conditions as it may determine.

Managing Director / Chief Executive Officer

- Provide overall supervision and oversight of the Company's investment activities.
- Ensure that all investment decisions are made in accordance with the Board-approved Investment Policy.
- Approve investments within the delegated authority, if any.

Finance Department

- Execute investment transactions after obtaining the necessary approvals.
- Maintain investment records, registers and monitoring reports.
- Monitor investment maturity, liquidity and compliance with the approved limits.
- Ensure that all investments are made prudently and in conformity with the Board-approved Investment Policy and applicable regulatory guidelines.

10. VALUATION AND ACCOUNTING

- All investments shall be recorded and accounted for in accordance with the applicable Accounting Standards / Indian Accounting Standards (Ind AS), as applicable to the Company.
- Investments shall be recognised, measured and disclosed in the financial statements in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements – Presentation and Disclosures) Directions, 2025, as amended from time to time.

- Income arising from investments, including interest, dividend and capital gains, shall be recognised in accordance with the applicable accounting standards and regulatory requirements.
- The Finance Department shall maintain complete and accurate records of all investment transactions and ensure proper accounting and disclosure thereof.
- The statutory auditors shall review the accounting and disclosure of investments as part of the annual statutory audit.

11. MONITORING AND REPORTING

The Finance Department shall maintain a register of all investments containing, at a minimum, the following details:

- Type of investment instrument
- Name of the issuer / financial institution
- Amount invested
- Date of investment
- Maturity date
- Rate of return / yield
- Approval reference
- Current status of the investment

The Finance Department shall:

- Monitor the investment portfolio on a periodic basis to ensure compliance with this Policy and the investment limits approved by the Board of Directors.
- Ensure timely renewal, redemption or liquidation of investments, as applicable.
- Submit periodic reports on the investment portfolio, performance and compliance to the Senior Management and the Board of Directors or the Finance Committee, wherever applicable.
- Report any deviation from this Policy or the approved investment limits to the Board of Directors for appropriate action.

12. POLICY REVIEW

This Policy shall be reviewed at least annually or earlier, if required, due to:

- Changes in the applicable laws, regulations or directions issued by the Reserve Bank of India or any other regulatory authority;
- Changes in the Company's business operations, investment strategy or risk profile; or
- Any other circumstances considered necessary by the Board of Directors.

Any amendment, modification or exception to this Policy shall require the approval of the Board of Directors.

13. EFFECTIVE DATE

This Investment Policy shall become effective from the date of its approval by the Board of Directors of Aeroflex Finance Private Limited and shall remain valid unless revised, amended or rescinded by the Board of Directors.

This version is more appropriate for a Board-approved Investment Policy of an NBFC–Base Layer like Aeroflex. It clearly states when the policy takes effect and that it remains applicable until the Board approves any future changes.