

**Shrem Infra Invest Private Limited****Loan Policy****Index**

S.No.	Particulars	Page No.
1	Introduction / Objective / Regulation	2
2	Credit Policy Guidelines	2
3	Sanction Process	2
4	Rate of Interest	3
5	Review or renewal of Loans	4
6	Loan Repayment	4
7	Classification as Non Performing Assets (NPA)	4
8	Loans to Subsidiaries/Step down subsidiaries	5
9	Review	5

1. Introduction / Objective / Regulation

Shrem Infra Invest Private Limited (the Company / SHIPL) is a registered Core Investment Company ('CIC') with Reserve Bank of India (RBI) having registration no. N-13.02469 dated 3rd Oct 2024.

As required under paragraph 15 of Chapter V of the **Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016**, every CIC is required to formulate and adopt a Loan Policy. Accordingly, the Board of Directors of the Company approved the Policy at its meeting held on 19th February, 2024

The objective of this demand/call loan policy is to lay down the terms on loan tenure, interest, repayment, renewal etc. relating to the demand/call loan facility to the borrower.

2. Credit Policy Guidelines:

- i. 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.
- ii. The borrower shall issue a sanction letter or a similar document of the amount of loan sanctioned, terms and conditions including the annualized rate of interest and mode of application thereof. An acceptance from the borrower on the said sanction letter shall be obtained.
- iii. The Company shall furnish a copy of the loan agreement along with the copy of all enclosures quoted in the loan agreement to the borrower.
- iv. Limit shall be set after reviewing clients' business and financial background.
- v. 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/watch-out investors.
- vi. Risk categorization shall be done keeping in mind the financial limit.
- vii. On monthly basis, interest payment shall be traced for each client. In case of non-payment, it shall be informed to the management and accordingly action shall be taken.
- viii. Enhancement shall be done only after reviewing clients past history which includes interest repayment on timely basis.

3. Sanction Process:

For availing the demand/call loan, the borrower shall obtain the KYC documents, declarations and other documents as may be required in respect of the loan facility/ or any enhancement thereof. The company shall compile the credit appraisal of the facility before sanction by the Director delegated by the Board of Directors of the Company.

Tenure and Call back of loans:

- i. The demand/call loan shall be sanctioned for a period of one year from the date of sanction of the loan or as per such other terms as may be agreed by and between the Company and borrower.
- ii. The loan amount including other dues shall become payable on the expiry of the term or as and when demanded by the Company, in case of default.
- iii. In case no call/demand is made prior to the expiry of the stipulated period, then the loan shall be deemed to be called up/demanded on such expiry date and shall be required to be repaid accordingly.
- iv. Suitable clauses empowering such demands/calls made for repayment shall be incorporated in the loan agreements.
- v. The mode and authority of making the demand or call for repayment of the loan shall be as decided documented and adhered to.
- vi. Loan agreement shall give 7 working day notice to the other side for intended repayment/demanding/calling for repayment. During this 7 days period no additional interest/penal interest would accrue. In case the repayment is not made within 7 days, then additional rate of interest of 4% over and above the original rate would be collected from the date of demand/call till it is paid off. The rates and call days shall be decided on case to case basis depending on the needs and size of the loan and based on any other criteria.

4. Rate of Interest:

- i. The Interest rates shall be determined as per the trends prevailing in the market and as per the company's cost of borrowing plus a minimum spread, which shall be the Basic Lending Rate (BLR).
- ii. The interest shall be applied on monthly basis. Generally the interest shall have to be services on monthly basis. The interest may be collected at the option of the Company on monthly/quarterly/annually basis which shall be specified in the terms and conditions of the loan agreement.
- iii. In case of fluctuating amount loan, the interest is calculated on the amount utilized on monthly compounding/simple interest basis.
- iv. Demand/call loans may be considered on fixed interest or fluctuating interest rate basis. Interest rate shall be decided on case to case basis.
- v. Any change in the rate of interest shall be notified to the borrowers from time to time and shall be effective from such date as may be intimated by the Company.
- vi. The rationale for fixing rate of interest shall depend on the risk gradation of the client, tenure of the loan and type of the loan. The approach for gradation of risk is based on the factors such as borrower profile, available security, client's reputation/positioning in the market, past track record, financial standing etc.
- vii. The Investment Committee of the Company 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. Interest free loans can be granted only to a subsidiary or a step down subsidiary thereof.

- viii. Necessary TDS on interest has to be deducted by the client and paid to the Govt. Treasury and certificate to be issued to the Company for the TDS deducted.

5. Review or renewal of Loans:

- i. The demand/call loan facility shall be due for renewal at the expiry of a year or as specified at the time of loan sanction. The renewal of the loan facility shall be at the sole discretion of the Company and such loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.
- ii. The renewal of the Loan facility as aforesaid shall be on the same terms and conditions unless otherwise agreed.
- iii. All the demand/call loans having stipulated period beyond 3 months shall be subjected to review of performance at the end of 3 months.
- iv. At least 15 days prior to the end of the stipulated period, the loans shall be reviewed to decide on whether the 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, can be granted.
- v. In case the loan is renewed, then it should be considered as a new demand/call loan. Necessary renewal documents shall be obtained.

6. Loan Repayment:

- i. 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 of loan.
- ii. The loan shall be repayable unconditionally on demand at the lender's discretion and without giving any reasons whatsoever.
- iii. The loan can also be paid by the borrower at any time before the expiry of the loan period, subject to such prepayment fee as may be stipulated.

7. Classification as Non Performing Assets (NPA):

In case the interest is not serviced on due date or the loan is not paid off when it becomes due, the loan shall be treated as a non-performing asset if such overdue status continue for more than 3 months from such date and shall be provided for according to the RBI's Directions for NBFCs.

8. Loans to Subsidiaries/Step down subsidiaries

These loans may be approved upon such terms and conditions, rate of interest, tenure, etc. as may have been stipulated by the lender of the said subsidiary as a part of funding tie-up of the said subsidiary.

9. Review:

The policy will be reviewed on a periodical basis and revisions, if any, shall be carried out after approval of the Board of Directors. The Policy shall always be read in conjunction with RBI Guidelines, directives and instructions. In case of conflicts, the RBI Guidelines will have overriding effect. This Policy has been revised and approved by the Board of Directors in their Meeting held on 19th February, 2024.