

JALAN CHEMICAL INDUSTRIES PVT LTD

Policy on demand / call loan

(Formulated in terms of Para 28 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023; approved and adopted by the Board of Directors at their meeting held on 31.03.2024)

Our Company, M/s. Jalan Chemical Industries Pvt Ltd, is an Investment and Credit Company “NBFC-ICC”, as defined in Para 5.1.19 of Chapter II of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“the Directions”) issued by the Reserve Bank of India on 19th October, 2023. The Company is engaged in the business of providing finance by way of making loans and trading/investments in securities.

Para 28 of Master Direction – Reserve Bank of India Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“the Directions”) inter-alia stipulates as under:

28. Policy on demand/ Call Loans

28.1. The Board of Directors of NBFC granting/intending to grant demand/call loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding shall frame a policy for the company and implement the same.

28.2. Such policy shall, inter alia, stipulate the following,-

- (i) A cut-off date within which the repayment of demand or call loan shall be demanded or called up;
- (ii) 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;

- (iii) The rate of interest which shall be payable on such loans;
- (iv) Interest on such loans, as stipulated shall be payable either at monthly or quarterly rests;
- (v) 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;
- (vi) Such demand or call loans shall have threshold of Rs. 50 Crores beyond which loans to abovementioned persons shall be reported to the board.
- (vii) A cut-off date, for review of performance of the loan, not exceeding six months commencing from the date of sanction;
- (viii) Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

The Company extends inter corporate deposits, short term/long term loans, which are both secured/ unsecured in nature and are repayable either after a stipulated period of time or on in the nature of demand/call loan. Demand/Call loans offer better maneuverability to both customer and lender in handling the credit requirements. For customers whose requirements for funds are for short term and temporary, but frequent in nature the 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 and 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.

The Company duly in compliance with the above directions has framed this policy.



Keeping the benefits in view and in order to exploit the business opportunities the demand loans may open up, a policy on extending demand / call loans per se is detailed out 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 can be considered under inter corporate deposit, business loans, personal loans, consumer loans etc.
3. Maximum Period for a demand / call loan would be 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. The loans can be renewed for successive period on review of satisfactory performance.
4. 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.
5. The interest would be applied on monthly/quarterly basis. In case no interest is stipulated or a moratorium is granted, reasons in writing shall be recorded at the time of sanctioning demand or call loans.
6. Demand / call loans may be considered on fixed interest or fluctuating interest rate basis, which shall not be less than the bank rate and further depending upon the risk profile of the borrower and prevailing market rates.
7. All the demand / call loans having stipulated period beyond 6 months shall be subjected review of performance at the end of 6 months. Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.



8. In case the interest is not serviced on due date or the loan is not paid of after being called up / demanded, then the loan would be treated as non-performing if such overdue status continue for more than 90 days or as may be prescribed under RBI guidelines, 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.
9. All application for loans shall be subject to approval of the Board. Related Party transactions shall be approved/ reviewed by the Board as may be applicable by the Reserve Bank of India Act, 1934 and Companies Act, 2013.
10. 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.

