

BERYL SECURITIES LIMITED

CREDIT POLICY

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1. OBJECTIVE AND SCOPE OF THE POLICY

Beryl Securities Limited (Company) is registered with the Reserve Bank of India (RBI) as a non-deposit accepting NBFC. As an NBFC, it must comply with Guidelines/Directions issued by the RBI from time to time. The Company's Credit Policy is the framework that defines the principles for its lending business. The Company shall duly implement and keep the Credit Policy, including the Appendices and any amendments thereto, up to date, in accordance with any regulatory, corporate, or other legal requirements.

The objectives of this Policy are as follows:

- To create a set of standardized policies and procedures for the lending activities of Beryl Securities Limited.
- To institute due diligence for mitigating the level of credit risks and improve credit quality.
- To define overall risk appetite.
- To establish an underwriting framework, including maximum credit limits, risk limits, etc.
- To ensure thorough credit appraisal and proper monitoring of all outstanding credits, including supervision of outstanding credits and recovery of overdue credits.

This Credit Policy provides an overall description of all stages of the lending process. In pursuing its business, Beryl Securities Limited will operate according to the highest ethical and compliance standards and constantly seek to follow best practices in the industry. Under no circumstances will contravention of laws and relevant regulations be tolerated.

2. BUSINESS STRATEGY AND BUSINESS OPERATIONS

Beryl Securities Limited's business operations need to be financially sustainable, i.e., all expenses shall be met from income, primarily from interest earned on credit extended, in addition to income from investments (if any) and fees collected from services extended to customers. The Company may extend credit to any individual, self-employed person, body corporate(s), and firm(s).

2.1 Business Segments

- Lending to Enterprises/Small Businesses: Beryl Securities Limited aims to extend credits to business entities for working capital, expansion, purchase of goods, etc. The Credit Policy enumerates customer segments, the purpose of credit, the process of credit approval and disbursal, interest rate determination, and charges to be borne by the borrower. Note: The detailed Credit Policy on MSMEs shall be taken up consequently.
- Corporate Lending: The Company may extend credits to body corporate(s), firm(s), and non-individual entities engaged in business for working capital requirements or expansion of existing business.
- Other Segments/Credit Products: The Finance Committee/Board may determine product parameters for retail lending and set limits on the total book size for each

product. The Credit Policy is framed in line with the Fair Practices Code prescribed by the RBI.

2.2 Sanctioning Authority

- The Board of Directors (referred to as ‘Authority’ or ‘the Board’) is the primary sanctioning authority for approving credits.
- The Board may delegate its authority to a Credit Manager on a case-by-case basis, subject to defined credit rules covering purposes, size, interest rates, terms, repayment terms, security requirements, and other conditions as decided by the Board.
- If the Board authorizes a Finance Committee, the sanctions accorded by the Credit Manager shall be placed before the Finance Committee or the person authorized by the Committee in the ensuing meeting for the purpose of review and ratification.
- The Board or the Finance Committee, if authorized, may directly approve any particular credit or any other feature of this Policy.

3. PURPOSE OF CREDIT

In the long term, it is envisaged that the lending business will reach out to both existing customers and open market customers and fulfill their financing needs for purposes as wide-ranging as credits for working capital, cash credits, and a gamut of curated lending products.

4. CUSTOMER SELECTION

Credits shall be provided to:

- Public Sector Institutions/Companies/Undertakings
- Private Sector Companies
- SMEs and body corporates
- Partnership firms
- Proprietorship Firms
- Small Businesses led by individuals
- Salaried Persons

5. CREDIT UNDERWRITING

The process from the receipt of a customer’s request to the communication of the final approval or rejection of a facility is as follows:

5.1 Credit Approval Process

1. Credit Application: Customers submit an offline form expressing interest in a credit product.
2. KYC Document Verification: Submitted documents are analyzed to verify identity

and other details.

3. Pre-Sanction Visit: A pre-sanction visit shall be conducted by the Credit Manager or designated personnel to the customer's business and/or home location, as deemed necessary, to assess the customer's operations and financial situation.
4. Document Verification: All submitted documents, including but not limited to bank statements, income statements, turnover certificates, GST certificates, GST returns, PAN, audited financials, and income tax returns, shall be thoroughly verified for authenticity and accuracy.
5. Credit Appraisal Memorandum: A detailed credit appraisal memorandum shall be prepared, summarizing the customer's profile, financial health, repayment capacity, and risk assessment.
6. Income Verification: Income shall be verified through accepted forms of documentation, such as income tax returns, bank statements, or other reliable sources, to ensure it meets the lending criteria.
7. Customer Reviews: Satisfactory reviews from existing customers or business associates may be obtained, where applicable, to gauge the customer's reputation and reliability.
8. Final Decision: Based on the above assessments, a final decision to grant or deny credit shall be made, communicated via a sanction letter.

Since the major focus in retail credits is on unsecured credits, underwriting shall be strengthened to ensure credits are granted only after assessing the borrower's ability and intention to repay, using both conventional (e.g., credit scores) and unconventional sources (e.g., alternative data modeling, CMA data).

5.2 Processing Fee

Beryl Securities Limited may charge a processing fee at applicable rates, subject to revision on a prospective basis with due communication to customers. These charges shall be decided by the respective business/function heads in consultation with Operations, Finance, Compliance, and Legal Heads.

5.3 Other Charges

The following charges shall apply for each product line:

- Prepayment Charges/Credit Foreclosure
- Penal Charges on late payment
- PDC/ECS swap charges
- Credit cancellation charges
- EMI Bounce charges
- Legal charges
- Collection Charges/Visit Charges
- Overdue/Penal Charges

6. TENOR

Retail credits shall be granted for a tenor of not more than 4 years for unsecured loans and 7 years for secured loans.

7. DETERMINATION OF INTEREST RATES

The base interest rate comprises the cost of funds, operational costs, and the minimum rate of return desired. The further spread will account for the customer's creditworthiness in the form of a risk premium. Other relevant factors include:

- Interest shall be accrued and charged periodically, but not less than monthly rests. Fees/charges may be levied upfront or at specific intervals as per agreed terms and conditions.
- Some fees or commissions may require advance payment before the commencement of a facility.
- The effective interest rate, fees, commissions, and their calculations shall be clearly communicated to customers in compliance with the Fair Practices Code (FPC), with a sanction letter duly signed by borrowers.
- The Interest Rate Policy will be reviewed periodically to account for market forces, inflation, and risk factors.
- The interest rate structure may vary among borrowers based on risk factors and the need for operational and financial sustainability.
- The sanctioning authority shall record specific reasons in writing if no interest is stipulated or a moratorium for principal or interest is granted.

The rate of interest shall depend on the following factors:

7.1 Company Factors

- Cost of Funds: Currently, funding is provided by Beryl Securities Limited at an internally decided rate. In the future, the Company may opt for bank borrowings, debentures, and commercial papers.
- Operational Costs: These include costs for manpower, applicant checks, document processing/verification, and face-to-face interactions, if required.
- Technology Costs: These will also be factored in.
- Forecasting and Planning Objectives: The Company shall have an Annual Operating Plan with Return on Equity/Return on Assets targets, incorporating a margin for fulfillment.

7.2 Customer Factors Based on Risk Categorization

- Credit Bureau Rating: Customers with existing trade lines shall be evaluated based on their credit score, with a defined cut-off score for risk categorization and associated interest rates.
- Customer History: For existing customers, performance on repayments shall be evalu-

ated as part of the credit score.

- Customer Alternate Data Results: The Company shall invest in technological capabilities to analyze social media content, information from electronic devices, and financial transactions to assess customer declarations.
- Applied Amount and Tenor: The interest rate shall factor in the credit amount and repayment period.

7.3 External Factors

- Benchmarked Rates: Possibility of linking credit rates with benchmarked rates.
- Competition Credit Rates: The Company shall consider peer group interest rates for customer benefit and business competitiveness.

7.4 Other Important Factors

- The rate of interest shall be an annualized rate, clearly disclosed to the borrower in the application form and sanction letter.
- The approach for gradation of risks and rationale for charging different rates shall be disclosed and updated on the Company's website or published in relevant newspapers.

7.5 Repayment

Credits may be repayable in one or more installments as per agreed terms. The sanctioning authority may extend the repayment cut-off date, recording specific reasons in writing if extended beyond one year from the due date.

7.6 Collaterals

Where necessary, collateral security and/or hypothecation will be considered to strengthen the borrower's creditworthiness.

8. CUSTOMER JOURNEY

Beryl Securities Limited shall offer two modes for customers to access services:

1. Offline Application: A manual process involving filling out an application form and submitting information and data at the branch level.
2. Assisted Through Web/Offline: Available in both online and offline modes (in affiliated stores) and branches, if opened in the future.

9. PRE-APPROVED CUSTOMERS

Beryl Securities Limited may approach customers based on creditworthiness determined from alternative data sources, credit bureau data, and decision engine analysis. This involves obtaining customer consent to the offer, followed by independent or assisted disbursement.

10. GENERAL INFORMATION

- All customers shall be informed in detail about the features, terms, conditions, and charges of the credit before sourcing the application. For online or telephonic applications, no credit shall be processed without written consent.
- The Company shall not discriminate in sanctioning credits based on gender, caste, or religion but may develop lending schemes for specific societal sections.
- Post-sanction, all relevant documents (terms and conditions, sanction letter, repayment schedule) shall be sent and explained to the customer.
- Efforts shall be made to inform customers about the status of their account before it turns into a Non-Performing Asset (NPA).

11. REPORTING TO CICS

Beryl Securities Limited shall ensure regular submission and updating of credit information for its borrowers to all Credit Information Companies (CICs) on a monthly basis or at shorter intervals as required.

12. PERIODIC UPDATION

The Credit Policy shall be reviewed annually or as necessary.