Nalwa Sons Investments Limited
CIN: L65993DL1970PLC146414
Corporate Office: Jindal Centre, 12, Bhikaiji Cama Place, New Delhi – 110066
Registered Office: 28, Najafgarh Road, Moti Nagar Industrial Area, New Delhi-110028
Phone No.: (011) 45021854, 45021812, Fax No. (011) 45021812
Branch Office: O.P. Jindal Marg, Hisar – 125 005 (Haryana)
E-mail: investorcare@nalwasons.com, Website: www.nalwasons.com

LOAN POLICY

Document Control Sheet	
Document Name	Loan Policy
Name of Company	Nalwa Sons Investments Limited
Policy Authorization by	Board of Directors
Review of the policy	Bi-annual
Board Approval date	November 30, 2023

1) Applicability

This Loan policy shall be applicable to all Demand / Call Loan issued by the Company.

2) Purpose

The policies and procedures outlined provide a framework within which the company is to operate its principal business of financing. This manual is meant to be a working document and a set of guidelines to be used for granting loans. These policies and procedures are flexible to enable the loan program to be responsive to market demands and are designed to be amended from time to time.

3) Definitions

For the purpose of this Loan Policy -

a) "Act" means the Reserve Bank of India Act, 1934;

b) "Board of Directors" means the Board of Directors of Nalwa Sons Investments Limited;

c) "Body corporate" means a body corporate as defined under Section 2(11) of the Companies Act, 2013;

d) "Company" or "NSIL" means Nalwa Sons Investments Limited;

e) "Companies Act" means the Companies Act, 2013 or any statutory modifications or re-enactment thereof for the time being in force;

f) "Officer of a Company" means any person as defined in Section 2(59) of the Companies Act, 2013

g) "Regulations/Prudential Norms" means Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 as amended from time to time.

Other terms not defined hereinabove shall have same meaning as defined in the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 as amended from time to time.

4) Loan tenor/ maturity

a) The sanctioning authority shall stipulate a Tenor for Demand / Call loans.

b) The maturity date shall be a date within a period of five years from the date of sanction.

c) The sanctioning authority shall, record specific reasons in writing at the time of sanctioning the loan, if the tenor of such loan is stipulated beyond a period of five years from the date of sanction.

Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.

5) Rate of Interest

The rate of interest on the Loan shall be the Bank Rate prevailing on the date of sanction of the Loan plus margin of not less than 0.25% p.a. The Bank Rate shall mean the standard rate made public under Section 49 of the Reserve Bank of India Act, 1934.

6) Mode of interest payment

a) The interest stipulated on such loans, shall be payable either at monthly / quarterly / yearly/ on Bullet payment at the end of tenure.

b) The sanctioning authority shall specifically record the reasons in writing at the time of sanctioning the loan, if no interest is stipulated or a moratorium is granted for any period.

7) Exposure

The Company shall not grant loans (investments taken together) exceeding the limit prescribed by the scale based Regulations as prescribed;

The company Exposure limits shall be revised periodically as per the amendments in the applicable regulations.

8) Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses (ECL) on loans that are measured at amortised cost. The credit loss is difference between all contractual cash flows that are due to the Company in accordance with the Santcion letter/Agreement and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.

Impairment loss on loans to be calculated pursuant to the Prudential Regulations of Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 as amended from time to time.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.

The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Company recognises 9–months expected credit losses for all originated or acquired loans if at the reporting date the credit risk of the loans has not increased significantly since its initial recognition (Stage 1). The expected credit losses are measured as lifetime expected credit losses if the credit risk on loans increases significantly since its initial recognition (Stage 2) or which are credit impaired (Stage 3). If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognising impairment loss allowance based on 9 months ECL.

Definition of Default: The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

9) Loan to Directors, Senior Officers, Relatives of Director or to entities where directors or their relatives have major shareholdings

The Company shall not grant any loan, advance or other credit facility to its Directors, Senior Officers, relatives of Directors, or to any entity in which a Director or his/her relative has a major shareholding or significant interest, except in accordance with the provisions of the applicable laws, regulatory requirements and the Company's Policy on Grant of Loans to Directors, Senior Officers, Relatives of Directors and to Entities where Directors or their Relatives have Major Shareholding, as amended from time to time.

Any such loan, advance or credit facility, wherever permissible under applicable laws and the aforesaid policy, shall require prior approval of the Board of Directors or the relevant Committee of the Board, as may be applicable.

10) Review of Performance

The performance of loans shall be reviewed on periodic basis.

11) Renewal of Loan

Any loan shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction of the loan.

12) Sanctioning Authority

The sanctioning authority for the Loan shall be the Board of Directors or the relevant Committee of the Board, as may be applicable.

13) Reporting

The Report of loan sanctioned / renewed / repaid will be submitted to the Board.

14) Review/Amendments

The Policy shall be reviewed Bi-annual or as and when required. 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.

****