

FAQ - NJ CAPITAL PRIVATE LTD. LAS TERM LOAN

1. What is LAS ?

LAS stands for **Loan Against Securities**. With LAS from NJ Capital Private Limited, a client can meet short to medium-term finance requirements without having to liquidate investments or having to book profits or losses in an unplanned manner.

The client can thus unlock the potential of his/her investments without impacting goal based investing or incurring tax liabilities. All the client has to do is pledge their approved mutual fund units and/or other securities and get access to near instant liquidity.

NJ Capital is currently offering term loans, repayment of which will be in the form of equated monthly instalments (EMI). EMI consists of Principal plus interest and will be debited from the borrower's bank account on a fixed date every month.

2. What are the Key Features of NJ LAS Product?

Sr. No.	Particulars						
1	Minimum Loan Amount	INR.25,000/- (Rupees Twenty Five thousand only)					
2	Maximum Loan amount	INR.25,00,000/- (Rupees Twenty Five lakhs only)					
3	Interest Rate	The interest rates shall vary from 12% p.a. to 13.50% p.a depending on the tenure of the borrowing. The interest rates are as follows -					
		Loan Tenure (No. Of Months)	36	24	18	12	6
		Rate (%age p.a.)	12.00	12.00	12.50	13.00	13.50
4	Purpose	While there are no restrictions on the end-use of the proceeds of the funds, RBI stipulates that in case the Borrower intends to invest the loan amount in capital markets, then only Group I shares (as specified in SMD/Policy/Cir-9/2003 dated March 11,2003 as amended from time to time, issued by SEBI) shall be accepted as collateral.					

3. Who are eligible to apply for NJ LAS ?

Currently all individuals who are residents of India, hold approved securities, are CKYC compliant and are not minors will be eligible to apply for NJ Capital's LAS Term Loan.

4. How can one apply for a LAS from NJ Capital ?

- Client can apply online for a loan through his/her E-wealth account.
- The loan application can be submitted from NJ E-wealth account via the following link -
NJ E-wealth Account >> Loans >> LAS Term Loan >> Apply for Loan
- For detailed instructions on the online application process, clients and/or partners are requested to refer to the demo presentation
- The loan sanction is instant and the client will be directed to e-sign, i.e online execution of Loan Agreement, Loan Term Sheet and Pledge Request Form for the pledged securities.
- Once the Agreement is executed, the client shall have to print, fill, sign and submit a physical copy of the bank mandate form to his/her Partner and/or nearest NJ Branch.

- vi. We would attempt that the loan amount will be disbursed to the registered bank account (on e-wealth) within two (2) days of the submission of duly filled in Mandate Form to NJ Capital.

5. Can a client make an online application for NJ Capital LAS, if his/her CKYC is not registered?

No. A Client not having a CKYC number shall not be able to apply online for NJ Capital LAS. Such clients, who desire to avail NJ Capital LAS can immediately fill the CKYC form (available in the e-Wealth account) and submit the same to the nearest NJ Branch.

6. Is the client required to submit any documents for bank account verification?

If the client utilizes the bank account already registered in their E-Wealth account, no fresh documents will be needed. However, if the client wishes to use a different bank account, the client may provide the necessary Account number, IFSC and MICR code details for such account.

In cases where the system is unable to auto-verify such new bank account details, the client shall be required to provide a scanned image of Cancelled Cheque and/or Bank statement (in the specified format).

7. Which securities shall be accepted as collateral against NJ Capital LAS term loan and what are the margins to be maintained for these securities?

At present, units of open-ended mutual funds – equity funds, debt funds, hybrid funds; equity shares of listed companies (BSE 500) and units of ELSS mutual funds *after their lock-in period ends*, are approved for availing NJ Capital LAS product. RBI regulations and company policy stipulate certain margin which each of these securities is subject to. Hence, the Loan available on each security is reduced by the amount of margin (in %) required to be maintained on the same. The securities against which loans shall be extended and the margins therein are given below -

Sr. No.	Type of Securities	Margin (in %)	Loan eligibility on Rs.100/- of underlying Security Value
1	Open-ended Equity Mutual Funds (incl. Units of ELSS funds after their initial lock-in period ends)	55% of NAV	Rs.45/-
2	Debt Mutual Funds	10% of NAV	Rs.90/-
3	Balanced / Hybrid Funds	55% of NAV	Rs.45/-
4	Fund of Funds	55% of NAV	Rs.45/-
5	Listed Equity Shares*	55%-60% of Last traded price	Rs.45/- to Rs.40/-.

**In the case of listed equity shares, certain scrips carry a margin of 55% and certain others carry a margin of 60%. To check the margin applicable on a specific scrip, the client can check in the e-wealth account or on www.njcapital.co.in*

8. Shall corporate bonds, perpetual bonds and units of close-ended mutual funds be accepted as collateral against NJ Capital LAS term loan?

At present, the LAS product is *NOT* being offered against corporate bonds, perpetual bonds and units of close-ended mutual funds. Any inclusions, modifications and / or deletions in the list of approved securities shall be updated on the E-Wealth account, company website and shall be communicated to the clients, from time to time.

9. What are the other charges applicable on NJ Capital LAS term loan (other than interest)?

The following are the other charges applicable on NJ Capital LAS term loan -

Sr. No.	Particulars	Amount (Rs.)
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1	Documentation Charges (One-time charges to recover stamp duties & other levies incurred for the transaction. Applicable for the first loan , taken at the time of execution of the agreement.)	Rs.500/- (Rupees Five Hundred only) (plus applicable taxes)
2	Documentation Charges (on all subsequent loans , other than the first loan, made under an existing loan agreement)	Rs.200/- (Rupees Two Hundred only) (plus applicable taxes).
3	Processing Fees (applicable on all loans taken)	0.5% of the Loan Amount Sanctioned subject to a maximum of Rs.10,000/- (Rupees Ten Thousand Only) (plus applicable taxes).

These charges / fees shall be deducted from the loan amount at the time of disbursement.

10. Can the Loan be prepaid/foreclosed?

Yes, a borrower may prepay a part or the entire outstanding amount of the loan.

Prepayment of the loan, in part or full, will be subject to prepayment charges of 2% (plus applicable taxes) of the amount prepaid.

Say, a client repays Rs. 20,000 against an outstanding loan, then prepayment charges @ 2% on Rs. 20,000 plus GST @ 18% on these prepayment charges shall be charged to the client.

PARTICULARS	AMOUNT
Prepayment Amount	20,000
Prepayment charges @ 2% on prepayment amount (A) (i.e. 2% of Rs. 20,000)	400
GST @ 18% on prepayment charges (B) (i.e. 18% of Rs. 400)	72
Total Prepayment Charges (A+B)	472

Post prepayment, the residual EMIs shall be recomputed lower while keeping the original loan tenure constant.

11. What are the due dates of EMI ?

The Collection dates for the EMIs shall depend on the date of the disbursal of the loan.

Sr. No.	Event	EMI Due Date
1	Where a loan is disbursed between the 1 st – 15 th of any month (both dates included)	25 th of the same month. <i>In case if the 25th is not a Business day, then the EMI will fall due on the immediately next Business day.</i>
2	Where a loan is disbursed between the 16 th – last date of the month (both dates included)	10 th of the following month. <i>In case if the 10th is not a Business day, then the EMI will fall due on the immediately next Business day.</i>

12. What are the modes of repayment available to a client?

The client's scheduled repayments shall be collected from his bank account, basis the bank collection mandate submitted at the time of loan application.

In cases where such auto-debit fails, due to any reason, the clients are encouraged to utilize NEFT, RTGS, Netbanking gateway and/or other e-payment modes to make the necessary repayments, or any voluntary

prepayments. The bank account details are as under -

A/c Name	Bank Name	A/c No.	IFSC code	MICR code
NJ Capital Private Limited	HDFC Bank	00670340001338	HDFC0000067	395240002

The client may also submit a physical cheque in the favour of “NJ Capital Private Limited” to the NJ Partner or the nearest NJ branch.

13. What are the penal charges / actions taken in case of default in payment of EMIs ?

The following charges would be applicable in case of default in payment of EMI's -

Mandate Bounce Charges	INR 500/- for every instance of dishonour. (plus applicable taxes)
Additional (Penal) Interest	1.5% (flat rate) on the EMI amount defaulted. (plus applicable taxes)

The client will have 15 days, after the date of default (i.e. EMI due date), to repay the EMI amount along with the charges specified above. Post which, the client's securities shall be liquidated / disposed to recover the total payable amount*.

Illustration -

The client defaults on repayment of EMI of Rs. 4,707/- on Jun 25th, 2019, then the client is liable to repay - Rs. 4,707 (EMI) + Rs. 590 (Mandate Bounce Charges @ 500/- plus 18% GST) + Rs. 83.31 (additional interest @1.5% plus GST @ 18%) = **Rs. 5,380.31**.

If the client fails to repay Rs. 5,380.31 by Jul 10th, 2019 (within 15 days), then the client's securities to the extent of the repayable amount will be liquidated/disposed on the immediately following Business Day.

**Disposal/liquidation of securities shall follow the timeline given under Q. 18.*

14. Are there any other costs which would be incurred by the Borrower for availing LAS?

The Depository Participant shall charge an amount of Rs.15/- (plus applicable taxes) per ISIN every time a security is pledged or unpledged. The same shall be debited directly by the DP and these charges are not to the account of NJ Capital.

15. Will the pledged security(ies) be unpledged automatically as and when the loan keeps getting repaid or will the client have to make a request to unpledge security(ies)?

The pledged security(ies) shall *NOT* be automatically unpledged as and when the loan keeps getting repaid. The client shall have to make a request for unpledging. As mentioned in Q. 16 above, each pledging and unpledging transaction carries a cost, charged by the Depository Participant.

16. What actions shall be initiated by NJ Capital in the event of default in EMI repayment continuing beyond a stipulated period?

In cases where the default in EMI repayment continues beyond 15 days from the due date, NJ Capital shall dispose/liquidate the securities pledged in its favour by the client, to the extent of the repayable amount. The securities shall be disposed off as follows -

Sr. No.	Event	Action
1	Where the EMI Due Date falls on the 10 th of a month and the due amount remains unpaid till the 25 th of that month.	Date of disposal of securities will be 26 th or the next Business day if the 26 th is not a Business day.
2	Where the EMI Due Date falls on the 25 th of a month and the due amount	Date of disposal of securities will be 11 th or the next Business day if the 11 th is not a Business day.

	remains unpaid till the 10 th of following month.	
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17. Can LAS be availed against PMS investments ?

No. LAS cannot be availed against PMS Investments.

18. Can MARS investments be pledged to avail LAS?

Yes. MARS investments can be pledged to avail Loans. However, MARS investments once pledged cannot be rebalanced.

19. Can NJ Capital LAS be taken against ELSS ?

NJ Capital LAS can be availed against ELSS units post the lock-in period.

20. How and where will a client know the margins applicable on the various security(ies) in his/her portfolio?

The Loan eligibility, i.e. the amount of loan available on the scrips held by the borrower can be checked by logging into his/her respective e-wealth account. These details are also available on www.njcapital.co.in where the list of approved securities and the margins can be found.

21. Do the margins change everyday?

While the margin percentage on securities does not change on a daily basis, NJ Capital Pvt Ltd monitors the price movements and other corporate/fund developments of all the underlying securities. Any regulatory changes, financial/corporate or fund developments could have an impact on the margin percentages. They could hence be modified from time to time.

22. How will the pledged securities be valued for the purpose of calculating margin shortfall, if any? Will their valuation be as on date of loan application or as on the date of loan disbursement? When and how will the valuation of these securities change?

The pledged securities are valued on the basis of their last closing price or closing NAV, given the type of security. The valuation of these securities may change on a daily basis depending on the movement in their prices.

23. Should the Margins be maintained every single day? What does the Borrower do in case of margin shortfall?

Yes. Margins need to be maintained daily and any shortfall has to be made good within a period of 7 (seven) days (as mandated by RBI). Therefore, clients must immediately restore the security value either by offering additional securities or by prepaying the loan to the extent necessary.

The Borrowers shall periodically receive an Interim Valuation Report which shall provide them information on the security value and loan value and separately the details of the shortfall, if any.

24. What will happen if the client is unable to maintain sufficient margins ?

If the client is unable to offer additional securities or pay in the shortfall amount within the stipulated period of 7 (seven) days, then the securities, to the extent necessary for fulfilling the existing shortfall shall be sold on the immediately following Business Day.

We advise the clients to ensure maintenance of sufficient margins so as to mitigate the risk of unplanned / untimely sale of securities which may hinder the investments from realising their full potential.

25. Will any prepayment charges be applied in case of prepayment due to the reason of margin shortfalls?

No prepayment charges shall be applied on the amount of loan prepaid due to margin shortfall.

26. Can a loan's tenure be extended, i.e. can a 12 month loan be converted to a 18 month / 24 month / 36 month loan?

No, the tenure of the loan cannot be modified once the loan has been issued.

27. Can a parent/guardian apply for loan under NJ Capital LAS by pledging securities held in the name of his/her minor child/ward?

No. A parent/guardian cannot apply for loan by pledging securities held in the name of his/her minor child/ward.

28. How can e-wealth clients, whose mobile numbers are not linked to AADHAR, apply for an NJ Capital LAS online?

Clients whose mobile number(s) are not linked to AADHAR, but who are desire to avail NJ Capital LAS are most welcome to make their application online. Instead of e-signing the loan documents using OTP method, such clients will have to e-sign using biometric authentication facilities available with their NJ partner or at the nearest NJ branch.