

## Loan and Risk Management Policy

Goyal Associates Ltd (“NBFC”, “Company”, “Lender”) has adopted a Loan and Risk Management Policy in accordance with the guidelines issued by the Reserve Bank of India, provisions of the Companies Act 2013, Memorandum & Articles of Association and Guidelines issued under any statutory acts, rules & regulations. The Policy is in strict adherence to the Prudential Norms applicable under IRAC norms prescribed to the NBFCs.

This Policy is applicable to the present loans given and future loans which the Company may lend subject to the adoption of this policy and amendments from time to time.

### Objective of the Policy:

While formulating this Policy all the principles of lending are taken into consideration. Lending activities exposes the Company to following Risks:

- 1) Security Risk
- 2) Liquidity Risk
- 3) Interest Risk
- 4) Market Risk

While formulating the Loan Policy the utmost care is taken to minimize the above Risks. The following measures are put in place to hedge the Risks.

### Security Risk:

When a Loan is extended to the Borrower (“Loan Amount”), the major concern is securing the principal amount lent. The prospective borrower is subjected to be scrutinized for his/her creditworthiness by means of background checking, his/her repayment culture through CIBIL and the past dealings. Any Amount lent is to be well secured by Primary Security generally a tangible security in the form of Property, Financial Instruments and Commodities/ Equipment’s and secured by collateral security in the form of personal/third party guarantee. Adequate margin should be maintained on Assets against its current fair market value depending on the business structures. This will not apply to unsecured loans granted by Company.

### Liquidity Risk:

The Company shall always maintain a healthy liquidity to meet the demand in the Market. The Assets and Liabilities should be matched with their maturities. The timely payment of Principal and interest by the borrower keep the liquidity level at an optimum level to meet the Company’s obligations towards its lenders. As the Credit is created on multiple credit creation concepts, a proper Repayment Schedule should be prescribed to the borrower and a policy is drawn to take care of collection process.

#### Interest Risk:

The interest rates are subject to change depending upon the Monetary Policies adopted by the Regulators from time to time in the market and the Company is exposed to the Risk of Interest Rate. To mitigate this Risk the Company has adopted a separate Interest Rate Policy that takes care of the Risk. It is the endeavour of the Company to maximize the Interest Income as the major Loan Portfolio is managed on interest spread between Assets and Liabilities. Timely collection of Interest on due dates also will minimize the risk.

#### Market Risk:

The Company is exposed to Market Risks like Price changes, Geographical changes, changes in Acts, Rules and Regulations. To hedge these Risks the Company has formed Loan, Risk Management and Investment Committees. These committees oversee controls and follow up the entire process of Loan Sanction, Security/Safety measures, Margin setting, Exposure Limits, Collection Process and Risk Management activities.

#### *Loan & Risk Management Committee ("Committee"):*

The Company has formed a Committee authorized to take decisions on the Loan Proposals received, set the Terms and Conditions for each type of Loan sanctioned, monitor and control/manage the Risks arising out of Financial Exposure in the Market. The committee consists of:

- 1) Whole-time Director
- 2) Chief Financial Officer
- 3) Finance Controller

#### Limits/Exposures:

The amount which the Committee can lend should not exceed INR 50,000 in aggregate for a single Borrower.

#### Period/Tenure of Loans:

Loan Products offering by the Company are viz. Plan 1 for 62days, Plan 2 for 90days, Plan 3 for 120days, and Plan4 for 180days. However, the maximum loan tenure offered by the Company shall not exceed six months.

Foreclosure of Loan account: The borrower shall be entitled to foreclose the Loan account.

Prepayment of Loan Amount: The borrower shall be entitled to prepay any amount exceeding his periodic repayment instalment.

The Loan shall be sanctioned to a single borrower in a single tranche only. However, the total exposure should not exceed the limits specified in the policy unless approved by the Loan Committee.

#### Right to Recall:

The Company reserves the right to recall the Loans either in part or in full, during the tenure of the Loan giving prior notice to the borrower and providing adequate time to the Borrower to liquidate the same.

#### Rate of Interest:

The Rate of Interest and other details of different products are displayed on the **product** page. If the rate of interest to be charged exceeds the maximum permissible limit as per the Reserve Bank of India's guidelines from time to time, the approval of the Committee will be obtained.

The Processing fee and applicable interest rate charges for all the loan tenures will be charged as defined on the **product** page.

Also, please read terms and conditions of Loan published in our website i.e. <https://www.ecofinservices.com/>

#### Restructuring of Loan:

The Company may restructure the loan by modifying/altering/varying the terms and conditions of the loans disbursed. The restructuring may be for the loan amount, rate of interest, tenure, etc. in accordance with the loan policy.

#### Custody of the Loan and Security Documents:

All documents related to the Loan accounts offered by the Borrower shall be kept in the safe custody of the Company. The security documents, if any, is to be returned to the borrower on recovery of the full amount of loan, interest and other charges.

#### Loan Register:

The Company should maintain the register of all the loans made and same to be produced to the auditors for the verification at the time of audit and to the RBI officials at the time of inspection.

#### Brokers/Agents:

The loan Committee shall be authorized to appoint Brokers / Agents to act as introductory person / intermediary.

#### Exceptions:

The staff loans as per the policy of Personnel Department are not covered under this policy.

#### Contraction/Interpretation:

Any question or doubt as to the meaning or interpretation of any provision of this policy shall be referred to the Loan & Risk Management Committee of the Company. The decision of the majority of the members of the committee, on any such doubt shall be final and binding.