

Advances[credit] policy PNYSF Ltd

Vide Board of Directors meeting held on 07th June 2024. The following modifications are discussed and approved on the credit Policy of The Company :

Advance department consist of :

Managing Director
DyCEO [in Charge of Advance Dept] Shri M.S Kesavan,
DY CEO(PLANNING) Shrisandeep.P.N
Manager in Charge, (Advance department)

GENERAL POLICY STATEMENT

To provide basic requirements of rural population who are even now deprived of many of the modern banking facilities, maintaining the highest standards of fair practice with corporate governance . PNYSF's are extending credit because Sales are vital to the growth and profitability of any company, and credit allows Company to increase the sales and customer satisfaction.

As an NBFC it is the duty and responsibility of our Company , under financial inclusion , to provide financial assistance to the common people , who are otherwise deprived of banking facilities.

PNYSF are extending credit to all applicants who needed the basic requirements to carry out their daily necessities and supplies. While processing loan applications, not only their requirements, but also the income generation from their activities are also taken into account, to make sure that the Assets created are of Good quality.

OBJECTIVES OF OUR ADVANCE POLICY:

The focus of the Company is on creating liquidity with an asset class, namely gold, that has the largest consumer market in India. Our forefathers had seen it as one of the pre-eminent ways of creating wealth in the economy. Undoubtedly, gold funding is our niche; nonetheless our lending is not restricted to gold loans alone. An assorted asset portfolio which can cater most of our rural/ urban common population requirements are in our advance portfolio, which we are certain put PNYNSF on the road to pioneer a competent financial market.

We, PNYNSF understand the responsibility that rests on our shoulders. Being a company with a modest asset base, we take upon ourselves the onus of ensuring smoother processes of monetary transactions, whether they are money transfer, gold loans or business loans.

Being entrusted with the purpose of delivering value enables us to consider each customer's need as unique. We cater to gold loan requirements varying from a principle loan amount of Rs. 1000 up to the maximum extent of Rs 1 crore. .

We, PNYSF have got an energetic, trained and equipped, “ready to do” work force to cater the needs of our customers. Members of staff with passion collect the loan proposals and attend their requirements, once ensured the credit worthiness. The application forms are generally in the local vernacular language, still to avoid ambiguity, our task force take time and pain to make our customers understand every bit of it.

PNYSF advances policy has looked into two distinct components:

These two factors “analysis of risk and degree of collection effort” are well taken care of. In defining these components in credit policy, the Company has looked into the following questions.

How much risk is the Company willing to take in granting credit to its customers? How much money and effort is the company willing to spend in collecting amounts owed to it?

Company has well thought out plans and strategies to attend NPA norms, in tune with RBI prescribed norms.

APPROVING CUSTOMERS FOR CREDIT

After customers have filled out the credit application, it’s our job to decide if they are creditworthy. Be sure they have provided all the information we need to make this decision.

What’s a MUST HAVE on the application? All particulars like Bank references, trade references, business details (type of structure, years in business), and other qualifiers such as the credit history of the principals or a personal guarantee.

TERMS OF SALE

Once approving (or not approving) customers for credit, we explain exactly what payment terms they are being offered (and if they aren’t, why). Keep all terms in writing, and make sure the customer is aware of any late charges we have.

REVIEWING CREDIT LIMITS

Company has got a system of conducting review of accounts periodically to identify any possible problems they are having financially. And, of course we need to take timely action. The policy and application are evaluated in terms of their effectiveness in reaching company-designated objectives. Timing depends on such factors as the difficulty of reaching objectives and changes in the competitive situation.

CORRESPONDING WITH CUSTOMERS

While interact with our customers we make sure that we inform on all the details, and particulars customers must know.

Denying credit – Explains to customers that they won't be receiving credit, tells them what they must do to earn it and talks to them.

Periodic review of credit line – Informs the customer that their credit line has been increased or decreased.

Remaining credit balance – Reminds the customer of their credit balance and encourages the customer to place an order to take advantage of the available credit.

CUSTOMER LOYALTY – Extending credit is the easiest way to tell our customers you appreciate their business. When we provide them with the opportunity to be more flexible with their cash flow, and show them that we really do trust them, this isn't going to be something they forget. They will keep coming back our company, not only for the offers we provide, but for the fact we have made them feel appreciated.

PRODUCT REPUTATION – Small business owners are at times hesitant about payment terms as they are afraid that customers will receive their product or service, not be satisfied, and then refuse to pay. However, by extending credit, we are letting customers know us believe in our product, and support its value.

INCREASED SALES – Without a doubt, every small business wants a way to increase sales. Extending credit is the most cost-effective and stress-free way to make this happen.

Company has formulated different Advance schemes in order to cater the needs of our clients:

***Gold loan scheme** By taking gold ornaments as pledge, verifying the quality, we extend credit limit for our customers up to a period of **one year**.

Proper diligence and precaution need be exercised while ornament pledges are accepted, to ensure purity as well as credibility of the applicant . Only 22 ct gold ornaments are allowed to pledge . While taking pledges acid test , salt water test etc has to be done to ensure purity of the gold ornaments.Prescribed quality \density of the acid shall be made available in the branch . Wherever karat analyzer is provided same shall be used to ensure safety .Rate per gram is provided from the Corporate office every day and Branch officials shall meticulously follow this guidelines.Loan amount shall be sanctioned as per the daily rates informed from Ho [LTV rate 75% of M. rate] provided the ornaments are 22ct. And deduction is required for stones , wax or thread etc.

Individual limit :Rs1000 to **1crore**

Loan disbursement in cash will be up to Rs20000 for an individual as per the section 269SS OF INCOME TAX ACT 961

Gold Loan schemes 2023-24

SCHEME	LOAN AMOUNT	INTEREST RATE	INTEREST PAYABLE PERIOD	LOAN PERIOD	changedRATE OF INTEREST If the interest payment is deefaulted
GL SPL@22	75% of gold rate and minimum amount of Rs100000/-	22%	40 days	365 days	1 – 40 -22% 1 - 80- 26% 1-365 – 30%
GL SPL@18	75% of gold rate	18%	90 days	365 days	1 – 90 -18% 91 - 120- 21% 121-180 -24% 181-365-28%
GL SPL@15	60% of gold rate	15%	30 days	365 days	1 – 30 -15% 1- 60- 18% 1-90 -21% 1-120-24% 1-365 -27%

***Pronote Loan-**[Loan against with or without mortgage of property] By creating equitable mortgage we extend urgent credit on short term basis, verifying the repayment capacity as well as the value and quality of assets. The instructions provided through circluars so far in accepting Landed properties as collateral security, and EM creation shall be meticulously followed.

Individual limit maximum up to Rs1crore tenure maximum to a period of 60 months.

***Business Loan:** By providing short term and medium term loans [12 to to24} months] to procure stock for customers' business need. Taking credit decisions scrutinizing documents submitted and looking at their business requirements and ensuring repayment capacity, we fix individual limits. Over and above the hypothecation of goods we take personal guarantee. Instructions provided through Circulars on Business loans shall be followed without any lapse.

Individual loan Rs25000 to 10000000/

Sl No	Scheme	Interest	Period
1.	EDI	12.5%(flat)	One year

Vehicle loans Company provide two wheeler loans up to 90% of the cost of vehicle, by taking two personal guarantees.

Individual limit Rs20000 to two lakh **Maximim 20% of total credit**outstanding .

Micro finance or **Self help group loans** in villages or rural areas for making a live earnings for the unemployed unskilled workers. Maximum Loan amount is Rs30,000/= to an individual and to a group limit of Rs500,000/= maximum **10% of total credit outflow**.

While providing credit to our customers we make sure to follow the guidelines and whatever permissions given to our Company under NBFC regulation. We follow the instructions and guidelines meticulously.

Function of Advance [Credit]Department

The department is functioning under the supervision of the Managing Director of the Company. Credit Department activities shall be coordinated with overall corporate policy with vision & mission and the activities of the advance department. It shall be the responsibility of the credit department to help build a broad and durable customer relationship for the Company. In the performance of this duty, the credit department shall maintain a positive and constructive attitude towards customers.

Within the bounds of sound credit practices, the credit department shall endeavour to find a suitable credit basis on which to deal with every customer that the branches desires to have purchase our products. The decision as to what constitutes a suitable credit basis shall rest with the credit department. From the standpoint of credit, no customer shall be denied the right to purchase our products until every means of selling to that customer on a safe and sound basis has been exhausted.

Standards by which credit risks are accepted or rejected shall be flexible enough to permit the maximum of profitable . Marginal credit risks are to be dealt with when

they are needed to complete operating schedules and as long as they constitute a source of added net profit to the Company.

Customer contacts are to be kept on a dignified and friendly basis, conducted so as to promote a wholesome respect for the Company and its business practices. The credit department has the responsibility for collection of all accounts. All credit decisions shall be made independently and shall strive to maximize return on investment in receivables

As per the Board instruction all the landed property taken as security, need to be valued by an approved valuer , over and above the valuation conducted by the Company staff or officials.

So also all loan documents executed for more than Rs5lakhs of loan amount need to be scrutinised by the panel advocate and report to be submitted to Advance department.

Delegatory powers :

Delegation chart:

Branch Officials \ Managers

1. **GOLD LOAN up to Rs 15.00L** per individual.

Special sanction shall be sought from Advance department for any increased Individual limit, showing the Name and address as well as the purpose. Also showing parties credentials, including net worth for considering enhanced limit.

A. Advance department powers to be exercised by Dy CEO

1. **Gold loan** limit for **individuals from 15 lakhs up to 30 lakhs**

2. **Un-secured loans** Personal loans Rs50,000/= per loan

4. **Business loan** individual limit up to **Rs 2 L**

5 **vehicle loan** individual limit of **Rs200000/=**

6. Any other loans including **Group Loans** [SHGs Loan] individual limit of **Rs50000/=**

B. MD \ CEO powers for loan sanction

1. Gold loan **special loan limit for individuals 50L**

2. **Business loan or any other type of loan** individual limit Rs100L

3. **unsecured loans\ personal loans** individual limit Rs5 L

D. Powers of Advance Committee[MD Advance department head,
DyCeo]

1. **Gold loan Rs 100L** individual limit

2. All other loans individual limit of **Rs200 L**

Board of Directors All limits sanctioned during the month shall be placed in the ensuing Board meeting and approval need to be obtained.

Note All Loans and advances sanctioned under the powers of the Committee need to be placed in the Board and need to get approval\ ratification.

All Loans sanctioned by the powers of MD shall be ratified by the Committee and all loans advance sanctioned by the powers of DY CEO need be ratified by the MD | CEO.

To Follow up of Loan assets: **Recovery Department**

Headed by DY CEO, Officers & Members of staff in recovery team

Ps * Different loan Schemes separate circulars and guidelines are provided to branches.