

**POLICY ON DEMAND/CALL LOAN
OF
SUPRA INDUSTRIAL RESOURCES LIMITED**

Introduction:

The Company extends inter-corporate loan finance to individuals, HUFs, Partnership Firms and Corporate, 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.

There has been keen competition amongst many players in lending and borrowing market and products are evolved as per the customer requirements and benchmarked to offering by the competition.

The Tenure and rate of interest may vary with the customers concerned. This also depends upon the risk profile of the customers. The option for annulling and repayment of the loan is only with the customer requirements and the Company as a lender may not have any such option to call for early repayment except where default exists/Risk Presume and recalling option is exercised. Demand/Call loans offer better flexibility to both customer and lender in handling the credit requirements.

For customer whose requirements for funds are for short term and temporary, but frequenting nature demand loans are better option as it would meet their purpose. For the Company as a lender it would help in meeting the customer requirements, help in deploying surplus funds for short term and also to plan its funds flow in a seamless way. Further in case of any sudden and upward movement in cost of funds, it would offer an exit option for both the borrower and lender.

RBI in its Mater Circular – DNBR (PD) CC. No.044/03.10.119/2015-16, Non Banking Financial (Non Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions 2015 dated July 1, 2015 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. The aforesaid norms are now updated by Master Direction-Non Banking Financial Company-Non Systematically Important non deposit taking Company (Reserve Bank) Directions, 2016' dated 11th April, 2016.

Keeping the benefits in view and in order to explore the business opportunities the demand loans may open up, a policy on extending demand/ call loans is detailed outlined as under:

Aims and Objectives of the Policy:

The Aim of this demand loan policy is to lay down in clear terms on loan tenure (if opt), interest, margin, repayment, renewal etc. Relating to the demand loan facility given to the borrower for purchase of securities.

Criteria for loans:

Demand/ Call Loans would be considered by the Company both under secured loan as well as under unsecured loan segments.

The demand/ call loans can be considered under business loans, trade advances, inventory funding, loans against shares & securities, loans against commodities, IPO funding etc. This would be reviewed from time to time by Credit / Sanctioned Committee/ Risk Management Committee.

Credit Policy and Approvals

SUPRA INDUSTRIAL RESOURCES LIMITED is an RBI registered Non Banking Financial Company which offers loans & Advances facilities to its clients.

Credit Policies Guidelines are as follows:

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 as understood by the borrower by means of Sanctioned letter or otherwise the amount of loan sanctioned by the company. The said letter shall contain the terms and conditions including the annualised rates of interest and method of application thereof and shall obtain an acceptance from the borrower on the said sanctioned 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 term 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) For a Prospective Client, the Company (SIRL) shall check whether the client does not exist in debarred list and also if any records are found in CIBIL/ watch out Investors.

e) Risk Categorisation shall be done on the basis of financial Limit.

f) Two Undated cheques shall be collected for security purpose, in case of default by the client.

g) On monthly basis, interest shall be traced of each client. In case of non payment, it shall be informed to the management and accordingly action shall be taken.

h) Enhancement shall be done only after reviewing clients past history which includes interest repayment on timely basis.

Sanction Process:

For availing the sanction facility, borrower shall execute the Master Loan Agreement and other documents, declarations, Power of Attorneys, KYC documents as may be required in respect of the sanctioned facility/ or any enhancement thereof. The Management 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.

Tenure and Call Back of Loans

a) The Demand/ Call Loan will be sanction for a period of 5 Year from the date of sanction of the loan in case of Demand Loan Facility or as per the terms agreed between the Company and the Borrower.

b) The loan amount including other dues will become payable on the expiry of the loan term or as when demanded by the SUPRA INDUSTRIAL RESOURCES LIMITED.

c) The Sanction Committee 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.

d) 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.

e) Suitable clause empowering such demands/ calls made for repayments would be incorporated in the loan agreements.

f) The mode and authority of making the demand or call for repayment of the loan would be as decided, documented and adhered to.

g) In case the interest is not received on due date or the loan is not paid off after being called up/ demanded, then the loan would be treated as non performing if such overdue status continue for more than 3 months from such date and would be provided for according to the policy of the Company. The Borrower wise NPA classification would also be applicable although no call demand is made for any particular loan.

Interest Rates:

a) Interest Rates will be determined as per the trends prevailing in the market and as per the Company's cost of borrowing which will be the basic lending rate (BLR).

b) The Interest would be applied on Quarterly basis. Generally the interest should be serviced on quarterly basis. The interest may be collected at the option of the Company on monthly/quarterly/ annually 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 utilised on monthly compounding/ Simple Interest basis.

d) Interest will be done on a Quarterly basis.

- e) Quarterly outstanding balance will be inclusive of Interest.
- f) Posting of Interest is done on first of subsequent quarter.
- g) Demand/ call loans may be considered on fixed interest or fluctuating interest rate basis pegged to any anchor rate as may be agreed upon. Interest rate would be decided on case to case basis. Any changes in the interest rates considered for calculation of interest rate would be notified to the customers immediately.
- h) 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.
- i) Necessary TDS on interest has to be deducted by the client and paid to the treasury of the government and certificate to be issued to the Company for the TDS deducted.

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) The renewal of the Demand loan facility as aforesaid shall be on the same terms and conditions unless otherwise agreed by agreeing to the new terms and conditions.
- c) All the demand/ call loans having stipulated period beyond 3 months shall be subjected to review of performance at the end of 3 months.
- d) At least 15 days prior to the end of 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 6 months. The same shall be documented.
- e) In case the loan is renewed, then it should be considered as a new demand/ call loan although the same may continued under same customer/ loan account number. Necessary renewal papers would be obtained.
- f) Maximum demand for each of the demand/ call loan and the aggregate amount of the demand/ call loan would be subjected to a Review periodically, at least annually basis, by the risk management committee.

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 or demand at the lender's discretion and without giving any reasons whatsoever.
- c) The loan shall also be paid by the customer at any time before the expiry of the loan period.

Classification as Non Performing Assets:

In case the interest is not received on due date or the loan is not paid off after being called up/ demanded, then the loan would be treated as non-performing if such overdue status continue for more than 6 months from such date and would be provided for according to the policy of the Company. The borrower wise NPA Classification would also be applicable although no call or demand is made for any particular loan.

Loan Agreement will override policy:

This policy will not be overwriting any of the terms and conditions given in the agreement including schedule of terms. In case of any inconsistency, the terms given in the agreement will prevail.

This policy will be reviewed on periodical basis and revisions, if any, will be carried out after approval of the Board of directors/ Committee authorized as the case may be.

This policy should always be read in conjunction with RBI guidelines, directives and instructions. The Company will apply best industry practices so long as such practice does not conflict with or violate RBI guidelines. In case of conflicts, the RBI guidelines will have overriding effect.
