Formerly Known as Parnami Credits Limited

INVESTMENT POLICY OF QGO FINANCE LIMITED

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COMPANY PROFILE:

Qgo Finance Limited ('QGO') is a Non- Banking Financial Company having valid Certificate of Registration issued by the Reserve Bank of India ('RBI') vide Registration No.B-13.02220 dated 08.02.2019 a Non Systemically Important Non Deposit Accepting Non-Banking Financial Institution wherein the Company is permitted to carry on the Business of Non-Banking Financial Institution without accepting deposits from general public.

INTRODUCTION AND BACKGROUND:

Reserve Bank of India vides its Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 directed NBFCs to form Investment policy.

In view of the same, Qgo Finance Limited has adopted the said Policy which establish parameters for governing management of the investment securities portfolio. Investments and excess cash shall be managed in a manner that is consistent with liquidity needs, asset/liability strategies and safety and soundness concerns for the benefit of the Company.

SCOPE:

This policy applies to the investment of all operating funds of Qgo Finance Limited. It does not cover the Employee's Benefit Funds created under the requirements of various statutes and laws in force in India and applicable to the company.

Qgo Finance Limited., hereinafter referred to as the "QGO", obtains its funding primarily through the subscription of Share Capital, Loans, and other Debt Instruments. The Company does not accept public deposits.

ACCOUNTING OF INVESTMENTS:

The Investments of the Company are in accordance with the Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

1. Current and Long Term Investments:

- Any investment which is by its nature readily realizable 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 Current Investment

- Any investment other than a current investment shall be classified as Long Term Investment.

2. Investments in securities shall be classified into current and long term, at the time of making each investment.

3. In case of inter-class transfer –
   - There shall be no such transfer on ad-hoc basis;
   - such transfer, if warranted, shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board;
   - the investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;
   - the depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
   - the depreciation in one scrip shall not be set off against appreciation in another scrip, at the time of such inter-class transfer, even in respect of the scrip of the same category.

4. (1). Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.
   - equity shares,
   - preference shares,
   - debentures and bonds,
   - Government securities including treasury bills,
   - units of mutual fund, and
   - others .

   (2). 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 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.

5. Unquoted equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower. However, if considered necessary, the

Company may substitute fair value for the breakup value of the shares.

6. Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.

7. Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.

8. 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.

9. Commercial papers shall be valued at carrying cost.

10. A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.

Note: Unquoted debentures shall be treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

INVESTMENT OBJECTIVES:

1. Safety:

Safety of principal is the foremost objective of the investment program. 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, interest rate risk.

2. Credit Risk:

QGO will minimize credit risk, the risk of loss due to the failure of the security issuer or banker, by:

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

3. Interest Rate Risk:

QGO will minimize the risk that it will carry because of market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for on-going operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter- term securities.

4. 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 purposed.

5. 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. To ensure long-term objectives are met, securities shall not be sold prior to maturity with the following exceptions:
1. A security with declining credit may be sold early to minimize loss of principal.
2. Liquidity needs of the portfolio require that the security be sold.

ELIGIBLE INVESTMENTS:

The following list represents the current range of investments that QGO will consider and which shall be authorized for the investment of funds.

Fixed Deposits ("FDs") issued by Financial Institutions:

FDs held must be issued financial institutions rated at least AA (or equivalent) for their long-term deposits or senior unsecured debt by one of the following recognized credit rating agencies: CRISIL, ICRA, India Ratings for domestic ratings, or S&P, Moody's, or Fitch for international ratings.

Liquid Mutual Fund/Short Term Mutual Fund:

Mutual Funds (MF) that invest solely in Debt and Money Market. The MF should be have one of the following credit ratings only:
a. CRISIL rating of 1 or 2 (on a scale of 1 to 5, with 1 considered the best) by CRISIL

b. ICRA rating of AAA or AA

Call Accounts and Certificates of Deposit (CDs):

QGO may invest funds held with correspondent banks to meet short-term liquidity needs in call accounts and CDs. The maturity of these CDs will vary to coincide with expected cash demands. Except with Board approval, holding in any one bank/entity shall not exceed 10% of investment portfolio.

Commercial Paper:

QGO may invest in commercial paper issued by corporations with an original maturity of 180 days or less, which at the time of purchase, have received the highest rating issued by any accredited rating agency. Eligible regional commercial paper shall not exceed 5% of the investment portfolio.

Treasury Bills (T-Bills):

QGO may invest in T-Bills issued by the local government, banks and Reserve Bank of India. Except with Board approval, treasury bills holding in any government issue shall not exceed 5% of the investment portfolio.

Bonds (Sovereign and Corporate):

QGO may invest in Bonds issued by the local government and by banks and Reserve Bank of India, as well as in corporate bonds. Except with Board approval, bond holding in any government issue shall not exceed 5% of the investment portfolio, and the total bond holding in any corporation shall not exceed 5% of the investment portfolio.

Shares (Stocks):

QGO may invest in public and private equity securities. Except with Board approval, equity holding in a single entity or a group of related entities shall not exceed 5% of the investment portfolio. Further investments in subsidiaries will not fall within this parameter.

ACQUISATIONS OF NEW CONSTRUCTIONS AND CAPITAL PROJECTS:-

Qgo Finance may invest in new construction and capital projects, provided cost of financing such projects shall be lower by at least 20% of the market cost of such financing/project.

DELEGATION OF AUTHORITY:

Authority to manage the investment program is granted to the CFO, with prior approval by Administrative Committee. Who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment Policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director (Finance). The Director (Finance) shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

POWERS OF THE BOARD OF DIRECTORS:

QGO has been operating in very close vigilance and supervision of its higher management consisting of its Board of Directors. Thus, Directors are given overriding powers to approve or disapprove, add or modify any of the provisions of this policy to the best interest of the Company.

POLICY REVIEW:

The Investment Policy shall be reviewed by the Board once every year and make amendments if considered necessary.