

## **Cyber Media Research & Services Limited**

### **INVESTMENT POLICY**

#### **Introduction**

Cyber Media Research & Services Limited (“the Company”) is a Public Limited Company listed on National Stock Exchange of India Limited (“NSE”) and as such governed by the Securities and Exchange Board of India, Rules and Regulations and the Companies Act, 2013. The Board of Directors has approved the Investment Policy of the Company (“the Policy”).

#### **Definitions**

“**Surplus Funds**” shall include the general funds available with the Company after adjustment of all CapEx and OpEx, working capital requirements, dropdown limit, funds earmarked for target acquisitions of other entities, mergers, similar restructuring alongwith and other capital intensive projects etc., and can be invested or outparked for getting return from them in accordance with the terms of this Policy.

#### **Objective**

The Company proposes to utilize the surplus funds available with the organization to generate market returns.

The Company shall use surplus funds at any point of time by investing in financial market instruments. These can be in any of the following manner:

- Dividends;
- Interest;
- Capital appreciation; or
- Other alternatives .

#### **Investment Objectives:**

##### **Preservation**

The foremost objective of the investment program is to get return leverage funds to grow the Company, and strengthen the balance sheet as well as its cash flows.

This may be by parking surplus funds and minimizing and/or with no risk to the capital. 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.

##### **a. Credit Risk**

The Company shall minimize credit risk, the risk of loss due to the failure of the security issuer or banker, by:

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

##### **b. 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 purposes.

### **c. 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. Based on Company's requirements, investments shall at any time be divested.

## **Standards of Care**

### **a. Prudence**

Investments shall be made with judgment and care an ordinarily prudent person in a like position would exercise under similar circumstances. The Company 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 interest of the Company.

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 price changes, provided deviations from expectations are reported in a timely manner to the Board of Directors and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

### **b. Ethics & Conflicts of Interest**

Officers and employees involved in the investment process shall not conduct 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 any material interests in financial institutions in which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officials shall not undertake personal investment transactions with the same individual or company with which business is conducted on behalf of the Company.

### **c. Delegation of Authority**

Authority to manage the investment program is granted to the Investment Committee, who shall act in accordance with terms of this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy. The Investment Committee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of sub-ordinate officials.

## **Checks & Balances**

The following guidelines have been established to enhance the integrity and transparency of the Company's internal procedures and accounting for those investments. All trade confirmations will be sent directly to the Account where transaction details will be compared and verified against internal records. The Accountant shall review all investment transactions subsequent to execution by the Investment Committee or other person designated as investment officer. All journal entries will be verified and signed by the Chief Financial Officer ("CFO").

## **Eligible Investments**

- a. The investments will be treated as assets of the Company. However, such investments should earn income for the Company by way of dividends, interest and/or capital appreciation.

- b. The investments of surplus funds shall only be made in SEBI registered debt oriented mutual funds, fixed deposits, certificate of deposits of banks or all India Financial Institutions.
- c. No investment or parking of funds shall be made in equity shares, capital market, equity oriented mutual funds, high risk mutual funds, below AAA+ rating funds.
- d. Accounting of investments:

The accounting of investments shall be done in accordance with the applicable accounting standards.

#### **Alternative Investments:**

The Company may look at alternatives as outlined below, as emerging growth of the Company to be undertaken as per the due process envisaged in the Companies Act, 2013, Company's Memorandum & Articles of Association, and other applicable laws:

Mergers, acquisitions and other forms of restructuring	Schemes will be selected by the Investment Committee based on prevailing market conditions, business strategy and growth of the Company.
Private Equity	
Venture Capital Fund	
Properties	
Alternative Investment Funds (AIFs)	
Others modes under the purview of investments	

#### **Limit of Eligible Investment**

- a. The Board of Directors has delegated powers to the Investment Committee to make investments of surplus funds for any period and disinvest, as under:
  - o Principal in any scheme shall not exceed Rs. 1.00 crore in India or USD 250K abroad.
- b. Investments of the surplus funds will be for the period ranging from one day to one year i.e. investments may be made for one day, two days, or any other period as may be decided by the Investment Committee to better utilise and earn income from the surplus funds.

#### **Compliance with regulatory requirements**

The Company shall take all investment decisions only at the meetings of its Board of Directors. The Board of Directors, by way of a resolution, may delegate the said power to Investment committee, the Managing Director, any Director, CFO or any other duly authorized officials of the Company. The said resolution should specify the total amount up to which the surplus funds may be invested, the nature and holding period of the investments which may be made by the delegate. The decisions taken by the authorised persons along with the rationale for the investments would have to be placed before the Board of Directors of the Company at periodic intervals for its noting/ratification.

#### **a. Delegation of Powers**

All investment decisions will be taken by an Investment Committee consisting of the following members:

<u>Designation in Board</u>	<u>Position in Committee</u>
1. Managing Director	Chairman
2. Chief Financial Officer	Member
3. Company Secretary	Member

## **b. Quorum**

The Chairman and one other member will constitute the quorum.

- c. The investment portfolio will be managed by the Investment Committee, 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 the Company.
- d. 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.

## **Performance Review & Reporting**

The Investment Committee will periodically establish a benchmark yield for the Company'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 consideration of the Audit Committee and Board of Directors.

## **Acquisition and/or Disposal of Investments**

Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction shall be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

Considering that capital market is influenced by various factors viz, political, economics, natural calamities inland as well as global apart from financial strengths of individual companies, the Company would need to focus on risk identification, risk assessment, measurement, risk management, risk tolerance limits and risk mitigation plan. For this purpose, the Company shall take the following steps to mitigate the risks and minimize its market losses:

- ❖ It would have a target price for booking profit or losses and once the target reaches, the Company shall exit the concerned scrip.
- ❖ In case, losses beyond 20 percent in any particular scrip, the Company would identify the reasons and consider if the scrip should be exited;
- ❖ In case, the losses widen to 30 percent, the Company should consider exit from the particular scrip or should prepare a reasoned note.

On disposal of an investment, the difference between the carrying amount and the disposal proceeds, net of expenses, shall be recognised in the statement of profit and loss.

When disposing of a part of the holding of an individual investment, the carrying amount to be allocated to that part shall be determined on the basis of the average carrying amount of the total holding of the investment.

## **Policy Consideration**

**Exception:** Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

**Revision:** The Investment Committee shall review the Policy annually and shall recommend all necessary changes for consideration and adoption.

**Adoption:** This Policy and any changes made during the annual reviews shall be reviewed and approved by the Audit Committee, and the Board of Directors.

#### **Process to be followed by the Investment Committee**

- Know the current financial position i.e. surplus funds available on day to day basis;
- Determine the idle funds which may be invested in accordance with the terms of this policy;
- Consult with appointed consultants/brokers registered with SEBI, for best options available for investment;
  - Financial goal setting;
  - Prioritising the goal;
  - Choose the right financial investment plan;
  - Implementation of the plan
- Periodic monitoring, review and assess the already made investments and find out risks involved therein;
- Based on risk assessment, decide whether to continue with these investments or divest them;
- Make a chart on weekly basis including amount invested, divestment, investments on weekend, return / dividend earned with respective investment; and
- Report to Audit Committee on quarterly basis.

#### **Applicability**

The Policy shall apply to this Company and its subsidiary(ies) subject to such modifications as may be required by the law of the country where subsidiary(ies) are domiciled unless the subsidiary(ies) decide to have their own policy subject to approval of the Board of Directors of this Company.