

# **Delfin International Limited**

## **Loan Policy**



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## **Chapter – I**

### **Preamble**

The Reserve Bank of India (RBI) vide Master Circular RBI/2015-16/23 DNBR (PD) CC.No.044/03.10.119/2015-16 dated July 01, 2015 (Updated as on April 11, 2016) has advised Boards of NBFCs to frame a appropriate loan policy for the company and implement the same. Accordingly, we have formulated a loan policy for the company.

This policy document on Loans & Advances outlines the guiding principles in respect of formulation of various products offered by Delfin International Ltd., the terms and conditions governing the conduct of account, the delegated power to the committee/officials and other terms & conditions applicable to such loans. It is expected that this document will impart greater transparency in dealing with individual customer and create awareness among customers. The Company will apply best industry practices so long as such practice does not conflict or violate RBI guidelines.

## **Chapter - II**

### **Company Profile**

Delfin International Ltd. is registered as a Non-Banking Financial Institution on 1<sup>st</sup> February, 2021 in terms of the provisions of Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 at RBI Bangalore, Karnataka bearing Certificate of Registration (N-02. 00334) under NBFC-ND-Type-II category.

Delfin International Ltd. is categorized as a Non-Systematically Important Non-Deposit Accepting Non-Banking Financial Company.

Delfin International Ltd. being a registered NBFC with RBI has been primarily engaged into (a) Investing in securities of listed and unlisted companies and (b) Lending activities.

The Policy guidelines governing the lending activity of Delfin International Ltd. are brought out in the following chapters. The policy guidelines would be reviewed annually delineating the focus areas of the Company.

Delfin International Ltd. gives short/long term corporate loans & business loan to SME and Mid-size corporates with or without security, Secured/Unsecured loan to individual entrepreneurs.

Delfin International Ltd.'s lending culture would be guided by the 'Fair Practice Code' as approved by the Board of Directors as also the approved Risk Policy and Know Your Customer (KYC) Policy.



### **Chapter – III** **Approach to Lending**

Subject to RBI guidelines applicable to NBFC-ND-NSI Loan Companies, the Board of Directors shall give directions relating to lending activity, policy, exposure limits to various segments of clients, IRAC norms and delegation of powers.

Delfin International Ltd. would follow segmented approach to provide both market and customer focus for ensuring better business development, loan book growth, better capability building and best clientsatisfaction.

The main principles underlying the Lending Policy would be applicable to the exposures undertaken within the country or outside as the Board may decide from time to time.

Indicative Lending Architecture for Delfin International Ltd. will be as under:

- i. Targeted Clients
- ii. Pre-screened Clients
- iii. Pre-sanction due diligence
- iv. Assessment of credit requirement
- v. Financial Analysis
- vi. Standardized documents and security creation
- vii. Delegation of powers
- viii. Reporting
- ix. Post-sanction credit monitoring
- x. Portfolio review / Account review
- xi. Credit Rating
- xii. Transparency in sanction
- xiii. Standard proposal formats
- xiv. Valuation, ROC search
- xv. Recovery action in the event of default
- xvi. Compliance with RBI / SEBI / internal guidelines



## **Chapter – IV**

### **Types of Loan**

The product profile of Delfin International Ltd. will cover loans for short term upto 3 years and long term beyond 3 years but upto 10 years. The lending products would be classified broadly in the following categories:

- Corporate Loan/Business Loan
- MSME Loan
- Secured/Unsecured Loans

## **Chapter – V**

### **Policy on KYC / AML Standards**

#### **‘Know Your Customer’ Standards**

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable the Company to know/understand its customers and its financial dealings better which in turn help it to manage its risks prudently. Thus, the KYC policy has been framed by the Company for the following purposes:

- To prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or financing terrorist activities;
- To enable the Company to know / understand its customers and their financial dealings better, which in turn would help it to manage its risks prudently;
- To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws / laid down procedures and regulatory guidelines;
- To take necessary steps to ensure that the dealing staff is adequately trained in KYC/AML procedures

All documents like identity proof, address proof, TAN No., PAN No., IT Returns, CIBIL, etc. are to be collected from borrowers and guarantors while considering the loan application.



## **Chapter – VI**

### **Pricing of Credit Facilities**

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. Accordingly, the pricing on loans and advances would be decided taking into account the above factors and will be charged on reducing balance basis for the tenure of the loan.

The rate of Interest on such Loan shall be 12% p.a. payable on quarterly rest and principal shall be payable at a fixed rate of 2.5% quarterly on the original principal value.

### **Other Charges**

No charges shall be levied on prepayment of loan.



## Chapter - VII

### Sanction Committee/Delegated Powers

The Company has formed a committee which shall be known as the Credit Committee (“the Committee”)

#### Composition of the Committee

The Credit Committee shall consist of following directors as a member:

1. Mr. Collin Richard Timms : Chairman & Member
2. Mr. Liam Norman Timms : Member
3. Mr. Pradosh Dhanraj : Member

#### Quorum:

Any 2 (two) members will constitute the quorum.

## Chapter - VIII

### Sanctioning Authority

The Board of Directors has delegated all the powers of credit decision within the limits specified as given below:

Limits	Sanctioning Authority
upto 1 Crore	Managing Director
Above 1 Crore to 5 Crore	Credit Committee
Above 5 Crore	Board of Directors



## **Chapter – IX**

### **Review and Renewal of Loans**

1. The 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 the lender.
2. The renewal of the loan facility as aforesaid shall be on the same terms and conditions unless otherwise agreed by agreeing to new terms and conditions.
3. In case the loan is renewed, then it should be considered as a new loan, although the same may continue under same customer/loan account number and necessary renewal papers would be obtain.

The loan can also be repaid by the customer at any time before the expiry of the loan.

## **Chapter – X**

### **Documentation and Security creation**

The documentation and security creation for the loan will be done through reputed Advocates/Legal Advisors or Firms.





## **Chapter – XI**

### **Restrictions on Funding**

There are no specific restrictions on funding of loans & advances. But general prudence is to be observed during assessment / sanction of proposal.

## **Chapter – XII**

### **Assets Classification**

The company shall after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

- (i) Standard assets;
- (ii) Sub-standard assets;
- (iii) Doubtful assets; and
- (iv) Loss assets

“Standard asset” shall mean the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business

"sub-standard asset" shall mean:

- (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;
- (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms

"Doubtful asset" shall mean: a term loan, or a lease asset, or a hire purchase asset, or any other asset, which remains a sub-standard asset for a period exceeding 18 months;

“Loss asset” shall mean:

- (a) an asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Bank during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC; and



- (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

“Non-Performing Asset” shall mean:

- (a) an asset, in respect of which, interest has remained overdue for a period of six months or more.

### **Chapter – XIII**

### **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.

