

AVASARA FINANCE LIMITED

RESOURCE PLANNING POLICY

Approved by	Board of Directors
Policy Owner	Finance and Accounts Department
Version	2/2025-26

1. BACKGROUND, INTRODUCTION, PURPOSE

The Reserve Bank of India (“**RBI**”), under the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 (“**RBI Directions**”), has prescribed the Guidelines on Private Placement of Non-Convertible Debentures (“**NCD Guidelines**”).

As per the NCD Guidelines, every Non-Banking Financial Company (“**NBFC**”), before issuance of Non-Convertible Debentures, is required to have a Board approved Resource Planning Policy.

In accordance with the NCD Guidelines, **Avasara Finance Limited** (“**Company**” or “**AFL**”), as an NBFC, proposes to adopt this ‘**Resource Planning Policy**’ (“**Policy**”)

The Policy lays down a broad framework for planning and management of the Company’s financial resources, in pursuance of the Company’s overall financial and business objectives and seeks to broadly outline various instruments for raising borrowings/ resources for the Company’s funding requirements.

2. APPLICABILITY

The Policy shall be applicable on resource mobilization activities undertaken by the Company. For such activities, all limits and authorities delegated by the Shareholders/ Board of Directors of the Company, from time to time, will be applicable.

The current version of the Policy shall be effective from the date of its approval by the Board and supersede all previous versions of the Policy.

3. APPROVAL AND REVIEW OF THE POLICY

The Policy shall be reviewed at least once in a year or as and when required by the applicable rules and regulations. After approval of this Policy by the Board of Directors of the Company (“**Board**”), any amendment to this Policy may be approved by the Risk Management Committee of the Company or such other Committee as may be delegated by the Board from time to time. However, the Policy may be placed before the Board based on the recommendation of such Committee.

4. POLICY GUIDELINES

4.1 Planning horizon and review periodicity

- (a) For each financial year, the Management of the Company shall formulate a business plan/ budget and place the same before to the Board.
- (b) Achievements vis-à-vis business projections, utilization of resources and the proposed planned resources shall be reviewed periodically by the Risk Management Committee of the Company and appropriate remedial actions, if any required, shall be advised.

4.2 Borrowing Limit- The overall borrowings of the Company shall be within the limit as per the applicable provisions of the Companies Act, 2013.

4.3 Major factors to be considered while borrowing- The Company, while borrowing the funds, shall consider various factors such as all in cost of the proposed borrowing, prevailing conditions in the debt capital market, trends of interest rates, the lender’s profile, leverage ratio, ALM matching etc.

4.4 Instruments for raising Resources/ Funding- The Company would have the following major instruments for raising borrowings/ funding:

- (a) Term Loan, Cash Credit/ Overdraft from Banks and Financial Institutions-** The Terms Loan, Bank credit lines, either secured or unsecured, are likely to be one of the primary sources of borrowings. Further, in order to maintain adequate liquidity backup, the Company shall also tap adequate Short-Term OD/ CC/ WCDL as may be required.
- (b) Debentures-** Debentures may be used for Short-Term or Long-Term funding needs. The Company may issue Public or Privately placed Debentures (Listed or Unlisted) to access various market players. Debentures may be Convertible Debentures (“CDs”) or Non-Convertible Debentures (“NCDs”) placed with Mutual Funds, Pension funds, Provident Funds, Banks, Corporates and other eligible investors.
- (c) Commercial Papers (“CPs”)-** CPs may be raised from different types of categories like Mutual Funds, Bank Treasury, Corporates, Insurance companies etc. The Company will endeavor to reduce the funding cost by diversification of investors, from time to time. The frequency of issuance of the CPs would largely depend on immediate liquidity requirements of the Company.
- (d) Unsecured Subordinate Debt-** The Company, as and when required, may raise Unsecured Subordinate Debt to augment its Tier II capital.
- (e) Securitization or Transfer/ Assignment of Loan Portfolio-** The Company may securitise or transfer/ assign its eligible loan portfolio to eligible market players to release the capital funds or augment liquidity.
- (f) Inter Corporate Deposits (ICDs)-** ICDs may be issued by the Company as per its requirements as deemed fit.
- (g) External Commercial Borrowing (“ECB”) or any other types of resources-** The Company may also explore other resource raising instruments like ECB, Preference Shares etc. for meeting its funding requirement depending on market conditions and subject to applicable regulatory requirements from time to time.

4.5 Resource Planning Mechanism within overall Borrowing Limit

- (a)** The Committee will, periodically, review Asset Liability profile of the Company, cost of funding, market conditions etc. and provide guidance to the Company in this regard.
- (b)** Based on expected liability profile, business requirements, pricing and availability of suitable investors/ creditors, the Company shall choose the appropriate funding instrument, such as Term Loan, Cash Credit/ Overdraft, Preference Shares, Commercial Papers etc.

4.6 Compliance with applicable rules and regulations- The Company, while raising various types of resources, will ensure compliance with the applicable provisions of the Companies Act, 2013 & the Rules notified thereunder and also with other regulatory requirements, as applicable from time to time, as under:

- (a) Public issue of NCDs-** Along with relevant provisions of the Companies Act, 2013 & the Companies (Share Capital and Debentures) Rules, 2014, the Company shall comply with the relevant regulations issued by the Securities and Exchange Board of India (“SEBI”). The Company shall not extend loans against the security of its own debentures.
- (b) Private placement of NCDs (Listed or Unlisted)-** In addition to relevant provisions of

the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014, and the listing related regulations (if the NCDs are listed), the Company will ensure compliance with the following requirements:

- (i) **For NCDs of maturity upto one year-** The Company shall comply with provisions of the '**Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year)**' issued by the RBI, as applicable to such NCDs.
- (ii) **For Private Placement of NCDs with maturity more than 1 year-** The Company shall ensure compliance with various provisions prescribed in the NCD Guidelines/ RBI Directions, as applicable from time to time, including the following requirements:
 - (a) The minimum subscription per investor shall be ₹20,000/-.
 - (b) Issuance of private placement of NCDs may be in the following two separate categories:
 - Those with a maximum subscription/ ticket size of less than ₹1 crore; and
 - Those with a minimum subscription/ ticket size of ₹1 crore and above per investor.
 - (c) For issuance of NCDs with a maximum ticket-size of less than ₹1 crore, there shall be limit of 200 subscribers and such subscription shall be fully secured.
 - (d) In respect of issuances with a minimum subscription of ₹1 crore and above, there will be no limit on the number of subscribers and creation of security in favour of subscribers will be optional. Such unsecured debentures shall not be treated as public deposits as per the RBI Directions.
 - (e) The Company shall issue NCDs for deployment of funds on its own balance sheet and it shall not issue NCDs to facilitate resource requests of group entities/ parent company / associates.
- (c) **No Loan against Security of Own Debentures-** The Company shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).
- (d) **Commercial Papers-** In addition to applicable provisions of the Companies Act, 2013, the Company will comply with the 'Reserve Bank Commercial Paper Directions, 2017', as may be amended from time to time.
- (e) **Unsecured Subordinate Debt-** In this regard, the Company will comply with the requirements prescribed under the RBI Directions.
- (f) **Transfer/ Sale/ Assignment of Loan Portfolio-** For these transactions, the Company shall ensure compliance with applicable provisions of the 'Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021' prescribed by the RBI.
- (g) **Securitization of Loan Portfolio-** The Company shall ensure compliance with applicable provisions of the 'Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021' prescribed by the RBI.

4.7 Approval/ Consent from its investors/ lenders

The Company, before raising any resources/ borrowings, shall seek consent from its investors/ lenders, if required as per the terms of agreement for the respective investment/ loan/ credit facility.

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