

DEMAND LOAN POLICY

DSP FINANCE PRIVATE LIMITED

(Formerly known as DSP Investment Managers Private Limited)

Version	Description	Prepared By	Approved By
1.0	Policy Formation	Priya Ranjit	Board of Directors on 28 Sept 2024
1.1	Annual Review	Sahib Pahwa	Board of Directors on August 19, 2025

1. Background

This Demand Loan Policy (“**Policy**”) has been laid down by DSP Finance Private Limited (“**Company**” or “**DSP Finance**”), providing regulatory framework, approval conditions, monitoring standards, and internal controls governing the sanction, review, and recovery of demand/call loans by the Company. The Policy is formulated in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**SBR**”), as applicable to Middle Layer NBFCs and shall be read in conjunction with the relevant regulatory guidelines.

2. Objective

The objective of this Policy is to:

- Establish a structured framework for sanctioning and managing demand or call loans.
- Ensure regulatory compliance, transparency, and risk mitigation.
- Define clear timelines for repayment, periodic review, and renewal eligibility.
- Ensure disciplined credit underwriting, monitoring, and documentation.

3. Applicability

This Policy applies to all demand loans and call loans sanctioned by the Company across retail and corporate lending.

4. Definitions

Demand/Call Loan is a loan that is repayable at any time upon demand or notice by the lender. The repayment obligation is triggered when the Company issues a call notice. Such loans are typically sanctioned for short-term liquidity and working capital requirements.

5. Policy Provisions

a) Cut-off Date for Repayment

- At the time of sanction, every demand or call loan shall have a clearly stipulated cut-off date within which repayment shall be demanded, or the loan shall be called up.
- This cut-off date shall not ordinarily exceed one year from the date of sanction.
- If, in exceptional circumstances, the cut-off date is stipulated beyond one year, the sanctioning authority shall record specific reasons in writing justifying the extended timeline.
- Such justification shall form part of the sanction note and shall be documented in the Loan Management System.

b) Interest Rate on Demand Loans

- Every demand or call loan shall carry a defined rate of interest, approved in accordance with the Company's Interest Rate Policy, pricing matrix, and credit underwriting standards.
- The interest rate shall be communicated to the borrower in the sanction letter and loan agreement.
- Interest on such loans shall be payable monthly or quarterly, as stipulated in the sanction terms.
- If no interest is stipulated or if any moratorium on interest payment is granted, the sanctioning authority must record specific written reasons for such deviation at the time of sanction.
- All such deviations shall require approval of the Credit Committee

c) Periodical Review of Demand Loans

- Every demand or call loan shall undergo a performance review within a period not exceeding six months from the date of sanction.
- The review shall assess compliance with sanction terms, end-use verification (if applicable), repayment capacity, and overall borrower performance.

- Demand or call loans shall not be renewed unless the periodic review demonstrates satisfactory compliance with the terms of sanction.
- Any renewal must be supported by a fresh appraisal note and review report.
- If the loan shows adverse performance, the Company shall initiate appropriate corrective actions including calling up the loan, revising limits, or classifying the account as per the Credit Risk Management Framework.

d) Approval Authority and Documentation

- Sanctioning of demand or call loans shall be done by the Credit Committee or in accordance with relevant Credit/Lending policy for retail and FSG.
- Sanction notes must include:
 - Cut-off date for repayment
 - Interest rate and frequency of interest payment
 - Reasons for deviations (if any)
 - Borrower risk assessment
 - Covenants and monitoring requirements
- All loan documents, including sanction letters, loan agreements, demand/call clauses, and security documents, shall be executed prior to disbursement.

e) Monitoring & Control

- The Operations and Risk teams shall track:
 - Cut-off dates
 - Interest servicing schedule
 - Review due dates
- Alerts shall be system-generated at regular intervals (e.g., 30/60/90 days prior to cut-off).
- Any breach shall be immediately escalated to the sanctioning authority and the CRO.

6. Reporting

- Summary of all sanctioned, reviewed, overdue, and renewed demand loans shall be placed before the Credit Committee on a quarterly basis.
- Significant exposures or exceptions shall be reported to the Risk Management Committee (RMC).

7. Policy Review

This Policy shall be reviewed annually or earlier if required due to regulatory changes, internal assessments, or changes in business strategy. Any amendments shall require approval of the Board of Directors.