

INDEL MONEY LIMITED(IML)

POLICY ON RESOURCE PLANNING

1 Introduction

Indel Money Limited is a non-deposit taking Non-Banking Financial institution operating under a Certificate of Registration from the Reserve Bank of India. Its operations are spread across various states of the Country.

Reserve Bank of India (RBI) vide its Circular No.DNBS (PD) CC No.349/03.10.001/2013-14 advised that NBFCs shall have a Board approved policy for resource planning which inter-alia, should cover the planning horizon and the periodicity of private Placement. The policy of the company on resource planning will also cover the objectives of the above. The company has put forward a policy for mobilizing resources to match its business plans.

2.Policy for resource planning

The broad target of the company for resource mobilization shall be mainly in the form of banks or institutional funding, by issue of NCDs/Subordinated debts, commercial paper, securitization, assignments, etc.

At the end of each financial year this shall be reviewed and the progress shall be reported. The total resources shall be mobilized from a diversified group of sources so that no single lender shall have an exposure of more than 40% of the overall funding.

3. Planning for short term and long-term 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 two categories;

- A. Long Term Resources and
- B. Short term resources.

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 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.

Tenure

Considering the fact that the company's business is mainly of lending against gold and the period of the loan is upto 12 months only any resource that could be raised with a maturity profile of more than 12 months can be classified as a long term resource.

Resources with a maturity of 12 months and less shall be treated as short term resources. The main sources of such resources are bank limits and inter corporate loans which are exempt from the purview of public deposit under the applicable directions of RBI.

The proportion of the long term and short term resources for the company shall be fixed from time to time by the ALCO Committee based on the business plans for each year and the ALM pattern to be maintained by the company.

4.Manner of raising resources:

4.1. Borrowings from banks and other Financial Institutions

The company may plan for raising long term resources from banks, financial institutions and other corporates. The major source of funding for the company as of now is nationalized and other scheduled commercial banks, All India Financial Institutions and larger NBFCs. 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 like External Commercial Borrowings depending on the business requirements.

4.2. 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 and also after payment of dividend as may be decided by the company from time to time.

4.3 Issue of Debt Securities.

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;

- a. Public issue of Rated Secured / unsecured Non convertible Debentures (NCDs)
- b. Private placement of NCDs

a.Public issue of Rated Secured / unsecured Non-convertible Debentures (NCDs)

The company may subject to the compliance with the applicable provisions of laws/ and regulations may issue Secured / Unsecured Non convertible Debentures with maturity period of 12 months and above (NCDs/Bonds) at such intervals by way of public issue at such coupon rates as the company think fit from time to time and shall be listed in one or more recognized stock exchanges in India. The frequency of the issue may be decided by the Board / Committee of the Board from time to time depending on the business environment, market conditions and regulatory provisions in this behalf.

b. Private placement of NCDs

Based on the business plan of the company for each year, 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 Finance 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 the total number of subscribers in each issue shall not exceed the maximum number of subscribers fixed under any of the applicable laws or regulations.

Private placement of Unlisted Debentures shall be made on the basis of a Disclosure document 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 perceived by the management.

The issue of debentures shall 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.

Further the company shall issue NCDs for the purpose of its own Balance sheet only and shall not grant loans against its own debentures.

4.4 Issue of Subordinated Debt instruments

The Company may, for meeting its ALM requirements, issue Unsecured 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.

4.5 Others

Apart from the above-mentioned resources, the company may also issue Commercial Paper, also shall go for securitization/assignments of book debts outstanding from time to time.

5. Annual 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 properly defined in the business plan for each year. The mix of resources shall be mobilized in accordance with the above policy.

6. Amendment to the policy.

The policy may be amended from time to time by the Board of Directors on the recommendation of the ALCO which is monitoring the ALM.