

Policy: Loans/Financial Aid to Associates

PL No. – 72

Issued On – 13/06/2022

Applicability – All Corporate Employees at all Units & Business Associates

Total Number of Pages – 1

In the view of few recent incidents, the following shall be the protocol to help financially to our associates.

Associates here means those parties who are not employed by the company; however, they are in the Business with the company in the form of Vendors, Service Providers, Partners, Distributors, Buyers, Brokers and Consultants etc.

Guarantor here means any person or entity who is clean and free of financial disputes, Also provenly is financially sound beyond the total debt value. Which means if need arises, they are capable to pay the debts.

Collateral here means any movable or immovable asset which is free of any title/legal dispute of any kind and also has the market value of 120% or more of the total loan amount.

First of all, we shall not encourage it in routine because we are not a financial institution, and our primary business is not to provide loans. At the same time, we do not have the necessary infrastructure to investigate and decide upon the credibility and track record of someone which usually Banks or NBFCs have. Hence it is advisable that loans are provided to associates only in genuine cases and where the Associate is in good standing with us. Since we understand that to run the Business or life, one might need some financial assistance as well sometimes.

The loans to Associates will be done under the following guidelines -

- 1- Since all our associates are majorly dealing with the HODs, hence HODs are supposed to have more clarity about their business and everyday affairs than the Management. Even if the associate knows the management personally but since the HODs are dealing with the associates in everyday Business requirement so they must be aware of the recent happenings at the associate's end. Hence the first level of assurance must be given by the dealing HOD, keeping in mind that if the associate defaults, it will be the primary responsibility of the concern HOD to help & supervise in recovering the debts.
- 2- In case it is discovered that any HOD helped the associate in defaulting the loan or where the HOD had sufficient doubt about the credibility of the associate, still the HOD gave the assurance on the associate's behalf, company may make them as joint party with the associate to recover any financial damages caused to the company from the HOD as well.
- 3- Along with the loan application and HOD's assurance the Associate will submit the documents as required by the Accounts Head of the company. The documents shall be




such as latest CIBIL reports, Balance sheets, Bank Statements or any other as deemed necessary by the accounts head.

- 4- Accounts head must review all documents submitted till step 3 thoroughly and only after being fully satisfied shall forward the application further with his attestation on the documents stating that the Associate is fit for loan.
- 5- For loans below 10 lacs, the associate will have to provide a guarantor, who if there is any default by the associate will become liable to pay the debts on behalf of the associate. Alternatively, if the associate is providing any collateral, then the guarantor is not required.
- 6- For all loans beyond 10 Lacs a collateral is mandatory to be provided as guarantee by the associate to the company. Else the loan will be subjected to refusal.
- 7- The minimum interest rate shall be 12% per annum or higher. Which will be finally decided by the management on case-to-case basis.
- 8- The associate must provide in written a schedule of the re-payment of the principle + Interest, which shall also be covered in the Loan Agreement.
- 9- Associate will deposit signed postdated cheques of the amount as per the re-payment schedule mentioned in the Loan Agreement to the company.
- 10- Any or all loan will only be approved after a written, stamped, and preferably registered agreement is made between the Company and the Associate. The Loan Agreement must cover the specifics of the point listed above. Also, the agreement must have as a part of it the re-payment schedule. along with interest.
- 11- Once the above steps are done, the Associate will meet the HR Head with his application. The HR Head will review the documents and Associate's profile to see if there is any objection or not. If all ok, HR Head will give his attestation that the Associate is Fit for Loan.
- 12- Once everything is done, the final approval will be given by the Management for the acceptance or rejection of the Loan.
- 13- If approved by the Management, the loan will be paid to the Associate.

Special Note 1 - If there is any default in the re-payment schedule as per the Loan Agreement, the company reserves the right to start the process of recovery by depositing the cheques/recovering from the Guarantor/taking over the collateral/selling the collateral as applicable and the company sees fit. Also, the company reserves the right to take the legal action in case of any default/dispute.

Special Note 2 - This policy does not mean that we do not have faith on our associates, but it simply means that since we have no infrastructure such as Banks or other financial institutions, hence it is mandatory upon us that we create something on similar lines, so we are safeguarded against the few and can truly help the many.


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