

## 1. Introduction

Kuhoo Finance Private Limited (the “Company”) is registered with RBI as a Base Layer NBFC. The company is primarily engaged in the retail lending activities primarily in the segment of student education.

As per the company’s strategy, its target markets are primarily students and its lending products include education loan as well as sundry loans for tuition fees and living expenses. For smooth functioning of its lending activity the company understands the requirement to adhere with RBI guidelines issued from time to time

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 keeping in view the requirements of the prescribed Annex XV Guidelines on Private Placement of NCDs (maturity more than one year) by Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and various RBI notifications / directions [“RBI Regulations”] issued in this regard.

The policy of the company on resource planning will also cover the objectives of the above regulatory requirement.

## 2. 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 Master Directions.

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 limits for mix shall be determined by Board of the company, and the same shall be revised as per the business requirements.

## 3. Plan For Fund Raising

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;

- 3.1. Long Term Resources (Term Loans from Bank/ subordinated debt and Equity over   2   years)
- 3.2. Short term resources (NCDs and Commercial Papers less than   2   years).

## 4. Policy on raising resources.

- A. Long Term Resources

## 4.1. Tenure

Considering the fact that the company's business is mainly of lending to provide long term lending facility, which is generally exceeding 12 months, any resource that could be raised with a maturity profile of more than 12 months shall meet the company's requirements. The mix between the long-term resource requirement, and the short-term resource requirement shall be assessed by the Asset Liability Management committee/Board of the company from time to time, based on the ALM profiling and business projections.

## 4.2. Manner of raising resources

### 4.2.1. Borrowings from banks and other Financial Institutions

The company may plan for raising long term resources from banks and financial institutions. 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 from other markets depending on the business requirements from time to time.

### 4.2.2. 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.

### 4.2.3. 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 Sections of companies act 2013 and other regulations, in addition to the Master Directions. 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 (Rated and Listed) NCDs

The company may subject to the compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations , 2015 and other applicable provisions of laws/ and regulations may issue Redeemable Non-convertible Debentures with maturity period of 12 months and above (NCDs/Bonds) at such intervals by way of private placement at such coupon rates as the company think fit from time to time with such subscription amount, per investor, as may be prescribed under any law or regulation in force from time to time to eligible investors and shall be listed in one or more recognized stock exchanges in India.

However, in case of issue of NCD's with maximum subscription amount, per investor, being less than 100 lakhs, the maximum number of subscribers shall be limited to 200 for every financial year and the same shall be compulsorily secured on the assets of the company. 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.

- Private Placement of Unlisted NCDs (Rated and unrated)

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 8 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 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 covered under sub clause a and b above may be secured (depending upon amount of subscription per subscriber, as stated above) 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.

*Note: Minimum Regulatory Conditions as highlighted in **Annex A** shall be complied while issuing NCDs through the issued of Information Memorandum/Private Placement Offer Letter for issuance of NCD's*

#### 4.2.4. 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 of not less than 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.

#### B. 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 /corporates from time to time and continue

to issue commercial papers with maturity ranging from one month to 24 months. 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.

## **5. 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 Asset Liability Management Committee/Board 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.

However, the Plan shall always ensure adherence with the leveraging ratios/Capital Adequacy ratios as applicable to the company.

## **6. Exception Handling**

The policy shall always be updated with extant regulatory provisions. However, in case of conflict between the Policy and regulations, the regulatory provisions shall always supersede the policy.

The updated policy shall be adhered at all the times and exceptions if any to the policy shall be approved by the board of directors after recording a reason in writing

## Annex A

Regulator Conditions to be fulfilled while issuance of NCDs whether through Private placement of (Rated and Listed) NCDs or Private placement of Unlisted NCDs for more than 1 year:

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. 1 Crore 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. 1 Crore, and such subscription shall be fully secured
6. In case of issue of NCD with minimum Subscription of Rs. 1 Crore or above the option to create security in favor 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.
10. The Company shall comply with all other provisions of the Companies Act 2013 and Stock exchange (issue through EBP platform) with respect to issue of NCD on private placement basis.

*Note: In case of regulatory update not affected in the Annex above, the extant regulatory provisions applicable shall be adhered i.e., regulatory provisions shall have a precedence over the policy document at all the times.*