

VM VINIMAY PRIVATE LIMITED

LOAN POLICY

Introduction

The Company extends loan finance to Individuals, HUFs, Partnership Firms and Corporates, both secured and unsecured, to eligible borrowers, based on their pre-validation by the Board.

The Demand/Call Loans can be extended under Trade Advances, Loan against Shares or Securities and any other tangible assets etc. This would be reviewed from time to time by Credit Appraisal and Sanctioning authority.

The tenure and rate of interest vary with the customers concerned.

RBI in its following Master Circular has advised that the Board of Directors of every Non-Banking Financial Company granting/intending to grant demand/call loans shall frame a policy for the company and implement the same:

- Non Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021.

Aims and Objectives of the Policy

The aim of this Loan policy is to lay down in clear terms on loan tenure (if applicable), interest, margin, repayment, renewal, etc. and the overall description of all the stages of Lending Process.

Criteria for Loans

Demand/Call loans would be considered by the company both under Secured loan as well as unsecured loan segments.

The Demand/Call loans can be considered under business loans, trade advances, inventory funding, loans against shares & securities, Loan against Commodities, IPO Funding etc. This would be reviewed from time to time by Credit and Sanction Authority and Risk Management Committee.



Credit Policies Guidelines

- a) The company shall conduct a due diligence on the creditworthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the company's credit policies, norms and procedures in respect thereof.
- b) The borrower would be informed in the vernacular language or in a language as understood by the borrower by means of sanction letter or otherwise the amount of loan sanctioned. The said letter shall contain the terms and conditions including the annualized rates of interest and method of application thereof and shall obtain an acceptance from the borrower on the said sanction letter.
- c) The company shall furnish a copy of loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of requisition by borrower or brief terms should be made part of sanction letter. The company shall ensure that the loan agreements and enclosures furnished to all borrowers contain the terms and conditions and the rate of interest in the form of a term sheet, which shall be annexed to the loan agreement.
- d) Limit is set after reviewing client's financial background.
- e) Credit Appraisal Memo shall be prepared for every new client and same shall be taken into consideration at the time of finalizing limit.
- f) For a prospective client, the Company shall check whether the client does not exist in debarred list and also if any records are found in CIBIL/watchout Investors
- g) Risk Categorization shall be done on the basis of financial limit.
- h) Enhancement shall be done only after reviewing client's past history which includes interest repayment on timely basis.

Regulatory Restrictions on Loans

As per the Scale Based Regulations, NBFC- ML shall be subject to regulatory restrictions in respect of the following:

1. Granting loans and advances to directors, their relatives and to entities where directors or their relatives have major shareholding.
2. Granting loans and advances to Senior Officers of the NBFC.
3. While appraising loan proposals involving real estate, NBFCs shall ensure that the borrowers have obtained prior permission from government/local governments/other statutory authorities for the project, wherever required. To ensure that the loan approval process is not hampered on account of this, while the proposals could be sanctioned in normal course, the disbursements shall be made only after the borrower has obtained requisite clearances from the government authorities.



Sanction Process

For availing the sanction facility, borrower shall execute the Master Loan Agreement and other documents, declarations, Power of Attorney, KYC documents as may be required in respect of the sanctioned facility. The credit and Sanction Authority will carry out the credit appraisal of documents and then facility will be sanctioned as per the sanction process outlined in the Credit and Risk policy.

Credit and Sanction Authority

The Company sanctions the loan through Asset Liability Committee (ALCO). The committee has the power to sanction the loan to parties after reviewing their credit worthiness.

Security

The Loan Amount together with default interest stipulated in or payable as per the Loan Agreement shall be secured by way of undertaking of the company through Demand Promissory Note and PDCs. The Security shall be duly created, prior to any disbursement of the Loan Amount.

Conditions precedent to disbursement of credit facility

- a) The Borrower shall submit a certificate from its managing director / whole-time director that no facility availed by the Borrower from any bank or financial institution has been classified as a Non-performing Asset.
- b) The Borrower shall submit a certificate from its managing director / whole-time director certifying that there are no proceedings against the Borrower, under the Insolvency and Bankruptcy Code, 2016 which have been admitted or are under consideration before the National Company Law Tribunal (NCLT).
- c) The Borrower shall submit a Board Resolution authorizing the person executing the Loan Agreement on behalf of the Borrower and to avail the Loan Amount from the Borrower.
- d) The Borrower shall submit a certificate from its managing director / whole-time director certifying that the total borrowings of the Borrower, including the Loan Amount, are within the limits of the Companies Act, 2013 and/or any resolution passed by the shareholders in terms of Section 186 of the Companies Act, 2013.

Tenure and Call back of Loans

The demand/call loan will be sanctioned for a period of one year from the date of disbursement of the loan in case of Demand Loan Facility or as per the terms agreed between the company and the borrower.

- a) The Credit and Sanction Authority shall record specific reasons in case the tenure of loan for any client is beyond the period of 12 months from the date of sanction.



- b) In case no call/demand is made prior to the expiry of stipulated period, then the loan shall be deemed to be called/demanded on such expiry date and shall be repaid accordingly.
- c) Suitable clause empowering such demand/call made for repayment would be incorporated in the loan agreements.
- d) The repayment of demand/call loan shall be demanded or called up giving atleast 7 days prior notice.
- e) The mode and authority of making the demand or call for repayment of the loan would be as decided, documented and adhered to.

Interest Rates

- a) Interest rates shall vary from 4% p.a. to 20% p.a. as determined by the Credit and Sanction Authority but it shall not be lower than the trends prevailing in the market.
- b) The interest may be collected at the option of the company on Monthly/quarterly payment basis which shall be specified in the terms and conditions of the agreement.
- c) In case of fluctuating amount loan, interest is calculated on the amount utilized on monthly compounding / Simple Interest Basis.
- d) Any variation in the rate of interest shall be notified to the customer from time to time and shall be effective from such date as may be intimated by the company.

Default in Interest/Re-payment

The Borrower defaults in payment of Interest and / or repayment of the Loan Amount, it shall pay to the Lender compound interest at the rate of 18% per annum on the defaulted amount (unpaid portion of the interest and the loan amount).

Review or Renewal of Loans

- a) The demand loan facility would be due for renewal at the expiry of the loan tenure as specified at the time of loan sanction. The renewal of the loan facility would be at the sole discretion of the lender.
- b) All the demand/call loans having stipulated period beyond 12 months shall be subject to review of performance at the end of 12 months.
- c) The renewal of the Demand Loan Facility as aforesaid shall be on the same terms and conditions unless otherwise agreed by agreeing to new terms and conditions.
- d) At least 30 days prior to the end of the stipulated period, the loans would be reviewed to decide on whether demand/call should be made on due date or further renewal of the loan either in full or part to be considered for any period, not exceeding 12 months. The same shall be documented.
- e) The review of the performance of demand/call loan should be done on the yearly basis.



Reporting Requirements

The Company shall adhere to the prescribed prudential norms and ensure the submission or updation of the credit information for its borrowers regularly to all the Credit Information Companies (CICs) on a monthly basis and other reporting in CERSAI, CRILC Platform, XBRL Platform and in the annual financial statements.

Loan Repayment

- a) The loan amount shall become payable on the expiry of the loan term or as demanded by the lender before the expiry of the term loan.
- b) The loan shall be repayable unconditionally on demand at the lender's discretion and without giving any reasons whatsoever.
- c) The loan can also be paid by the customer at any time before the expiry of the loan period.

Waiver

No delay in exercising or omission to exercise any right, power or remedy accruing to the Lender upon any default or otherwise under the Transaction Documents shall impair any such right, power, or remedy, or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the Lender in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Lender in respect of any other default. The rights of the Lender under the Transaction Documents may be exercised as often as necessary, are cumulative and not exclusive of their rights under the general law and may be waived only in writing and at the sole discretion of the Lender.

Monitoring and Review of Policy

The Board shall review the policy from time to time and shall have the power to amend the policy or repeal the same by introducing a new Loan Policy as it may deem necessary in the best interest of the Company.

For VM Vinimay Private Limited
Jayesh Vora
Director

28 APR 2023