



**COMMERCIAL LOAN POLICY**

**28 OCTOBER 2024**

## **Features**

Thankam Finance Private Limited has designed its Commercial Loan Schemes to suit the needs of businessmen / business women. The eligibility for loan is evaluated based on the track record (Financial and credit score) of the proprietorship, firms, companies, etc. and production of satisfactory KYC and supporting documents. The amount of loan sanctioned for a particular customer will be subject to all applicable regulations issued by RBI from time to time. Rate of interest is decided on two factors of risk criteria.

### **1. LTV% (Loan to Value).**

- Minimum period of interest is fixed as 7 days depending on the scheme opted by the borrower.
- Since the security received against loan provided is [specify nature of security, e.g., Liquid Financial Securities / Gold / Marketable Instruments / Immovable property / Stocks] the LTV can be up to 80% based on schemes and amount of loan disbursed per customer.
- Repayment can be made on monthly basis or as per the convenience of the borrower.
- Part payment towards principle is allowed in the scheme.
- Part release of pledged security will not be permitted.
- Repayment or part payment can be done by third party but redemption and release of security and other documents are allowed only to person who pledges or an authorized representative subject to production of power of attorney executed by the pledger.
- Reminders are made as per the following schedule: -
  - a) Phone Call and SMS -25<sup>th</sup> Day
  - b) Notice 30<sup>th</sup> Day, 60<sup>th</sup> Day and 90<sup>th</sup> Day in case of default.

### **2. Loan Period:**

As in the case of LTV and ROI the loan period also differs from scheme to scheme, the higher the loan period the exposure to security dilution is high hence interest is at slightly higher side.

### **3.Schemes:**

The company will formulate various loan schemes for commercial loans to suit the requirements of the customers. There will be schemes formulated with lower LTV and lower interest rates to suit customers who opt for the lesser interest burden. Similarly, the borrower with good financial track record and credit score will be provided loans at lower rates as per the decision of the Board.

### **4. LTV% Fixation Policy**

Loan to Value % is fixed based on the decision of the board of Directors of the Company.

### **5.Interest rate fixation policy**

While fixing interest rates on Commercial Loan Schemes, the Board of Directors of the company or a Committee drawing power from the Board of Directors shall be governed by the following principles. In addition to cost factors set out hereunder, the Board or the Committee shall be guided by the market conditions and various rules and regulations, if any, prescribed by the Reserve Bank of India or such other competent authority from time to time. The rate of interest applicable is according to the schemes where the LTV and loan period differs. The lower the loan amount and lower period, our exposure to market fluctuation, risk and security coverage are better where the rate of interest is fixed at the lowest.

The interest rates on Commercial Loan shall always be expressed in simple rates. Interest charged under various commercial Loan Schemes shall have the following components:

1. Basic Interest Rate
2. Risk Interest Rate
3. Penal Interest Rate

#### **1. Basic Interest Rate**

Basic Interest Rate represents the rate chargeable under every Commercial Loan Scheme irrespective of the risk weight attached to the schemes or the type of scheme. Basic Interest shall be arrived at after considering the following aspects:

##### **a) Cost of Working Capital Funds**

This component represents the interest and other incidental charges payable by the Company for servicing the borrowed funds deployed by the Company. Major contributing factor to this component includes interest payable on Secured Non-Convertible Debentures, Interest on Bank Borrowings and other incidental charges thereto.

##### **b) Overhead Cost**

This represents the Employee cost to the Company and other operating & miscellaneous overheads including all fixed and variable expenses, processing fee, intermediation fee and all incidental expenses.

##### **c) Return on Capital Employed**

After considering the above cost factors, the Board/committee shall take into consideration a fair return on capital employed which is to be generated by the management for servicing the owner's capital employed in the business.

Thus, the basic interest rate will be fixed as a mark-up on the current cost of funds. The current cost of funds for this purpose means the cost of borrowing of the relevant month including the incremental cost if any; for borrowing and the overhead costs and a fair return on capital employed. For the purpose of market penetration and taking into account competition in the market, the basic interest rate in certain schemes will be fixed at rates with low mark up on the cost of funds with emphasis on regular monthly payment of interest.

#### **2. Risk Interest Rate**

Risk Interest shall be determined by taking into account the degree of risk involved in loans under each loan scheme. While the rate shall be the lowest for the schemes where advance amount is the lowest, it shall be increased for schemes offering higher advance amount. Further, irrespective of the scheme, the risk interest shall also be determined after taking into account the period of the loan and the defaulted period in payment of interest as the incidence of risk goes up with the passage of time.

#### **3. Penal Interest Rate**

Loans outstanding for more than one year or due date specified for a particular scheme thereof shall be charged penal interest in order to ensure adherence by the borrower to the terms and conditions on loan tenure and also to compensate for the extra effort to be taken on recovery. The Company may introduce commercial loan schemes with upfront interest or schemes with minimum amount of interest and a specified lock in maturity period, duly acknowledged by the customer.

#### **5.Other information**

The loan agreement shall contain the rate of interest due, prepayment charges, other charges, additional interest for default in interest payment, the rate of penal interest for payment of overdue after the expiry of loan tenor specified thereof.

A copy of the loan agreement containing terms and conditions will be handed over to the customer at the time of granting the loan.

Interest rate structure on loan accounts containing all details like basic rate, additional interest based on risk and penal interest, approach for gradation of risks etc shall be displayed on the web site of the company. Changes in these rates/details will be updated from time to time.

#### **6.Ownership of security pledged:**

The customers will have to give a declaration in prescribed format showing the ownership details of the securities which will contain the following:

- Name(s) of the owner(s) of the security
- Nature and type of security (movable/immovable)
- Complete description of the asset (including identification details such as registration number, survey number, address, etc., as applicable)
- Confirmation that the security is free from any encumbrances, charges, liens, or third-party interests, or full disclosure of the same if existing
- Proof of ownership documents (such as title deeds, invoices, registration certificates, etc.)
- In case of jointly owned assets, consent/NOC from all co-owners
- In case the borrower is not the owner, a valid authorization or guarantee from the actual owner permitting the creation of charge
- Declaration that the security is not subject to any legal dispute or litigation
- Any existing charge details registered with statutory authorities (if applicable)
- Undertaking that the borrower will not create any further charge on the said security without prior written consent of the NBFC

#### **7.Insurance:**

The securities pledged in the company are kept in secured premises. Since the risk element is attached to this, the company will ensure that adequate insurance coverage is in place against risks such as burglary, Fire, embezzlement, Special perils etc., The insurance coverage is to be reviewed on an ongoing basis and the enhancement, if any, required to cover the security as per the business growth of the branches are to be ensured.

#### **8.KYC Verification and Risk Categorisation:**

This shall be as per the KYC policy adopted by the company and as amended from time to time.

**9. Auction of the securities Pledged in overdue loans**

Auction of pledged securities shall be as per the auction policy adopted and approved by the Board as amended from time to time.

**Present Schemes, LTV, Rate of Interest, Loan period is briefed below:**

Standard Scheme	80%	15% P. A.	6 Months
LOAN TO MARKET VALUE OF ORNAMENTS			
DAYS	STANDARD SCHEME [80%]		
RATE OF INTEREST & LOAN PERIOD			
31 days	15%		
32-60 days	15%		
61-90 days	18%		
91-180 days	24%		
180-365 days	26%		
LOAN MUST BE CLOSED WITHIN 365 DAYS			

**10. Processing of Commercial Loan Application**

- ❖ 1
- ❖ 2
- ❖ 3
- ❖ 4
- ❖ 5
- ❖ 6
- ❖ 7
- ❖ 8
- ❖ 9
- ❖ 10