



Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;
Email: complssiance@capfinindia.in | CIN: L74999PN1992PLC243323
Contact No.: 9665523806 | Website: www.capfinindia.in

Policy on Demand / Call Loan

The Company endeavours to review policy on demand/call loan. The products are tailor-made to the customer requirements and benchmarked to offering by the competitor. Mostly the products are offered as term s with specific repayment schedules generally referred to as EMI based Loans. The period of the loans depends upon nature of loan. This at times also depends upon the risk profile of the customer category. Thus, the loans are considered on fixed repayment period basis and the commencement of the repayment is also crystallized at the time of sanctioning the loan. Although the loans can be repaid either in part or in whole prior to the scheduled time frame by prepayment, the customer had to bear some cost in such cases. The prepayment charges are imposed as a strategy to deter such prepayments and also to compensate the cost of funds management issues arise out of such sudden inflows. However as per Regulation 45.7.4 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

The option for annulling and repayment of the loan before the term is only with the customer and the Company as a lender will not have any such option to call for early repayment except where default exists and recalling option is exercised.

Demand/Call loans offer better manoeuvrability to both customer and lender in handling the credit requirements. For customers who do not have a fixed and structured income streams on one hand and their requirements for funds are for short term and temporary, but frequent in nature this demand loans are better option as it would meet the 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. Regulation 28 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 stipulate 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.

Keeping the benefits in view the policy on extending demand / call loans per se is reviewed as under:

1. Demand / Call loans would be considered by the Company both under secured loan as well as unsecured loan segments.
2. The demand / call loans would be considered under all business segments. The products where demand / call loan facility to be offered along with EMI based facility would be reviewed from time to time by empowered officials.
3. Maximum Period for a demand / call loan would be normally 12 months from the date of sanction of such loan (i.e. the period within which the demand/call would be made for repayment- termed as stipulated period). For each case, such “stipulated period” needs to be decided and specified in the sanction memorandum / advice.



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4. 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, then the sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan.
5. A Log of due dates for cut off dates each of the demand / call loans to be maintained where ever necessary.
6. 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.
7. Suitable clause empowering such demands / Calls made for repayment would be incorporated in the loan agreements.
8. The mode and authority of making the demand or call for repayment of the loan would be as decided, documented and adhered to.
9. The interest would be applied on monthly or quarterly basis. Generally, the interest shall be serviced on monthly basis. The interest will be at the option of the Company collected on quarterly payment basis or bullet payment which shall be specified in the approval.
10. Demand / call loans will be considered on fixed interest or fluctuating interest rate basis pegged to any anchor rate as will be agreed upon. Interest rate would be decided on case to case basis.
11. Either side would give 7 working days notice to the other side for intended repayment / demanding / calling for repayment. During these 7 days period no additional interest / penal interest would accrue. In case the repayment is not made within the 7 days, then additional rate of interest of 2% over and above the original rate would be collected from date of demand / call till it is paid off. In case the due date falls on a holiday or Sunday, it shall be deemed to fall due on the next subsequent day.
12. All the demand / call Loans having stipulated period beyond 6 months shall be subjected review of performance not exceeding 6 months from the date of sanction either on discrete or on summary basis.
13. At Least 7 days prior to the end of the stipulated period, the loans would be reviewed to decide on whether demand / call shall 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. In case the loan is renewed, then it shall be considered as a new demand / call loan although the same will continued under same customer / loan account number. Renewal papers / data as will be deemed necessary would be obtained. Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.
14. In case the interest is not serviced 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 the stipulated period and would be provided for according to the policy of the Company.



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The borrower wise NPA classification would also be applicable although no call / demand is made for any particular loan.

15. 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;
16. Such demand or call loan shall not be renewed unless the periodical review has shown satisfactory performance / compliance with the terms of sanctions.

The Company will abide by all guidelines, directives, instructions and advices of Reserve Bank of India as will be in force from time to time. The contents in this document shall be read in conjunction with these guidelines, directives, instructions and advices. The Company will apply better practice so long as such practice does not conflict with or violate Reserve Bank of India regulations.

This document is the property of the Company. It contains information that is internal to the Company and is of competitive value and sensitive in nature. All employees must treat its contents as confidential and keep it secure.

Amendments

The Board may amend the provisions of this Policy from time to time.

Unless otherwise specified, such amendments shall be effective from the date of the Board meeting at which such amendments are approved.