

WESTERN CAPITAL ADVISORS PRIVATE LIMITED
INVESTMENT POLICY

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INVESTMENT POLICY

1. INTRODUCTION, OBJECTIVES AND APPLICABILITY:

Western Capital Advisors Private Limited ('WCAPL' or 'the Company') is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI). In accordance with the **Master Direction- Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016** (hereinafter referred to as "the RBI Directions") issued by the RBI, the Board of Directors of an applicable NBFC 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.

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 have 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.
- vi) Timely reporting of the Investment transaction to Management

1.2 Applicable Regulations:

- i) The Master Direction- Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as applicable.
- ii) Guidelines for investments in unencumbered securities.
- 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 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 "**delegate**") of the Company. The said resolution should specify the total amount up to which the funds may be invested and the nature of the investments which may be made by the delegate.

The said powers are subject to review from time to time as per respective Board resolution.

1.4 Exception to the Policy

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

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 Executive Committee may review the policy 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.

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. The investments of the Company will be classified into the following two categories:

Current Investments	The investments made by the Company which are intended to be held for not more than one year from the date on which such investment is made and by its very nature readily realisable.
Long term Investments	Any other investment other than the aforesaid current investments will be construed as long-term investment.
Stock in Trade	Any Other Investments in instruments which are held for trading purpose will be treated as Stock in Trade.

2.2 Investment Matrix based on Type of Investment:

As Company is into Business of Lending and its most of short-term surplus will be invested in Liquid / Liquid plus Mutual Funds, overnight mutual fund Short Term Funds, Short Term Fixed Deposits with Banks / Financial Institutions and Fixed Maturity Plans (FMP's) etc. the Company will follow following matrix for Investment:

S. N.	Parameter	Investment Criteria
1	Securities/ Instruments allowed for Investments without Investment Committee's Approval but reporting to Board at quarterly intervals. For Individual Product Limits Please Refer Annexure-A	<ul style="list-style-type: none"> ❖ Investments in Units of Debt- Liquid / Liquid Plus Mutual Funds up to 300 Cr, subject to: <ul style="list-style-type: none"> - Single Asset Management Company (AMC) exposure does not exceeds Rs.125 Cr or 5% of the Scheme AUM (Lower of the two) - No Lock in OR Lock in period up to 15 Days ❖ Bank Fixed Deposits up to Rs. 200 Corers. ❖ Investment in Government Securities.
2	Securities/ Instruments allowed for Investment subject to Investment Committee's Approval For Individual Product Limits Please Refer Annexure-A	<ul style="list-style-type: none"> ❖ Investments Units of Debt- Liquid / Liquid Plus instruments for amount exceeding Rs. 300 Cr ❖ If Single Asset Management Company (AMC) Exposure exceeds Rs.125 Cr or more than 5% of Scheme AUM ❖ If Lock in is more than 15 Days for above schemes ❖ Investments in units of FMP's (Fixed Maturity Plan) Schemes issued by Mutual Funds. ❖ Investments in money market instruments in Bonds/ Debentures etc ❖ Investments in Short Term & Medium-term Debt Funds issued Mutual Funds ❖ Short Term Investments in Inter Corporate Deposits

2.3 Recognition of Income from Investments

- a) Income from dividend on units of mutual funds shall be taken into account on cash basis.
- b) Income from bonds and debentures of corporate bodies and from Government securities/bonds may be taken into account on accrual basis:
Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- c) Interest Income on Fixed Deposits with Banks/ Financial Institutions may be taken into account on accrual basis:
Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

2.4 Accounting for Investments

- a) Investments in securities shall be classified into current and long term, at the time of making each investment as per criteria set in classification of Investment.
- b) Income on Securities classified as **Stock in Trade** should be accounted basis on Cost or Market Price whichever is lower. To determine the Market Price company, need to follow the discount rate of trading as available or provided by Rating agencies, other Investors and Brokers.
- c) There shall be no inter-class transfer on ad-hoc basis;
- d) The inter-class transfer, if warranted, shall be affected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board;
- e) The investments shall be transferred Mutual Fund- scheme wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;

- f) The depreciation, if any, in each scheme of Mutual Fund shall be fully provided for and appreciation, if any, shall be ignored;
- g) The depreciation in one scheme shall not be set off against appreciation in another scheme, at the time of such inter-class transfer, even in respect of the scrip of the same category;
- h) Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.,
 - Debentures & Bonds;
 - Units of Mutual funds;
 - Government securities including treasury bills;
 - Others.

Quoted current investments for each category shall be valued at cost or market value whichever is lower. For this purpose, the investments in each category shall be considered scrip-wise/ scheme-wise and the cost and market value aggregated for all investments in each category. If the aggregate market value for the category is less than the aggregate cost for that category, the net depreciation shall be provided for or charged to the profit and loss account. If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored. Depreciation in one category of investments shall not be set off against appreciation in another category.

- i) Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the net asset value declared by the mutual fund in respect of each particular scheme;
- j) Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost;
- k) A long-term investment shall be valued in accordance with the Accounting Standard or Ind AS (If Applicable) issued by ICAI.

2.5 Transaction in Government Securities

The Company may undertake transactions in Government securities (Debt Instruments) through its **CSGL account** or **it's demat account**; provided that Company shall not undertake any transaction in government security in physical form through any broker.

2.6 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.

2.7 Investment Authorisation Matrix

The Board may delegate powers to the Managing Director, the Manager or the Principal Officer 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 review from time to time as per respective Board resolution issued.

Annexure- A
Individuals Limits Prescribed for Investment in various Products)

1) Investment Criteria for Investment in Liquid Fund

AUM Average AUM of the Last Month	Minimum 6,000 Crs
Modified Duration	Below 60 Days
Single Issuer exposure	Not more than 10%
Single Group exposure	Not more than 12%
Exposure to A1+/AAA Papers	Minimum 90%
Investment	Maximum 5% of Average AUM

2) Investment Criteria for Investment in Ultra Short-Term Fund

Average AUM of the Last Month	Minimum 2,000 Crs
Modified Duration	Below 365 Days
Single Issuer exposure	Not more than 10%
Single Group exposure	Not more than 12%
Exposure to AAA to AA Papers	Minimum 85%
Investment	Maximum 5% of Average AUM

3) Investment Criteria for Investment in Short Term Debt Fund

Average AUM of the Last Month	Minimum 500 Crs
Modified Duration	Below 600 Days
Single Issuer exposure	Not more than 10%
Single Group exposure	Not more than 12%
Exposure to AAA to AA Papers	Minimum 80%
Investment	Maximum 10% of Average AUM

4) Investment in Commercial Paper/Debentures/Corporate Bonds/

Minimum Net worth of Group	Rs. 1,000 crs
Maximum amount exposure to Single Entity	Rs. 100 crs or 5% of Group Consolidated Net worth whichever is lower
Liquidity in Secondary Market	Not more than 10% of total outstanding in the market during immediately previous quarter.
Duration	Up to 6 Months which can be increased to 1 year with IC Approval
Rating	Minimum Short-Term Rating A1+ and in case of Bonds/Debentures minimum Long-Term Rating by A+ by CRISIL/CARE/ICRA/FITCH

5) Investment in Fixed Deposit

Minimum Net worth of Bank	Rs. 5000 crs
Maximum FD exposure to Bank	Rs. 200 crs maximum
Overdraft Against FD	OD limits may also be setup against Fixed Deposit
Duration	Up to 1 Year which can be increased to 3 years with IC Approval