



TOLANI SHIPPING COMPANY LIMITED

INVESTMENT POLICY

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1. Introduction

Tolani Shipping Company Limited (“Company” or “TSCL”), a Company incorporated under the Companies Act, 1956, has one of its incidental or ancillary objects under its Memorandum of Association to invest and deal with surplus funds of the Company in any investments, movable or immovable in such manner as may, from time to time seem expedient and be determined. This Policy lays down the objectives and the broad guidelines for investing the surplus funds of the Company.

2. Scope

This Policy applies to all the investments made by the Company except for the following:

- (i) Investment of the Employee benefit funds to the extent applicable pursuant to the requirement of various statutes and laws in force in India and applicable to the Company;
- (ii) All investments commitments of the Company pursuant to the arrangements entered into by the Company with its Bankers/Financial Institutions/3rd parties (vessel purchase, etc.) from time to time;
- (iii) Any investment as may be required to be made by the Company pursuant to any regulatory requirement, as may be applicable, from time to time.

This Investment Policy shall be applicable with effect from the date of approval by the Board of Directors of the Company.

3. Objectives

The objectives for making investments of the surplus funds of the Company are as follows:

- (i) **Capital** - The primary and foremost investment objective of TSCL is capital preservation. Given the cyclical nature of the industry, capital preservation is of utmost priority, especially during periods of uncertainty or market downturns.
- (ii) **Liquidity** - TSCL to maintain sufficient amount of liquid assets to meet short-term and unexpected operational needs, including debt obligations.
- (iii) **Growth** - The surplus funds of TSCL are to be invested with an objective of attaining a competitive rate of return given the investment constraints of capital preservation, liquidity and expansion plans. The surplus funds of

TSCL to be invested in a manner that ensures capital protection with optimum returns without compromising on the Company's liquidity position, especially when the market conditions are favorable.

The overall Investment objective of TSCL is to preserve capital while seeking opportunities for growth and maintaining sufficient liquidity, depending on the quantum of surplus funds, TSCL's debt obligations and the condition of the shipping markets.

4. Delegation of Power

The Board of Directors of TSCL or the Committee of Directors (Investment Committee) formed for this specific purpose which have been delegated the said power shall, by the way of a Resolution passed at the Meeting, make all the investment decisions of TSCL.

The Investment Portfolio of TSCL shall be managed in a way to ensure that the investment objectives are met at all times.

The Committee of Directors (Investment Committee) formed for this purpose shall consist of at least two Board of Directors as its Members at all times.

The Board of Directors/Committee of Directors (Investment Committee) may by the way of a resolution, authorize/delegate any prudent employee (s) to take any/all actions as may be authorized for implementing the investment decision made by the Board/Committee of Directors (Investment Committee) of TSCL.

The decisions taken by the Committee of Directors/Investment Committee are to be placed before the Board of Directors of TSCL for its noting at periodic intervals.

5. Eligible Investments, Investment limits and Risk Tolerance and Management:

(i) Eligible Investments:

The surplus funds of TSCL shall be invested in permissible instruments/securities categories as approved by the Board of Directors of the Company by the way of a resolution passed at the Meeting of the Board of Directors of the Company, from time to time. Strict adherence is to be maintained with the applicable regulatory acts, laws, directions, etc. issued from time to time for all the investments made by the Company.

- (ii) Investment limits for mutual fund investments in particular:
 - (a) At any given point of time, investment in any Asset Management Company (AMC) will not exceed 30% of the total investments of the Company.
 - (b) At any given point of time, investment made by TSCL in any Asset Under Management (AUM) of the Asset Management Company (AMC) shall not exceed 10% of the AMC.
- (iii) Risk tolerance and Management:
 - (a) Low risk tolerance for short-term investments: For short-term investments, the emphasis would be on the use of low-risk instruments with high liquidity for capital preservation.
 - (b) Moderate Risk Tolerance for Medium-term Investments: A diversified approach to medium-term assets (e.g., bond funds, balance funds) will be used, where risk levels match with the medium-term growth objectives.
 - (c) Higher Risk Tolerance for Long-term Investments: The Company can afford higher risk in the long term to achieve higher returns, but the portfolio will remain diversified to mitigate risks from the cyclical industry.

The Board/Committee of Director (Investment Committee) will regularly assess the overall market conditions, debt obligations, and cash flow to adjust its investment strategy in line with any changes in the business cycle.

6. Time Horizon:

The time horizon of the Company's investments shall depend on the specific investment objective, operational cash flow requirements, future opportunities and market conditions, etc. and the same shall be decided by the Board/Committee of Directors (Investment Committee) on considering all of these factors while making investments of the surplus funds of the Company. The Investment Strategy of the Company shall be customized to the time horizon of the surplus funds in the eligible securities/instruments as follows:

(i) Short-term Horizon (0-1 year):

Investment in low-risk, liquid investments, such as money market mutual funds, short-term bonds, or cash equivalents. Such short-time horizon investments shall ensure that the Company has sufficient level of cash flow to meet immediate obligations, including debt repayments or operational expenses.

(ii) Medium-term Horizon (1-3 years):

Investment in a diversified portfolio of fixed-income securities or balanced mutual funds. Such medium-term horizon investments can tolerate a moderate level of risk but still prioritizes capital preservation with the goal of moderate growth.

(iii) Long-term Horizon (3+ years):

Investment in higher-growth opportunities such as equity investments, real estate, or other assets that offer higher returns, but also come with higher volatility. Such long-term horizon investments have a comparably higher risk in exchange for potential higher returns, particularly if the surplus funds are not needed by the Company in its the immediate future.

7. Valuation of Mutual Funds:

Investments in units of mutual funds in the nature of current investments shall be valued at the Net Asset Value (NAV) declared by the Mutual Fund in respect of each Mutual Fund Scheme.

8. Provisions for exceptions:

In the situations when it is prudent to make investments which differ from this Policy regime, the Board/Committee of Directors (Investment Committee) having a reasonable justification for such deviation, can by unanimous approval, make such investment decisions. This Policy is intended to be flexible to deal with changing market conditions and hence the Board/Committee of Directors (Investment Committee) can unanimously decide on making investment decisions in variation to this approved Policy in situations which require such variation in the best interest of the Company.

9. Governance:

The Board/Committee of Directors (Investment Committee) will be responsible for ensuring that the investment decisions align with the company's risk profile, investment objectives, and the Company's overall business strategy.

The Treasury Department of the Company shall submit a compliance Certificate on a quarterly basis to the Investment Committee within 7 days from the end of the respective quarter for their review which shall be reported to the Board of Directors of the Company on a quarterly basis.

10. Performance Monitoring:

The Treasury Department of the Company shall evaluate all the Investments made by the Company and the performance shall be assessed regularly to ensure that the portfolio remains aligned with the Company's investment objectives and market conditions.

The Treasury Department of the Company shall submit a performance report on a quarterly basis mentioning the return of investments to the Investment Committee within 7 days from the end of the respective quarter for their review which shall be reported to the Board of Directors of the Company on a quarterly basis.

11. Review of the Policy:

The Board or the Committee of Directors (Investment Committee) shall review this Policy as and when required.

Any amendment to this Policy shall be approved by the Board of Directors of the Company.