



Freemen Investments Private Limited
Credit Policy

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1. Objective:

The objective of this Credit Policy is to establish a structured and transparent approach to credit assessment, sanctioning, monitoring, and recovery processes in compliance with the Reserve Bank of India (RBI) guidelines. This policy aims to ensure a balanced risk-return profile and mitigate credit risks while achieving business growth.

2. Scope:

This policy applies to all types of lending activities undertaken by the NBFC, including but not limited to Gold loans, personal loans, vehicle loans, SME loans, microfinance, housing loans, etc.

3. Regulatory Framework:

This policy is aligned with the relevant RBI guidelines including but not limited to:

- RBI Master Directions for NBFCs
 - Scale-Based Regulation (SBR) for NBFCs
 - Fair Practices Code (FPC)
 - KYC & AML guidelines
 - Guidelines on provisioning, asset classification, and restructuring
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4. Credit Approval Process:

4.1. Credit Evaluation Criteria:

- **Borrower Assessment:**

Creditworthiness of the borrower will be evaluated based on financial strength, repayment capacity, credit history, and KYC compliance.

- **Purpose of Loan:**

Loans will be approved based on the specific purpose, and a due diligence process will ensure that the funds are utilized appropriately.

- **Collateral:**

Assessment of collateral will be done as per the nature of the loan. In the case of secured loans, appropriate security or collateral should be collected.

4.2. Risk-Based Pricing:

- Interest rates will be determined based on the borrower's risk profile, asset quality, market conditions, and RBI's guidelines on fair pricing and transparency.
 - There will be a structured mechanism for risk-based pricing, offering lower rates for low-risk clients and higher rates for higher-risk clients.
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5. Loan Approval Limits:

5.1. Authority Levels: Loan sanctioning authority will be categorized into various levels of approval based on the loan amount:

Branch Manager: Loan approval up to [Specify Amount].

Regional Manager: Loan approval up to [Specify Amount].

Credit Committee/Board: Loan approval exceeding [Specify Amount].

5.2. Credit Committee: A Credit Committee will oversee loans beyond a certain threshold, reviewing larger loan proposals to ensure that risks are properly evaluated and mitigated.

6. Documentation:

All credit proposals must be accompanied by:

- KYC documentation as per RBI's guidelines
 - Financial statements (for business loans)
 - Loan application form
 - Collateral/security documentation
 - Credit Information Reports from agencies like CIBIL
 - Borrower's consent for credit checks
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7. Loan Disbursement:

7.1. Conditions Precedent: Loan disbursement will be subject to:

- Completion of KYC norms.
- Execution of necessary legal agreements and security documentation.
- Satisfactory compliance with all terms of the loan sanction.

7.2. Disbursement Process:

- Funds will be disbursed either in a lump sum or in tranches, based on the borrower's needs and the nature of the loan.
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8. Credit Monitoring:

8.1. Periodic Monitoring:

- Regular review of the borrower's financial health and repayment capacity.
- Monthly/quarterly reviews of loan accounts to detect early warning signals of stress.

8.2. Monitoring of High-Value Loans:

Loans above a certain threshold will be subject to stricter monitoring and more frequent reviews, with periodic site visits, audit trails, and compliance checks.

9. Classification of Assets and Provisioning:

- **Standard Assets:**

Loans with regular payments will be classified as standard assets.

- **Non-Performing Assets (NPAs):**

Loans with overdue payments as per RBI guidelines will be classified as NPAs. Corrective action must be taken within 90 days of overdue status.

- **Provisioning Norms:**

Provisions will be made in compliance with the RBI's guidelines based on asset classification (Standard, Sub-Standard, Doubtful, Loss).

10. Recovery and Collection:

10.1. Soft Collection:

- Reminder calls and notices will be issued for overdue loans.
- Digital and physical follow-ups as required.

10.2. Legal Action:

In cases where soft recovery fails, legal action will be initiated as per the NBFC's recovery policies and in line with regulatory norms.

11. Loan Write-Off Policy:

- Loans that remain uncollectible after all recovery efforts will be written off in compliance with the RBI's write-off policy guidelines.
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12. Grievance Redressal:

In compliance with the RBI's Fair Practices Code, the company will have a Grievance Redressal Officer to address complaints regarding loan approval, rejection, or collection practices. The Ombudsman scheme details must be displayed in all branches and communicated to borrowers.

13. Periodic Review:

This Credit Policy will be reviewed annually or as required based on changes in the regulatory framework and market conditions.

14. Conclusion:

The Company commits to maintaining high standards of transparency, risk management, and regulatory compliance in its lending operations. The Credit Policy will be communicated to all employees and adhered to throughout the credit lifecycle.
