Times Guaranty Limited

CREDIT POLICY

Information:

Document	**Classification**	**Version**	**Status**
Policy on Credit	Confidential	1.0	Approved

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1. Background:

Times Guaranty Limited (the "Company") is a Base Layer Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and classified as an Investment and Credit Company (ICC). The Company is listed on both major stock exchanges and is committed to maintaining high standards of corporate governance.

The company primarily focuses on providing customized financial solutions to corporate clients to support their business growth, including structured credit products such as term loans with bullet repayment options that offer repayment flexibility. The Company may also extend credit facilities to individuals with a business or professional relationship, as per its internal policies and regulatory norms. Additionally, the company manages its surplus funds through investments in mutual funds and debt securities, aiming for optimal returns with prudent risk management, while maintaining a transparent, disciplined, and compliant approach in all its operations.

This policy is prepared in line with the requirements prescribed by Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and various RBI notifications / directions ["RBI Regulations"] issued in this regard

2. Objectives:

The objective of this policy are as follows:

- Ensure responsible lending by assessing the borrower's ability to repay and mitigating credit risk through careful evaluation.
- Maintain compliance with all applicable regulatory requirements, including those from the RBI and other governing bodies.
- Establish clear and consistent guidelines for approving and disbursing loans, ensuring transparency in the process.
- Promote financial inclusion by offering accessible and flexible credit products to eligible borrowers.
- Safeguard the company's financial stability by managing exposure to credit risk and minimizing loan defaults.
- Regularly review and update the policy to adapt to changing market conditions, regulations, and business needs.

3. Scope:

The scope of this policy covers the establishment of credit and investment concentration limits for a company, ensuring that the company manages its risk exposure effectively. It includes guidelines on setting limits for single borrower/party exposure, group exposure, sectoral concentration, and geographical concentration. The policy aims to promote diversification in credit and investment portfolios to minimize risk, and ensures that periodic reviews and adjustments are made to stay aligned with market conditions and regulatory requirements. This policy applies to all credit and investment activities undertaken by the company, ensuring balanced and prudent risk management practices.

4. Authority

The Board of Directors holds the authority to approve, review, and amend this Credit Policy. The day-to-day credit approvals shall be carried out jointly by the Credit Head and the Chief Executive

Officer (CEO), or by the designated Sanctioning Authority, as per the Authorization Matrix. Any proposal classified as high-risk, or involving deviations from the standard policy, shall require prior approval from the Risk Management Committee (RMC) before sanction. No credit facility shall be sanctioned or disbursed without approval from the appropriate authority.

5. Eligibility Criteria

- For Individual

  a. Age: The borrower must be between 21 and 70 years of age at the time of application.
  b. Income: The borrower must demonstrate a stable source of income sufficient to cover loan repayments.
  c. Credit Score: A minimum credit score, as per the company's internal risk management guidelines, is required.
  d. Residency: The borrower must be a resident of India with valid proof of identity and address.
  e. Employment: Borrowers must be employed or self-employed with a steady income or business revenue.
  f. Documentation: The borrower must provide necessary documents such as proof of identity, address, income, and bank statements.

- For Corporate/Business Entity

  a. Registration: The entity must be registered under Indian laws (e.g., Companies Act, LLP Act, or Partnership Act).
  b. Financial Standing: The entity must have a positive net worth and provide audited financials for the last 2 years.
  c. Credit History: The entity should not have a record of wilful default or significant outstanding debt issues.
  d. Business Viability: The business must demonstrate stability with consistent revenue or growth potential.
  e. KYC & Compliance: The entity must provide necessary KYC and statutory documents (e.g., PAN, GST registration, incorporation certificate).
  f. Borrower Profile: Key stakeholders (directors/partners) must also meet the eligibility criteria for individual borrowers where applicable.

6. Loan Approval Process

- **Loan Application Submission**

  The borrower submits a completed loan application form along with all required documents. This may include personal details, financial history, proof of income, and identity, as well as the purpose of the loan.

- **Document Verification**

  The company verifies the authenticity and completeness of the submitted documents. This includes checking identity and address proofs, income statements, tax returns, and any additional documents required for the specific loan product.

- **Creditworthiness Assessment**

The company evaluates the borrower's creditworthiness by reviewing:

a. Credit Score: A check is performed using a recognized credit bureau to assess the borrower's past credit behaviour.
b. Income Verification: The borrower's income is verified through salary slips, tax returns, or business financials (for self-employed individuals).
c. Debt-to-Income Ratio: A calculation of the borrower's monthly debt obligations compared to their monthly income to ensure they can manage the loan repayment.
d. Other Risk Factors: The company also considers any past loan defaults, employment history, and other relevant risk factors.

- **Loan Product Matching**

The company matches the borrower's profile with the most suitable loan product based on the loan amount, repayment capacity, and the purpose of the loan. If needed, loan terms such as interest rates, tenure, and repayment schedules may be adjusted to meet the borrower's needs.

- **Credit Head and Chief Executive Officer/ Sanctioning Authority Review and Approval**

a. After completing the assessment, the loan application is reviewed by a designated credit head and Chief Executive Officer or sanctioning authority. They shall evaluate the risk associated with granting the loan and determines the approval status.
b. If the loan is approved, the terms and conditions of the loan (such as amount, interest rate, repayment schedule, and collateral, if any) are finalized.
c. If the loan is denied, the borrower is informed, and reasons for rejection are communicated, such as insufficient creditworthiness or high risk.

- **Loan Offer and Acceptance**

a. Once the loan is approved, a formal loan offer is extended to the borrower. The offer includes the finalized loan terms and conditions.
b. The borrower must accept the loan offer by signing the loan agreement. The agreement outlines all legal and financial obligations, including the repayment schedule, interest rates, fees, and penalties for default.

- **Disbursement of Loan**

a. After the borrower signs the loan agreement and provides any necessary collateral (if applicable), the loan amount is disbursed to the borrower's designated bank account or as per the agreed method.
b. A confirmation receipt is provided to the borrower, and they are informed of the repayment schedule.

- **Post-Disbursement Monitoring**

After disbursement, the loan is monitored regularly to ensure timely repayment. Any issues with repayment are addressed through customer support or collection procedures, as necessary.

7. Types of Credit Products

- **Term Loan**

The Company offers financial facilities primarily to corporate entities or individuals, with a focus on supporting their business requirements through structured credit products. The Company shall provide term loans structured with a bullet repayment mechanism. Under this structure, the principal amount shall be repaid in full at the end of the loan tenure, while the interest shall be serviced either monthly or quarterly, as specified in the respective loan agreement.

Ticket Size: Ranging from INR 1 Crore to INR 20 Crore

Type: Term Loan/Bill Discounting

Term: Long/Short Term Loan

Type: Secured/Unsecured

Interest: 12% to 30%

Type of Borrower: Individual/Corporate

- **Demand & Call Loan**

The Company may also extend Demand and Call Loans in accordance with applicable regulatory guidelines and internal risk assessment procedures. The terms and conditions, including interest rate, security, and repayment timeline, shall be clearly specified in the sanction letter. Such loans shall be approved on a case-to-case basis by the competent authority and monitored closely to ensure timely recovery and risk mitigation.

Ticket Size: Ranging from INR 1 Crore to INR 20 Crore

Term: Repayable on demand

Type: Secured/Unsecured

Interest: 12% to 30%

Type of Borrower: Individual/Corporate

8. Terms and Conditions

- **Interest Rates:**
The interest rate will be based on the borrower's creditworthiness and current market rates. It may be fixed or floating, as outlined in the loan agreement. Fixed rates remain constant, while floating rates may change over time. The applicable rate will be clearly communicated before signing the agreement.

- **Loan Amount and Repayment:**
  The loan amount is based on the borrower's eligibility and the purpose of the loan. The repayment period typically ranges from 12 to 60 months, depending on the loan type. Timely repayment according to the schedule is required, and any changes will be handled according to company policy. Early repayment may be allowed with applicable terms.

- **Prepayment and Penalties:**
  Borrowers may prepay loans partially or fully before the due date, subject to prepayment charges. Late payments will incur penalties, which will be added to the outstanding balance. If the borrower consistently defaults, the company may take necessary recovery actions. These may include legal steps or renegotiating the loan terms. The company may charge a processing fee for disbursement of any loan to the borrower. All the charges and interest shall be mentioned in the Loan Agreement.

- **Collateral:**
  For secured loans, collateral such as property or vehicles, immovable property including residential flats, commercial offices, or land parcels; movable assets like vehicles, plant and machinery; and financial instruments such as fixed deposits, government bonds, mutual fund units, dematerialized shares, or life insurance policies with surrender value. For working capital or business loans, the Company may also accept inventory and trade receivables as collateral. In specific cases, personal guarantees from promoters or directors, or corporate guarantees from associate or group companies, may be considered as additional or substitute collateral. The collateral's value will be assessed to ensure it covers the loan amount. In case of default, the company has the right to liquidate the collateral to recover the debt. All terms related to collateral will be specified in the agreement.

- **Loan Agreement:**
  The borrower must sign a legally binding loan agreement before the loan is disbursed. The agreement will outline the loan amount, interest rate, repayment schedule, and penalties. Any amendments to the terms will require mutual consent and will be documented. The company ensures full transparency in all conditions.

9. Authorization Matrix

The company shall define a clear set of Authorization Matrix for approving the loan application

Sr. No.	Amount	Authorization
1.	INR 8,00,00,000	Jointly by Credit Head and Chief Executive Officer (CEO) / Sanctioning Authority
2.	INR 8,00,00,000 and above	By Board of Directors

The above matrix is subject to change from time to time with the approval of Board of Directors and the said matrix will be effective from the date of approval

10. Exposure Limits

To maintain a well-diversified and balanced portfolio, the company shall establish exposure limits across various categories of borrowers and sectors. These limits are designed to minimize concentration risk and ensure that the company remains within its defined risk appetite. The exposure limits cover single borrower, single group of borrowers, key sectors like real estate, and investments in capital markets, ensuring prudent risk management across the company's credit activities.

- The maximum exposure to a single borrower shall not exceed 30% of the total asset. This limit is based on the borrower's creditworthiness and the loan type.
- The total exposure to a single group of borrowers shall not exceed 40% of the total asset size, to avoid excessive concentration of risk within a particular group or entity.
- The total exposure to the real estate sector (including residential, commercial, and construction) shall not exceed 10% of the total loan book. This limit ensures prudent diversification in riskier sectors.
- The total exposure to capital market instruments (e.g., equity, derivatives, mutual funds) shall not exceed 75% of the total loan book, ensuring the company's portfolio remains aligned with regulatory limits and risk appetite.

11. Reporting and Monitoring

The Company shall diligently report all necessary information, data, and disclosures to the relevant regulatory authorities and agencies as mandated by applicable laws and regulations. It shall establish robust monitoring mechanisms to ensure ongoing compliance with all regulatory requirements and promptly address any issues identified. The Company commits to maintaining transparency and accuracy in all reports submitted, thereby supporting effective regulatory oversight and fostering trust with stakeholders.

12. Exception Handling

The policy shall always be updated with extant regulatory provisions. However, in case of conflict between the Policy and regulations, the regulatory provisions shall always supersede the policy.

The updated policy shall be adhered at all the times and exceptions if any to the policy shall be approved by the board of directors after recording a reason in writing.

13. Adoption, Effective Date and Review

This policy has been adopted vide resolution of the Board of Directors of the Company dated 11th June 2025. This policy shall be applicable organization wide with effect from 11th June 2025. This policy shall be reviewed by the Board of Directors on at least an Annual basis.

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