

KALYAN CAPITALS LIMITED
(Formerly known as AKASHDEEP METAL INDUSTRIES LIMITED)

Policy on Demand Loans

Objectives of the Policy:

The objective of this demand loan policy is to lay down various prudential criteria and RBI guidelines for sanction, disbursement, repayment and recovery of demand loans granted by Kalyan Capitals.

Criteria for Loans:

The demand loans can be considered under business loans, trade advances, inventory funding, loans against shares & securities, Loan against Commodities, IPO Funding etc. These loans can be secured or unsecured. This would be reviewed from time to time by Credit Sanction Authority.

Loan Sanction Process:

- a) 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.
- b) Kalyan Capitals shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application.
- c) The borrower would be informed 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 shall obtain an acceptance from the borrower on the said sanction letter.
- d) Kalyan Capitals 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. Kalyan Capitals 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.

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- e) Limits set after reviewing client's business requirements and risk assessment.
- f) Credit Appraisal Memo shall be prepared for every new client and same shall be taken into consideration at the time of finalizing limit.
- g) For a prospective client, Kalyan Capitals shall check for any averse comments made in various lists prepared by regulatory and statutory bodies as well as by Credit Information Companies (CICs).
- h) Two Un-dated cheques (UDCs) shall be collected for security purpose, if required, in case of default by the client.
- i) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if no interest is stipulated or a moratorium is granted for any period;

Tenure and Call back of loans:

The demand loan will be fixed for one year. The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut-off date for demanding or calling up such loan is stipulated beyond a period of one year from the date of sanction;

- a) In case no 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.
- b) Suitable clause empowering such demands/calls made for repayment would be incorporated in the loan agreements.
- c) Either party to the loan agreement would give 3 working days' notice to the other side for intended repayment /demanding /calling for repayment. During these 3 days period no additional interest/ penal interest would accrue. **In case the repayment is not made within the 3 days, then additional rate of interest of 4% over and above the original rate would be collected from date of demand/ call till it is paid off.** The rates and call days will be decided on case-to-case basis depending on the needs and size of the loan and based on any other criteria that management deems fit.
- d) The mode and authority of making the demand or call for repayment of the loan would

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be as decided, documented and adhered to.

Interest Rates:

- a) Interest rates will be determined as per the trends prevailing in the market and as per Akashdeep's cost of borrowing.
- b) The interest would be applied and collected on quarterly basis which shall be specified in the terms and conditions of the agreement.
- c) Quarterly outstanding balance will be inclusive of interest
- d) Posting of interest run is done on Last day of the respective quarter.
- e) Demand loans may be considered on fixed/floating interest 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 amount will be notified to the customers immediately.
- f) 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 Akashdeep.
- g) The rationale for charging different rate of interest (i.e., premium/ discount over the reference rate) shall depend on the risk gradation of the client, market scenario, tenure of the loan and type of the loan. The approach for gradation of risk is based on factors such as borrower profile, available security, client's reputation/positioning in the market, past track record, financial standing, etc. Applicable rate of the interest will be on annualized basis and payable as per the agreed terms.

Tax deducted at source (TDS):

TDS is deductible on interest under Section 194A of the Income Tax Act, 1961.

- a) All customers who are liable to deduct the TDS must pay TDS as per applicable rate for the interest being paid to-----.
- b) TDS credit is given to client on the basis of credit received in 26AS.

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Review or Renewal of Loans:

- A cut-off date, for review of performance of the loan, not exceeding six months commencing from the date of sanction;
- Such demand loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.
- Enhancement shall be done only after reviewing client's past history which includes interest repayment on timely basis, business prospects and other risk parameters.
- In case the loan is renewed, then it should be considered as a new demand loan with new terms and conditions, although the same may continue under same customer/loan account number. Necessary renewal papers would be obtained.
- Maximum amount 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 annual basis, by the Sanctioning Authority.

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.

Classification as Non-Performing Assets (NPA):

In case the interest is not serviced on due date or the loan is not paid off after being demanded, then the loan would be treated as Non-Performing Asset (NPA) if such overdue status continues for more than 6 months from such date and would be provided for by Akashdeep. The borrower wise NPA classification would also be applicable although no call or demand is made for any particular loan.

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Loan Agreement shall over ride policy:

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

This policy should always be read in conjunction with RBI guidelines, directives, and instructions. Akashdeep 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.

Approved on: 07.08.2023