MANJIRA FINANCE PRIVATE LIMITED

RESOURCE PLANNING POLICY

BACKGROUND

Manjira Finance is an Investment and Credit Company “ICC” and is registered with the Reserve Bank of India as Non-Banking Financial Company – Investment and Credit Company “NBFC-ICC”. The Company provides financial services (lending) to rural, urban and semi urban areas. The company is into the business of lending to Businesses (SME lending) and Individuals.

This policy has been framed to establish a guidance system for resource planning covering areas such as planning horizon and periodicity of raising funds through private placement route by Manjira Finance Private Limited (herein after referred to as “Manjira” or “the Company”) keeping in view the requirements of RBI Master Circular RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 (Updated as on May 31, 2018). The policy of the company on resource planning will also cover the objectives of the above regulatory requirement.

OBJECTIVE OF POLICY

The Resource Planning Policy lays down a broad framework for resource raising activities through various sources in a manner that ensures a strategic and smooth management of interest rate risk and liquidity risk. The Policy has been established to put in place resource planning which, inter-alia, shall cover the planning horizon and the periodicity of private placement and to outline the requirements of the Companies Act 2013 read with guidance provided by RBI Master Circular RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016, as updated from time to time, for issuance of NCD by NBFC’s.

The long-term objective is to develop and implement the best practices in the integrated resource planning so that the least cost mix of resources may be achieved. The company shall arrange its requirements from various sources. and shall broadly fix the targets as per the following resource mix:

i. Banks/ Financial Institutions: 50%-60%

ii. Issue of NCD: 25%-35%

iii. Other Modes, like equity and subordinated debt: 10%-25%

The above limits shall be re-assessed by the Financial Advisory & Asset and Liability Committee of the company, at the beginning of each financial year and the same shall be revised as per the business requirements. Further the company shall at no point of time breach the single/ group borrower exposure limits prescribed by RBI from time to time.

Planning for resources

The resource planning of the company shall be based on its Asset Liability Matching (ALM) requirement. Broadly the planning horizon shall be of following three categories;

A. Long Term Resources (NCD/ subordinated debt and Equity over 5 years)

B. Medium term resources (Loans from banks and financial institutions/ NCD between 2-5

years)

C. Short term resources (Bank facilities/ NCDs less than 2 years).

I) Policy on raising resources.

1. Tenure

Considering the fact that the company's business is mainly of lending the period of the loan is generally upto 36 months only any resource that could be raised with a maturity profile of more than 36 months shall meet the company's requirements. The mix between the long-term resource requirement, medium term requirement and the short-term resource requirement shall be assessed by the Financial Advisory and the Asset Liability Management committee of the company from time to time, based on the ALM profiling and business projections.

2. Manner of raising resources

2.1 Borrowings from banks and other Financial Institutions

The company may plan for raising long term resources from banks and financial institutions. While these organized sectors shall continue to be the biggest source for meeting the long term funding requirement, the company shall develop alternative sourcing of funds from other markets depending on the business requirements from time to time.

2.2 Retained Earnings

The company shall plough back its profits in such proportions based on the maintenance of capital adequacy ratio stipulated by regulations from time to time.

2.3 Issue of Debt Securities through Private Placement

The issue of debt securities on private placement basis, by the company shall be made in compliance with Section 43, 62,71 read with related rules and other regulations of Companies Act 2013 in addition to the master circular RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 of the Reserve Bank of India. The company shall subject to the applicable laws and regulations, issue debt securities depending on its business requirements and the market conditions in the following manner;

Private placement of Un Listed (Rated and Un rated) NCDs

Based on the business requirements, the company may issue Unlisted NCDs to individuals/ institutions or such other class or category of investors. The timing and the amount of issue shall be decided by the Board / Committee of the Board and shall be subject to the statutory and regulatory compliances as may be required from time to time. However, as a policy the company in the ordinary course of its business shall have maximum of 12 such issues during a financial year and if the subscription amount per subscriber remains below Rs. 100 lakhs the total number of subscribers during the financial year shall not exceed 200 and such issue shall be fully secured. However, if subscription amount per subscriber exceeds Rs. 100 lakhs, no such restriction of a maximum of 200 subscribers and of creation of security shall be applicable on the company.

Private placement of Unlisted Debentures shall be made on the basis of a Disclosure document/ information memorandum/ private placement offer letter which shall specify the opening and closing dates of the issue, financial position and performance of the company as per the two latest audited financial statements of the company and of the major risk factors as perceive by the management. The issue of debentures may be secured on the assets of the company moveable or immovable and a charge shall be registered in accordance with the provisions of the Companies Act,2013.

2.4 Issue of Subordinated Debt instruments

The Company may for meeting its ALM requirements issue Un Secured Subordinated Debt instruments which are not classified as deposits under the applicable directions of the Reserve Bank of India with a maturity period exceeding 5 years from the date of allotment. This instrument may be issued to such class or category of investors as the Board / Committee of the Board decides from time to time.

Short Term Resources

Resources with a maturity of less than 24 months shall be treated as short term resources. The main sources of such resources are bank limits and Commercial papers (CP). Although, the Company, in the normal course of business does not require short term resources on account of its policy of lending for minimum period of 24 months, but depending on the ALM requirements the company may borrow funds from banks and other financial institutions. Subject to applicable laws and regulations the company may also avail inter corporate loans which are exempt from the purview of public deposit under the applicable directions of RBI. However, the Company shall not issue NCD’s with maturities below 12 months period.

II) Plan for Mix of Resources

The ideal mix of resources for the company and the resource mobilization program for each financial year shall be decided in advance and shall be reflected in the business plan for each year. The mix of resources shall be mobilized in accordance with the business targets and the Financial Advisory and Asset Liability Management Committee of the company shall be empowered to revise the mix of resources as per the requirements of meeting the business plan from time to time.

III) Adherence to Laws

1. The Company shall raise funds through private placement of securities including NCD’s, as and when required as per business projections, strictly for its own business purposes only and not for the benefit of its subsidiary, holding or Associate Company, if any.

2. The minimum subscription per investor shall be Rs. 20,000 (Rupees Twenty thousand)

3. The Company shall issue NCD’s with maturities of more than one year.

4. The issuance of private placement of NCDs shall be in two separate categories, those with a maximum subscription of less than Rs. 100 lakh and those with a minimum subscription of Rs. 100 Lakh and above per investor.

5. There shall be a limit of 200 subscribers for every financial year, for issuance of NCDs with a maximum subscription of less than Rs. 100 lakhs, and such subscription shall be fully secured.

6. In case of issue of NCD with minimum Subscription of Rs. 100 Lakh or above the option to create security in favour of subscribers shall be with the Company. Such unsecured debentures shall not be treated as public deposits as defined in these Directions.

7. The Company shall issue debentures only for deployment of funds on its own balance sheet.

8. The Company shall not extend loans against the security of its own debentures. (Issued either by way of private placement or public issue).

9. The Company shall comply with the guidelines of Securities and Exchange Board of India for all Listed NCD’s if any.

10. The Company shall comply with all other provisions of the Companies Act 2013 with respect to issue of NCD on private placement basis.

IV Amendment to the Policy

The above policy has been approved in accordance with the applicable laws and rules or regulations of the Reserve Bank of India and Companies Act, 2013. Any regulatory amendment, contained in the governing act or any rules thereof shall have the effect of Suo motto amendment of the policy. Further the policy may be amended from time to time by the Board of Directors of the Company.

V) Applicability

The policy shall be effective from the date approved by the Board of Directors.

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