

*LENDING*

*POLICY OF*

*Supra Industrial Resources*

*Limited*

*(Pursuant to cancellation of Certificate of registration and as per the instruction issued by RBI dated 02nd August 2018 the company shall dispose off the Financial assets and bring it below 50% of the total assets with in 3 years from the date of cancellation of certificate of registration )*

**FINANCE INTRODUCTION**

Finance is the life blood and nerve centre of a business. Just Circulation of blood is essential in the human body for maintaining life, blood is very essential for smooth running of business. It has been rightly termed as universal lubricant which keeps the enterprise dynamic. Micro Finance is about bottom line of business activities. It is the branch of economics that deals with management of money and assets involving banking, investment, credits, and so on. As a verb, let's look at the activities that happened around us. One needs a proper planning, or estimation in a business management, like arranging funds, assessing the profit or loss factor, etc. In the personal front arranging one's finance may be his or her saving ability or investment in various instruments available. A Nation needs to have a budget to run the economy, have to plan accordingly regarding the general welfare based on the revenue generated from the tax payers, or foreign exchange earned over a period whether its private, public front the common man there here is proper planning, understanding of income and expenditure, and risk factors involved. Now, where do we find these entire activities taking place, or in common man's term where's the market place? It's everywhere around us, but happens in every organized form, so we will call them in different names, like stock (equity) markets, Forex market, etc. The foreign Exchange or the Forex market is regarded to be the largest financial market place based on the volume of transaction every day. It involves regulatory banking bodies, government, MNC's, and other financial institutions. Finance market place is basically the exchange of trading place for one currency with other. There isn't any particular institutional body where this trading happens, but usually an over - the-counter practice, where different currency instruments are exchanged. Even the rate varies from place to place, that is why you will find different values for one dollar in other countries.

**MEANING OF FINANCE**

Finance may be defined as the provision of money at the time when it is required. Finance refers to managing the flow money through an organization. It concerns with application of skills in the manipulation, use and control of money. Different authorities have interpreted the "Finance" differently.

**DEFINITION OF FINANCE**

""Finance is a simple task of providing the necessary funds (money) required by the business of entities like companies, firms, individuals and others on the terms that are most favourable to achieve their economic objectives.".

**SCOPE OF FINANCE**

The main objective of financial management is to arrange sufficient finance for meeting short-term and long term needs. These funds are procured at minimum costs so that profitability of business is maximized. With these things in mind, a financial manager will have to concentrate on the following areas of finance functions. It helps in decision making for investment it helps in solving their problems and attaining wealth maximization goals. It helps in

allocation of earnings between payments to shareholders and retains earnings. It helps the management in choosing the most viable projects with maximum returns.

### **Loan Policy – Objectives**

1. Profitable deployment of resources in line with ALM requirements.
2. To aim at a common approach in credit appraisal and monitoring standards to meet genuine credit needs of existing clients and to enlarge client base through client acquisition besides facilitating quick and prompt credit decisions.
3. To set up standard and uniform credit evaluation system and procedures to monitor portfolio performance and set up guideposts to augment income from non- fund exposures.
4. Strengthen the credit delivery system and to clearly lay down the preferred deployment area of credit keeping in view the socio-economic obligations profitability, past experience of asset impairment and with greater focus on retail banking.
5. To address issues of credit concentration and to set up prudential credit exposure norms.
6. To build and maintain a well diversified portfolio for an orderly asset growth.
7. To set up a Credit Risk Management System with parameters for risk identification, measurement, monitoring and mitigation.
8. To provide for Loan Review Mechanism
9. To set up a risk based Loan Pricing Policy
10. To provide for dissemination of information to enable informed credit decision making at all levels and to facilitate proper training of field staff on credit appraisal and Monitoring.
11. To provide for adequate delegation of discretionary authority at all levels consistent with the cannons of this Policy Documenter's.
12. To improve market share in identified areas of business through Maintaining Continuous contacts with the existing clients to meet their credit requirements for their business and expansion plans etc.
  - i) Obtaining reference from existing clients for increasing the customer base.
  - ii) Such references may also be obtained from various associations of merchants / industries/traders etc
  - ii) Acquiring new clients, by identifying potential non customers, establishing contacts for bringing them to our fold, adhering to take over codes and policy guidelines
  - iii) By leveraging the technological advantages of the Bank

## **REGULATORY COMPLIANCE**

### Fair Practices Code (FPC)

In compliance to Reserve Bank of India's directives the Company has formulated its Fair Practice Code for Lenders. The basic tenets of the Code are as under:

- To be fair and honest in disclosures, dissemination of information and presentation while releasing information to public and marketing of Loan Products.
- If sought, to render necessary assistance to customers applying for loans.
- Not to discriminate on the basis of religion, caste, sex, descent etc.
- To provide professional, efficient, courteous, diligent and speedy services in the matter of retail Lending.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- To attempt with good faith to resolve any disputes or differences with customers by setting up complaint redressal cells within the organizations.

## **POLICY DOCUMENT ON**

### **LOANS AND ADVANCES**

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#### **Supra Industrial Resources Limited ('the 'Company')**

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##### **Preamble**

A Non-Banking Financial Company (NBFC) is a company (a) registered under the Companies Act, 1956, (b) its principal business is lending, investments in various types of shares/ stocks/ bonds/ debentures/ securities, leasing, hire-purchase, insurance business, chit business, and (c) its principal business is receiving deposits under any scheme or arrangement in one lump sum or in installment. However, a Non - Banking Financial Company does not include any institution whose principal business is agricultural activity, industrial activity, trading activity or sale / purchase / construction of immovable property. (Section 45 I (c) of the RBI Act, 1934). One key aspect to be kept in view is that the financial activity of loans / advances as stated in 45 I (c) , should be for activity other than its own. In the absence of this provision, all companies would have been NBFCs.

Lending policy in other word we can say that credit policy or policy for loans and advances. Lending means loans and advances which are the important operation of every bank whether it is Nationalized or private bank or any NBFC's. Lending is also known as source of income in form of interest. Lending captures the high percentage in company's profitability. Lending includes the fund base as well as non -fund base lending or loans and advances. Lending policy gives guidelines for the lending operations. The information is gathered and personally experienced the lending operation is through consult and communication. The aim of the project is to focus on how the lending policy operations to perform better and effectively and an overview and detailed understanding of each and every aspect of lending policy.

One of the important functions of the Banking System is to lend money to the needful to achieve economic objectives. The Reserve Bank of India is empowered to issue licenses to Non -Banking Finance Companies (NBFC's) and further to issue directives/advices on loans and advances and other aspects regarding conduct of loan accounts from time to time. With liberalization in the financial system and deregulation of interest rates, NBFCs are now free to formulate loan products within the broad guidelines issued by RBI.

RBI directives can be studied in detail in various Master Circulars issued from time to time by the institute. This policy document on loans and advances outlines the guiding principles in respect of formulation of various products offered and terms and conditions governing the conduct of the account. It is expected that this document will impart greater transparency in dealing with the individual and corporate customers and create awareness among customers. The ultimate

objective is that the customer will get services they are rightfully entitled to receive without demand.

## **COMPANY PROFILE AND LOANS & ADVANCES FINANCING ACTIVITIES**

**Supra industrial Resources Limited** is a Non-Deposit taking Loan Finance company (NBFC) having valid Certificate of Registration with Reserve Bank of India ('RBI') for carrying on the business of a non - banking financial institution under section 45-IA of the Reserve Bank of India Act, 1934. At

Present, RBI classification is as Loan Company (NBFC-IC).

Treasured by the years of experience & excellence in delivering the best financial services, **Supra industrial Resources Limited** has created cost effective and efficient value chain for its customers' financial needs.

The services provided by the Company can be divided under 2 major categories:

1. Financing Unsecured Loan
2. Advances

### **Loan Financing**

As per distinct of RBI guidelines, **Supra industrial Resources Limited** can finance its money as loans & Advances activities in supporting productive/economic activity, to any company/ firms/ organizations/individual customers etc. The prescribed rate of interest shall be varying at the time of disbursement of loan. The company sanctioned its loans to the prospective borrowers, on the basis of existing transactions. The company generally finance to any company only through known person. We check all the relevant documents related to KYC before granting the loan to the customers, firms, company, etc.

Though, the Company can finance & provides above mentioned loan portfolio majorly comprise of:

### **Reasons for Pursuing an Unsecured Loan**

Unsecured loans are used primarily for small, short-term expenses, such as medical crises or wedding or funeral costs. The purpose of the loan does not affect the terms. The loan is usually intended to be repaid within about a year, though the terms can vary depending on the amount at issue and the relationship between the lender and the borrower. When a borrower does not have property worth charging, taking an unsecured loan may be his only way of obtaining a loan.

Simplicity is another reason to seek an unsecured loan. When only small amounts of money are at issue, it is not usually worth the hassle of transferring property titles and establishing a collateral relationship. A simple contract can often be the best way to proceed, even if there are negative trade-offs.

There is no limit in law on the interest that the lender charges. We have provided for a greater rate of interest if the borrower falls behind with repayments.

## **KNOW YOUR CUSTOMER ('KYC') AND ANTI-MONEY LAUNDERING ('AML') GUIDELINES**

The Company has formulated its KYC and AML policy and accordingly the same is to following during the disbursements of the loans and advances. All documents like identity proof, address proof, MOA, Balance sheet, ITR etc are to be collected from borrowers and guarantors of loans and advances in accordance with the said policy.

## **RESTRICTIONS ON FUNDING**

There are no specific restrictions on the funding of loans and advances with regard to the customer profile, area/address/type of the borrower or guarantor, etc. But general prudence is to be observed during the field investigation and enquiry about the customer. The Company shall insist on, but not stick to, lower funding and lower repayment tenure for loans and advances.

## **INTEREST RATES**

The management understands that considering the higher cost of borrowing and the risk profile of the customer, it has to maintain adequate margins to cover the operational and delinquency risk. Thus, it is decided to fund the loans and advances between 8% to 30% p.a. to be charged on flat rate basis for the entire tenure. Further, at their own sole discretion, Directors can approve the interest rate for any loan/advance outside the range above, and these may be vary at the time of disbursement of the loan.

## **OTHER CHARGES AND REBATES**

The Company shall levy various charges on the customers as per the operations of the account and certain standard charges as applicable. Further, at their sole discretion, the management of the Company can reduce or waive all or any of the charges so applied considering the best interest of the customer.

Furthermore, the management has all powers to even give rebate of interest to the valuable customers at their best judgments.

## **CIBIL**

Going forward, the Company has obtained the membership of Credit Information Bureau of India Limited ('CIBIL') and further shall implement changes in the system accordingly so as to submit data to CIBIL on regular intervals. This would help the company to share the financial details of irregular customers with other financial institutions who are also member of CIBIL.

Though the membership will also help the company to download credit reports after complete

Installation of software for the future customers, the company shall not reject any customers merely because of negative credit report or credit profile received from CIBIL.

## **EXPOSURE LIMIT**

The Company has been operating in mainly major two activities i.e. loans & advances, sale/purchase of shares/ investments. The management truly understands the risk of funded over the

permissible limit. So the company has funded its loans & investment within the permissible limit as prescribed by the RBI Guidelines ON **CEILINGS ON CONCENTRATION OF CREDIT/INVESTMENT**.

RBI prescribes the following credit / investment concentration thresholds for systemically important Non Banking Financial Companies (“NBFCs”) as tabulated below.

<b>Sr. No.</b>	<b>Nature of Business</b>	<b>Mandatory Ceiling Limit</b>
1	Lending to any single customer.	15% of its Owned Fund
2	Lending to any single group of customer's.	25% of its Owned Fund
3	Investing in the shares of another Company.	15% of its Owned Fund
4	Investing in the shares of single Group of Companies.	25% of its Owned Fund
5	Lending and investing to a single Party (Loans / investment taken Together)	25% of its Owned Fund
6	Lending and investing to a single group of parties.	40% of its Owned Fund

However, there are certain exceptions, exemptions and allowances prescribed in the RBI Directions with regard to the above limits, which are set out below:

- The above ceiling on the investment in shares of another company shall not be applicable to **Supra industrial Resources Limited** in respect of investment in the equity capital of an insurance company up to the extent specifically permitted, in writing, by the Reserve Bank.
- Investments in debentures will be treated as lending and not investment.
- The above ceilings on credit / investments shall be applicable to the own group of **Supra industrial Resources Limited** as well as to the other group of customers / investee companies.
- For determining the limits, off-balance sheet exposures shall be converted into credit risk by applying the conversion factors as explained by RBI through various circular.

#### **COLLECTION PROCEDURE**

The Company has the proper monitoring over its loan accounts to recover its outstanding loans from its customers/borrowers. Mostly the loans funded to the known clients so the ratio of unrecovered of the loan principal & interest is very low.



## **OVERRIDING POWERS OF THE DIRECTORS AND MANAGING DIRECTOR**

The Company has been operating in very close vigilance and supervision of its higher management consisting of its Directors. Thus, Directors are given overriding powers to approve or disapprove, add or modify any of the provisions of this policy to the best interest of the Company.

## **GRIEVANCES / COMPLAINTS**

All customers & borrowers or guarantors, current or past, can and should contact the Company's Nodal officer for any grievances or complaints (including complaints against any policy, employee or representative, etc.) by following means:

Write a mail to: [supra1985@gmail.com](mailto:supra1985@gmail.com) **RAJAT AGARWAL (Director)**

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