

## 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 – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023** (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) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, 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 Finance 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 Risk Management 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.

As per Ind AS, the investments are financial assets.

At Initial recognition, Company will classify financial assets in any one of the following categories:

- (a) Amortised Cost
- (b) Fair value through Other Comprehensive Income (FVOCI)
- (c) Fair value through Profit or Loss (FVTPL)

(a) Amortised Cost:

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through Other Comprehensive Income (FVOCI):

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Fair value through Profit or Loss (FVTPL):

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

## **2.2 Type of Investment:**

The Company may invest the surplus fund of the Company up to a maximum of INR 500 crores (Rupees Five Hundred Crore Only), at any point in time, in any of the following:

- a) Debt Instruments / Treasury Bills / Securities / issued and or guaranteed by the Government of India
- b) Corporate Debt / Short Term Deposits / Commercial Papers / Inter corporate Deposits of any scheduled Commercial bank, Small Finance Bank, Financial Institution or any other borrowers which are rated minimum A1 or A1+ Short term.
- c) Quoted equity shares for investment purpose.
- d) Money market / Liquid funds/ Fixed Maturity Plans / Bond Funds / Gilt Funds and in the units of Mutual Fund registered with the Security and Exchange Board of India (SEBI).
- e) Bonds / Certificate of Deposits / Fixed Deposits with /of any scheduled Commercial or Cooperative Bank and or financial Institution.

## **2.3 Recognition of Income from Investments**

- a) Income from dividend on 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 and from Government securities/bonds are classified at amortise cost or FVOCI and shall be recognised at effective interest rate method. For investments classified at FVTPL, interest income shall be recognised at coupon rate;
- c) Interest Income on Fixed Deposits with Banks/ Financial Institutions may be taken into account on accrual basis;
- d) Financial assets that are classified at FVOCI or FVTPL shall be remeasured at fair value at each balance sheet date and the gain / loss shall be recognised in statement of profit & loss or in OCI as the case may be.
- e) Gain / loss on derecognition of financial assets shall be booked as difference between carrying amount and realised value.

**2.4 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 Finance Committee, Chief Executive Office, Chief Financial Officer and Head Treasury 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 party exposure	Not more than 25% of Tier 1 capital
Single group of parties exposure	Not more than 40% of Tier 1 capital
Exposure to A1+/AAA rated Funds	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 party exposure	Not more than 25% of Tier 1 capital
Single group of parties exposure	Not more than 40% of Tier 1 capital
Exposure to AAA to AA rated Funds	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 party exposure	Not more than 25% of Tier 1 capital
Single group of parties exposure	Not more than 40% of Tier 1 capital
Exposure to AAA to AA rated Funds	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
Single party exposure	Not more than 25% of Tier 1 capital
Single group of parties exposure	Not more than 40% of Tier 1 capital
Duration	Up to 12 Months
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	25% of Tier I Capital
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 Finance Committee Approval