

# **SARASWATI COMMERCIAL (INDIA) LIMITED**

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## **LOANS AND ADVANCES POLICY**

<b>Effective from</b>	<b>24.07.2017</b>
<b>1<sup>st</sup> Review</b>	<b>27.05.2024</b>

# LOANS AND ADVANCES POLICY

## **Preamble**

The Reserve Bank of India is empowered to issue licenses to Non-Banking Finance Companies (NBFC) and further to issue directives/advices on loans and advances and other aspects regarding conduct of loan accounts from time to time. With liberalization in the financial system and deregulation of interest rates, NBFCs are now free to formulate loan products within the broad guidelines issued by RBI.

RBI directives can be studied in detail in various Master Circulars issued from time to time.

This policy document on loans and advances outlines the guiding principles in respect of formulation of various products offered by the SCIL and terms and conditions governing the conduct of the account. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

## **Company Profile and Asset Financing Activities**

Saraswati Commercial (India) Limited (SCIL) is an investment company. The company is engaged in the business of investment and trading in shares and securities & lending activities.

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“Scale Based Regulations”) [Earlier Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 were applicable to the NBFC which is now repelled], all NBFCs that are part of a common Group or are floated by a common set of promoters shall not be viewed on a standalone basis. The total assets of all the NBFCs in a Group shall be consolidated to determine the threshold for their classification in the Middle Layer. Thus SCIL has been classified under Middle Layer as the total asset size of all the Companies in the Group exceeds Rs. 1000 crore.

## **Know Your Customer (‘KYC’) and Anti-Money Laundering (‘AML’) Guidelines**

SCIL has formulated its KYC policy and accordingly the same is to following during the disbursements of the loans and advances. All documents like identity proof, address proof, etc are to be collected for borrowers and guarantors of loans and advances in accordance with the said policy.

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**Restrictions on Funding**

There are no specific restrictions on the funding of loans and advances with regard to the customer profile, area/address/type of the borrower or guarantor, etc. But general prudence is to be observed during the field investigation and enquiry about the customer. SCIL shall insist on, but not stick to, lower funding and lower repayment tenure for loans and advances.

**Limits for providing Loan**

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the Company shall not lend and invest (loans/investments taken together)exceeding:

- i. 25% of net owned fund to a single party;
- ii. 40% of net owned fund to a single group of parties.

**Interest Rates**

The management understands that considering the higher cost of borrowing and the risk profile of the customer, it has to maintain adequate margins to cover the operational and delinquency risk. The company may charge Interest based on the market policy.

**Other Charges and Rebates**

SCIL shall levy various charges on the customers as per the operations of the account and certain standard charges as applicable. Further, at their sole discretion, the management of SCIL can reduce or waive all or any of the charges so applied considering the best interest of the customer. Furthermore, the management has all powers to even give rebate of interest to the valuable customers.

**CIBIL and Other Rating Agencies**

Going forward, SCIL has obtained the membership of Credit Information Bureau of India Limited ('CIBIL') and other credit rating Agencies and further shall implement changes in the system accordingly so as to submit data to CIBIL and on other credit rating Agencies at regular intervals.

**Authority**

The Board of Directors (Board) of Company from time to time delegates the authority for granting loans. Any changes in the authority by the Board will automatically supersede the above authority.

**Review**

This Loan and Advance Policy will be reviewed at periodically with the Board approval.

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