

ALPHA ALTERNATIVES

Provincial Finance & Leasing
Co Private Limited

Demand / Call Loan Policy

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1. Policy on Demand / Call Loans

The Board of Directors of Provincial Finance & Leasing Company Private Limited ["Provincial"] ("the Company") being a non-banking financial company granting/ intending to grant demand/ call loans is required to frame a policy on demand /call loans in pursuance with the Notification No.DNBR.008/ CGM (CDS) - 2015 dated March 27, 2015 regarding "Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions,

2. Objective of the Policy

The objective of this policy is to comply with Direction 7 (1) of the RBI Circular dated July 1, 2015 (as updated on 11 April, 2016), as mentioned below: "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 aim of this policy is to lay down clear terms on loan tenure (if opted), interest, repayment, renewal etc relating to demand loan facility given to the borrower. It will be applied in conjunction with the Investment Policy , Fair Practices Code, and the Grievance Redressal policy, as applicable

3. Policy guidelines

These are as under:

A. Pre-sanction Process

- Counterparty due diligence - Provincial shall conduct a due diligence either through an internal team or by engaging a specialist on the creditworthiness of the borrower. The assessment would be in line with Provincial's credit policies, norms and procedures in respect thereof. Provincial shall do a diligence with respect to Credit Information Companies or any such other watch out Investors lists provided by RBI, any Government Authority or any other institution of which Provincial may be a member of, Provincial will at it's sole discretion decide whether to provide a loan or not.
- Credit appraisal note shall be prepared for evaluation client and/or new transaction. Among other details, the credit appraisal note should include background of borrower, business model, rationale for Borrower asking for the loan, the collateral cover offered, risks involved in the transaction and any other material information relevant for assessment of the transaction

B. Sanction Process and Documentation

- The borrower would be informed by means of Sanction letter or Term Sheet on the amount of loan sanctioned. The said letter shall contain the terms and conditions including the annualized rates of interest and method of application thereof and shall obtain an acceptance from the borrower on the said letter.
- The Borrower shall execute all necessary documents, declarations, Power of Attorneys (if any) as may be required to avail disbursement of the loan. Provincial 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.
- Physical instruments, such as undated cheques from the client's bank account, may be collected by Provincial from the borrower / client in advance for security purposes that can be utilized in case of any default.

4. Interest Rate and other terms

- Provincial shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- Interest rate will be charged based on multiple factors including but not limited to current borrowing rates in the market, cost of capital of Provincial, risks involved in the transaction, collateral cover available, borrower track record and profile, etc. 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 Provincial.
- There will be monthly or quarterly rests for charging interest as appropriate. The period for levying and collecting interests will be mentioned in the terms and conditions.
- The demand/call loan will be sanctioned for a period of up to one year from the date of sanction of the loan in case of Demand Loan Facility or as per the terms agreed between Provincial and the borrower.
- 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.

- 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;
- In case of non-payment of interests, appropriate action based on the terms and conditions of the transaction and other remedial measures available under the provision of law, including but not limited to treating such action as an “event of default”, shall be taken
- Suitable clause empowering such demands/ calls made for repayment would be incorporated in the loan agreements.
- Other standard terms as applicable.
- This policy will be 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.

5. Review or Renewal of Loans

- Review of performance of the loan, shall be done at the end of every quarter commencing from the date of sanction. The review can be done earlier in case of occurrence of a material event that may impact the repayment of loan.
- 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 Provincial. Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction
- At least 7 (Seven) days prior to the end of the 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 12 months. The same shall be documented.

Data confidentiality will be maintained. No client data shall be shared unless required by law.

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

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