

# PRODUCT PROGRAM

## MSME/MORTGAGE/ PERSONAL LOAN POLICY



Designation	Name of the Member	Sign Off and Date
MD		
CEO		
Head of Operations		
Head of Business		
Reviewed by (Department)	Name of the Officer	Sign Off and Date
Operations		
Business		
Credit		

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## Glossary of Terms

#	Term	Description
1.	AoA	Articles of Association
2.	CERSAI	Central Registry of Securitization Asset Reconstruction and Security Interest of India
3.	GST	General Sales Tax
4.	CIBIL	Credit Information Bureau (India) Limited
5.	CPV	Customer Point Verification
6.	DC	Documented Cost
7.	ECS	Electronic Clearance System
8.	EMI	Equated Monthly Instalment
9.	FI	Field Investigation
10.	GOI	Government of India
11.	ITR	Income Tax Return
12.	IT	Information Technology
13.	KYC	Know Your Customer
14.	LMS	Lead Management System
15.	LOS	Loan Origination System
16.	LTV	Loan To Value
17.	MoA	Memorandum of Association
18.	NOC	No Objection Certificate
19.	NBFC	Non- Banking Financial Company
20.	PAN	Permanent Account Number
21.	PDC	Post Dated Cheque
22.	PoA	Power of Attorney
23.	PSL	Priority Sector Lending
24.	PAT	Profit After Tax
25.	RBI	Reserve Bank of India
26.	RCU	Risk Credit Unit
27.	SI	Standing Instruction
28.	VAT	Value Added Tax

## Definitions

**Borrower** - For the purpose of this document, Borrower would refer to any business organization that has applied / met specific requirements / has been sanctioned a credit facility by the NBFC.

**CIBIL** –Credit Information Bureau (India) Limited. CIBIL collects and maintains records of an individual's payments pertaining to loans and cards as well as maintains a list of defaulters that can be accessed by NBFCs to restrict lending to defaulter customers.

**Credit Bureaus- Others:** Crif High Mark, Equifax and Experian

**Collateral** –Assets or rights provided to the NBFC by the borrower or a third party, in addition to the primary security to secure a credit facility

**Credit Facility** - A credit facility is defined as any fund based (e.g., cash credit, term loans) or non-fund-based assistance (e.g. letters of credit, bank guarantee) provided by the NBFC to the Borrower to meet specific requirements.

**Fixed Assets** –Assets which are purchased for long-term use and are not likely to be converted into cash within a year, such as land, buildings, and equipment

**Hypothecation** –Hypothecation is a charge created over movable assets such as vehicles, stocks, debtors, etc. Under hypothecation, the assets remain in possession of the borrower

**Inventory** –Raw materials, work-in-process goods and finished goods are considered as Inventory of current assets of the borrower

**Letter of Intent (LOI) / Sanction Letter** –A Letter of Intent (LOI) / Sanction Letter states the facility details and terms and conditions that the NBFC and the borrower must adhere to for the receipt of financial assistance and continuous enjoyment of the same

**Liabilities** –A company's legal debts or obligations that arise during the course of business operations.

**Maturity Date** –The date on which the principal amount of a loan acceptance bond or other debt instrument becomes due and has to be repaid.

**Non-Performing Asset (NPA)** - An asset, becomes non-performing when it ceases to generate income for the NBFC. NPA is defined as per the IRAC guidelines issued by the RBI. As defined under IRAC, a non-performing asset (NPA) is a loan or an advance where; interest and/ or instalment of principal remaining overdue for a period of more than 90 days to 180 days (Depending on Bank /Financial Institution) in respect of a term loan, the account remains 'out of order, in respect of an Overdraft/Cash Credit (OD/CC Refer IRAC norms for additional guidance on recognition of NPA).

**Pari-passu charge** –Pari-passu charge refers to a claim wherein more than one creditor has a charge on the same security which may be created at different times, however, charge will rank equal and to the extent of proportionality of claim of each lender having such charge in case of enforcement of security

**Primary Security** –The asset created out of the credit facility extended to the borrower or in case of mortgage loan property belonging to the borrower and / or which are directly associated with the business / project of the borrower for which the credit facility has been extended

**Promissory Note** - A promissory note is an instrument in writing (not being a bank-note or a currency-note) containing an unconditional undertaking, signed by the maker, to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of the instrument.

**Promoters** -A “promoter” (as defined under The Companies Act, 2013) means a person—

- a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92 of the Companies Act, 2013; or
- b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
- c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act; or
- d) shall apply to a person who is acting merely in a professional capacity

**RBI** –Reserve Bank of India

**Receivables** –Receivables refer to all debts, unsettled transactions or other monetary obligations owed to a company by its debtors or customers

**Tenor** –The original duration of a loan or contract. The tenor can be expressed in years, months or days.

**TOL** - Total Outside Liabilities

**Wilful Defaulter** - Any individual, firm or company would be deemed to be a wilful defaulter if they are involved in the following events:

- a) The unit has defaulted in meeting its payment / repayment obligations to the lender even when it has the capacity to honour the said obligations.
- b) The unit has defaulted in meeting its payment / repayment obligations to the lender and has not utilised the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes.
- c) The unit has defaulted in meeting its payment / repayment obligations to the lender and has siphoned off the funds so that the funds have not been utilised for the specific purpose for which finance was availed of, nor are the funds available with the unit in the form of other assets.
- d) The unit has defaulted in meeting its payment / repayment obligations to the lender and has also disposed off or removed the movable fixed assets or immovable property given by him or it for the purpose of securing a term loan without the knowledge of the NBFC/lender.

## 1. Product Overview

### 1.2. Business Rationale

Considering the finance demand-supply gap and high cost of finance, there is an opportunity for GILADA Finance to lend to the Micro and Small Enterprise. However, the finance need has to be addressed even with or without collateral requirement. Further, if the size of the loan needed is small, the cumbersome process of creating security over the collateral may become a deterrent.

The MSME business loan is a meaningful tailored product for Micro and Small Enterprise financing which allows the business entity to borrow with or without collateral requirement, supported by net cash flow, at an affordable rate. This timely, unsecured or secured and affordable lending allows the customer to grow his business which until now was inhibited due to lack of funding from formal sector and higher cost of alternative funding.

GILADA Finance finds this opportunity attractive to build a profitable, sustainable and meaningful business by leveraging the unsecured or secured micro and small enterprise loan, which fulfils unmet and timely financing need of small businesses.

The company has two /three approved panel valuers who will be entrusted with the valuation of Land and/Building ceded as security for the mortgage loan. It also has In-House legal advisor for legal scrutiny of documents and issue of title clearance report. Legal clearance has to happen first then it has to go for the valuation.

This product fulfils two key criteria of business value proposition

- a. It is profitable product in terms of margin and lower operating cost (own staff originating and collecting).
- b. It fulfils regulator intent to provide affordable business financing to Micro and Small enterprises many of whom are un-banked or under-banked.

### 1.3. SWOT Analysis – Gilada Finance

<b><u>Strengths</u></b>	<b><u>Weaknesses</u></b>
<ul style="list-style-type: none"> <li>▶ Simplicity of service delivery</li> <li>▶ Branch presence in the prospective markets</li> <li>▶ Products tailor made to suit the segment</li> </ul>	<ul style="list-style-type: none"> <li>▶ Localized businesses need understanding of local economy</li> <li>▶ Capabilities need to be built across all areas of operations</li> </ul>
<b><u>Opportunities</u></b>	<b><u>Threats</u></b>
<ul style="list-style-type: none"> <li>▶ Significant financing gap for MSEs</li> <li>▶ Untapped market sub-segments</li> <li>▶ Banks hesitant in entering the segment</li> <li>▶ Timely delivery of credit (will require strong processes around income assessment and credit underwriting)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Competition from other NBFCs Largely informal or semi-formal entities</li> <li>▶ Low level of documentation</li> <li>▶ Owner and business entity closely intertwined</li> </ul>

### 1.4. Customer segments as on March 2022

As per annual report 2022 of the Ministry of micro, small and medium enterprises, there were approximately 79.00 lakh working enterprises employing approximately huge workforce as on March 2022. In terms of the urban rural breakup, approximately 55% of enterprises were based in rural areas. Within the registered MSMEs approximately 45% were in the rural areas, while among the unregistered MSMEs approximately 55% were in the rural areas.

The NBFC will focus on both the registered and unregistered segments. These can further be broken down by turnover and entities with turnover up to Rs. 5 Cr will largely fall into the micro segment and Rs. 5 Cr to Rs.50 Cr will fall into the small segment.

### **Key challenges and needs**

The key challenges faced by MSEs in funding are:

- ▶ No availability of timely credit
- ▶ High cost of borrowing from informal sources
- ▶ Collateral requirement from organized lenders
- ▶ High reliance on debt funds for working capital
- ▶ Documentation requirements of organized lenders

### **Differentiation and Value proposition**

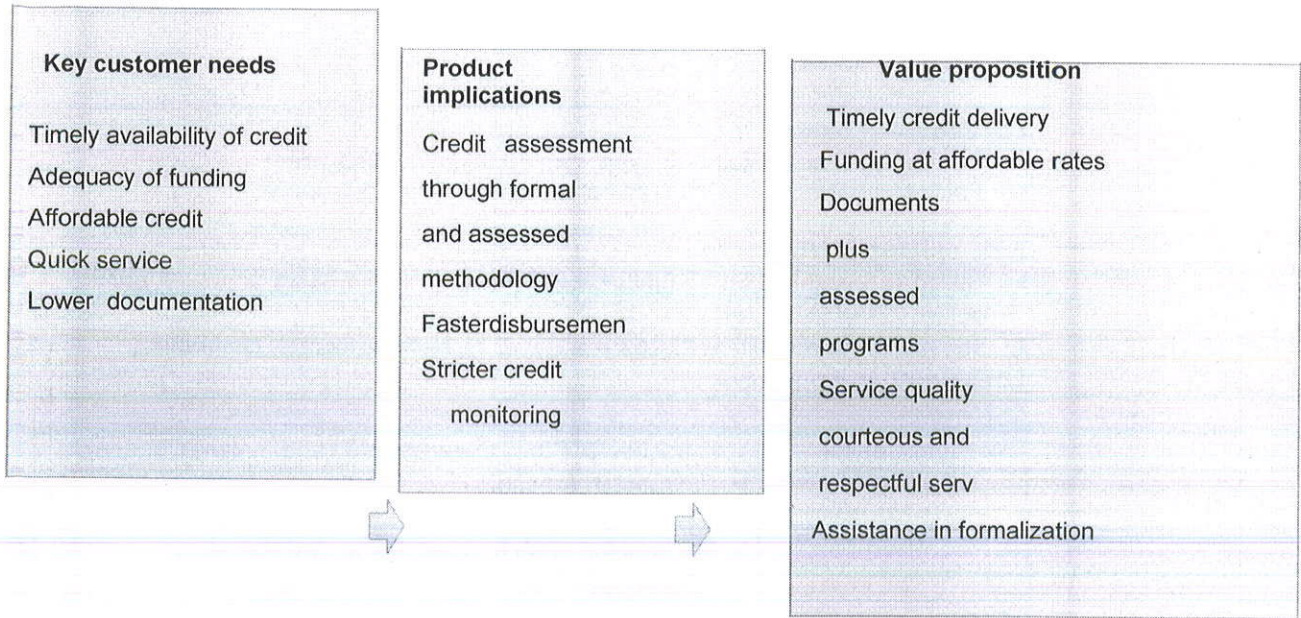
GILADA will differentiate itself from other competitors in following manner:

- ▶ Accessibility and Convenience – GILADA frontline staff will visit the customer at the doorstep to facilitate finance allowing the customer to focus on his business while meeting his business financial needs.
- ▶ Simplified Documentation – Basic KYC documents (identity, address) with banks statement (for cashless disbursement purposes) will be collected. No formal registration or financial document is required for this type of loan
- ▶ Streamlined Credit Process – Credit assessment includes customer business and residence verification, market reference checks and simplified cash flow analysis to assess loan eligibility
- ▶ Product offering – Secured loans with right loan amount and moderate tenure to ensure affordability and adequacy
- ▶ Differentiated Risk Appetite – Unregistered businesses and undocumented income is considered for lending under this program.
- ▶ Empowering Data Analysis and Technology – As GILADA gains experience, it will leverage both customer data and appropriate technology to reduce loan turnaround time, easier repayment and continuous funding to support business growth
- ▶ Competent and Empathetic People - Small business owners are not financial savvy and require guidance to choose the right amount, appropriate tenor. Integrity, transparency and competency of the frontline staff will ensure stickiness of the customer
- ▶ Customer Experience - Customer experience is the most common reason for opening and closing accounts, more so than fees, rates, locations and convenience. Unsecured and secured product offering at the door-step with affordable pricing, adequacy of loan amount, quick turnaround time in terms of approval and disbursement will create a differentiated good customer experience.



A large section of the target customers have informal or semi-formal documentation which becomes an impediment when borrowing from formal financial institutions.

**The NBFCs value proposition to the MSME customers will be based on providing faster and affordable funding with easy documentation**



**2. Product variants –**

Variant	Description								
	<p><b>Customer segment</b></p> <p>Micro and Small Enterprises (defined by turnover criteria in eligibility grid) typically with annual sales turnovers in the range of</p> <ul style="list-style-type: none"> <li>▶ Manufacturing: Rs 18 lacs and above</li> <li>▶ Trading: Rs 20 lacs and above</li> <li>▶ Services: Rs 15 lacs and above</li> </ul> <p><b>For unsecured Loans (For existing customers with good repayment track)</b></p> <ul style="list-style-type: none"> <li>▶ Minimum Rs. 1.50 Lacs and</li> <li>▶ Maximum Rs. 3 Lacs.</li> <li>▶ Maximum in exceptional cases Rs. 5 Lacs</li> <li>▶ Tenure is 1-3Yrs</li> </ul> <p><b>For Secured Loans:</b></p> <ul style="list-style-type: none"> <li>▶ For loans between Rs.5.00 lakhs – Rs.10.00 lakhs–2- 4 years</li> <li>▶ For loans between Rs.10.00 lakhs to Rs. 60 lakhs – 3-5 years</li> </ul> <p><b>Rate of Interest (RoI)</b></p> <ul style="list-style-type: none"> <li>▶ Linked to marginal cost of funds-based lending rate and Board approved pricing policy.</li> <li>▶ The rate of interest will be 15-16% p.a. Flat or 25-26% p.a. monthly diminishing.</li> </ul> <p><b>Loan types and purpose</b></p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="background-color: #cccccc;">Loan purpose</th> <th style="background-color: #cccccc;">Typical use</th> </tr> </thead> <tbody> <tr> <td>Working Capital</td> <td> <ul style="list-style-type: none"> <li>▶ Purchase of Stock (Raw Material and Finished goods)</li> <li>▶ Payment to creditors</li> <li>▶ Financing of Debtors</li> <li>▶ For keeping cash to meet day to day operating Expenses</li> </ul> </td> </tr> <tr> <td>Capital Expenditure</td> <td> <ul style="list-style-type: none"> <li>▶ Purchase of New or old equipment</li> <li>▶ Investing in purchase or renovation of office/ factory/ godown or other business premises</li> </ul> </td> </tr> <tr> <td>Debt consolidation</td> <td> <ul style="list-style-type: none"> <li>▶ Consolidating different short term unsecured loans taken for business purpose</li> </ul> </td> </tr> </tbody> </table>	Loan purpose	Typical use	Working Capital	<ul style="list-style-type: none"> <li>▶ Purchase of Stock (Raw Material and Finished goods)</li> <li>▶ Payment to creditors</li> <li>▶ Financing of Debtors</li> <li>▶ For keeping cash to meet day to day operating Expenses</li> </ul>	Capital Expenditure	<ul style="list-style-type: none"> <li>▶ Purchase of New or old equipment</li> <li>▶ Investing in purchase or renovation of office/ factory/ godown or other business premises</li> </ul>	Debt consolidation	<ul style="list-style-type: none"> <li>▶ Consolidating different short term unsecured loans taken for business purpose</li> </ul>
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• **Eligibility criteria**

Criteria	Norms/ Description
<b>Constitution</b>	▶ Individuals
	▶ Proprietorships
	▶ One person companies
<b>Borrower's Age</b>	▶ Minimum 21 years at the time of loan application
<b>Co-Borrower's Age</b>	▶ Maximum 65 years at the end of the loan tenure (last EMI date)
	▶ Minimum 18 years at the time of loan application
<b>Co-borrower-Inclusion</b>	▶ Maximum 65 years at the end of the loan tenure (last EMI date)
	▶ The spouse of the 'Applicant' will be taken as the 'Co-Applicant'.
	▶ In case the Applicant is single, parent/ son/ daughter/ brother/Sister staying in the same house can be taken as the 'Co-Applicant'

<b>High Risk Profiles &amp; Exclusion List</b>	<ul style="list-style-type: none"> <li>▶ The Applicant, Co-Applicant and Family Members living in same house should not be engaged in activities listed as High-Risk Profile. (Annexure)</li> <li>▶ Own house</li> </ul>
<b>Prior years of Business Experience</b>	▶ Minimum 2-3 years in same business for which loan is being applied for
<b>Years of existence of the business unit in the same place</b>	▶ Minimum 2 years
<b>Mandatory Checks (To be defined by MSE Credit &amp; Risk Teams from time to time)</b>	The business unit, Applicant and Co-Applicant must be approved after the following checks
<b>Repayment Capacity (to be defined by MSE Credit &amp; Risk Teams from time to time)</b>	<ul style="list-style-type: none"> <li>▶ Dedupes (internal and/or external)</li> <li>▶ Credit Bureau</li> <li>▶ Track Record of past and running loans</li> <li>▶ Contact Point Verification (Residence &amp; Business Place)</li> <li>▶ Fraud Control Check</li> <li>▶ Business Reference Check</li> <li>▶ Neighbourhood Reference Check</li> </ul> <p>The lowest of the following will be the maximum permissible EMI:</p> <ul style="list-style-type: none"> <li>▶ Customer's stated comfortable EMI</li> </ul> <p>▶ Maximum EMI as per Standalone capacity of the business to repay the loan: derived by <b>Fixed Obligations to Business Income Ratio (FOIR)</b></p> <p>▶ Maximum EMI as per Household's capacity to repay the loan: derived by <b>EMI to Disposable Income (EMI/DI) Ratio</b></p>

### 3. Disbursement and repayment

Criteria	Norms/ Description
<b>Mode of Loan disbursement</b>	<ul style="list-style-type: none"> <li>▶ Cashless (NEFT/RTGS).</li> <li>▶ Disbursed to customer's Savings/Current account directly. In case of joint account, all account holders should be applicants/co-applicants.</li> </ul>
<b>Loan Repayment</b>	<ul style="list-style-type: none"> <li>▶ Loans will be repaid in Equated Monthly Instalments (EMI)</li> <li>▶ Repayments for the loan will start after minimum 30 days of disbursement.</li> <li>▶ Repayment date is 8th of the month change of repayment date will be allowed only in very rare cases with approval of the Business head.</li> </ul>
<b>Frequency and Date</b>	
<b>Repayment Mode</b>	<ul style="list-style-type: none"> <li>▶ Repayment will happen by either ECS or NACH.</li> <li>▶ Cash payment will be allowed only towards overdue payment or in case of technical issues</li> </ul>

**4. Service charges - A sum of Rs.6000/- + gst for cases upto 10 lakhs for which one valuation and one legal opinion is to be taken and 12500/-which includes GST for cases between 10 lakhs to 50 lakhs for which 2 valuation and 2 legal opinions have to be taken is to be collected for any incoming case as a loan application fee which is non refundable and non adjustable.**

Type	Charges
<b>Processing Fees</b>	▶ <b>1.5%-2.5%</b> of the loan amount plus GST @ 18%.
<b>Bounce and Late Payment Charges</b>	▶ Rs. 250 for ECS/ACH/Cheque bounce, Plus GST @18%. Overdue interest @33.00% pa. for the days of default.
<b>Stamp Duty</b>	▶ Borrowers will bear all Stamp Duties on Agreements, Declarations and any other documents as required as per the Stamp Duty rates in force in the state.
<b>Part Payment</b>	<ul style="list-style-type: none"> <li>▶ Part pre-payment of up to 20% of the outstanding principal amount will be allowed in each block of 1 year consisting of period between EMI 1- 12, EMI 13-24, EMI 25-36 without any charges.</li> <li>▶ Anything in excess of 20% will attract a pre-payment penalty of 3% calculated on the excess amount, plus taxes as applicable</li> </ul>
<b>Pre-Closure Charges</b>	4% on principal outstanding, plus taxes as applicable.

**5. SME Loan with DSRA:**

**Product:** This Product has been designed to reduce delinquencies in case the borrower is experiencing temporary liquidity crunch and is not in a position to pay the EMIs. However, the Borrower will be required to replenish the Debt Service Reserve Account by paying the PEMI/EMIs at the earliest.

**Yield:** This Product is developed to increase the yield in view of the uncertain and increasing interest rate scenario and to avoid defaults in case the customer delays repayment.

i) **Interest rate:** 25% p.a diminishing and the flat rate equivalent will be as under:

Comparable flat rate:

14.38% for 3-year loan term

14.79% for 4-year loan term

15.22% for 5-year loan term

ii) **Processing fee:** 1.5% of the loan amount plus GST @ 18% of the Processing fee

iii) **Pre EMI-Interest:** PEMI interest will be calculated at the applicable interest rate of 25% p.a for the period starting from the loan disbursement date to the date of commencement of EMI i.e 8<sup>th</sup> day of the subsequent month

iv) **Security:** To secure by immovable property of land and/Building and Hypothecation of stock and machinery wherever found necessary.

v) **DSRA:** 6 EMIs amount will be collected from the Borrower towards DSRA by reducing it from the Loan disbursement amount along with Processing fee, Pre EMI interest and Insurance Premium. In case of default in repayment, the same will be adjusted from the DSRA amount. Branch office has to take action to recover the EMI amount from the borrower and restore the DSRA amount. During the interim period of default, OD interest @ 33% p.a will be charged from the date of default till the date of replenishment of the DSRA.

vi) **Waiver of Last 7 to 8 instalments:** To compensate the borrower for the maintenance of security in the form of DSRA, the last 7 or 8 EMIs as the case may be, will be waived by the Company from the loan. The number of EMIs to be waived whether it is 7 or 8 will be decided depending upon the EMI for the loan determined (as requested by the borrower) at the time of the availment of the Loan.

## 6. Documents required

Prior to offering loan product to a customer, a duly completed loan application form with photographs and signatures of all co- applicants needs to be submitted. Along with the application, the following documents also need to be submitted by the customer:

Document Type	Different Documents
ID and Age Proof of the Borrower and Co-Borrower	<ol style="list-style-type: none"> <li>1. Voter Card</li> <li>2. Adhaar Card</li> <li>3. PAN Card</li> <li>4. Passport</li> <li>5. Driving licence</li> </ol>
Signature proof (Any One Document) of the Borrower and Co-Borrower	<ol style="list-style-type: none"> <li>1. PAN Card</li> <li>2. Driving License</li> <li>3. Passport</li> <li>4. Signature Verification attested by borrower's/co-borrower's NBFC/Bank.</li> <li>5. Signature proof on Notarized stamp paper of Rs. 100 (In case any of the documents mentioned above is not available. Credit Manager's approval will be required in such cases.)</li> </ol>
Proof of Ownership of the House/ Business Premises	<ol style="list-style-type: none"> <li>1. Sale Deed or any other document substantiating ownership of the property/ancestral property inherited by the borrower/co-borrower.</li> <li>2. Property tax receipt in the name of borrower/co-borrower or blood relative residing in the same house</li> <li>3. Extract of property records from the local revenue/municipal office.</li> </ol>
Residence Address Proof (any one Document) - of the Borrower and Co-Borrower	<ol style="list-style-type: none"> <li>1. Sale deed / registration certificate</li> <li>2. Utility bills – Electricity Bill or Water Bill (only if the Borrower/co-borrower owns his/her house and the bill is in the name of the Borrower or his/her spouse and the <b>same is not more than 3 months old</b>)</li> <li>3. Rental / lease agreement (Minimum Rs. 100 stamp Paper) (<b>Latest</b>)</li> <li>4. Proof of Residence issued by Local Authorities (Municipal Corporation or Gram Panchayat)</li> <li>5. Voter ID (If the address mentioned is the current address)</li> <li>6. Aadhaar Card (If the address mentioned is the current address)</li> <li>7. Driving license (If the address mentioned is the current address)</li> <li>8. Bank Pass Book</li> <li>9. Cooking Gas Connection details &amp; Proof</li> <li>10. Details of school where children are studying</li> </ol>
Proof of Occupancy/Business Address (any one)	<ol style="list-style-type: none"> <li>1. Sale deed / registration certificate</li> <li>2. Latest Telephone bills from any telephone service provider and mobile service provider (Not older than 3 months)</li> <li>3. Latest Utility bills – Electricity Bill or Water Bill (not older than 3 months) – accompanied by rental/lease agreement.</li> <li>4. Rental / Lease agreement (Minimum Rs. 100 stamp Paper)</li> <li>5. Bill issued by the customer with the shop/customer's name and address.</li> <li>6. Membership of Registered Association e.g., Vyapaar Mandal</li> </ol>
Photographs	<ol style="list-style-type: none"> <li>1. Borrower – 1</li> <li>2. Co-Borrower – 1</li> </ol>

Document Type	Different Documents
Bank Statement	Updated passbook or bank statement of borrower showing transactions of the past 12 months of operating accounts.
Security Cheques (10 for Applicant & 2 for Co-Applicant)	1. In case the Borrower has opted for repayment by ECS or ACH, 12 security cheques favouring Gilada Finance & Investments Ltd towards EMI's & Principal Amounts.
Other Documents	In addition to the above the following other documents are to be submitted with each proposal:
	1. Gilada Application Form
	2. Contact Point Verification Report
	3. Business Visit Report
	4. House/Shop Visit Report
	5. FCU/FI sign off
Post Sanction Documents	The following documents have to be executed before disbursement of the loan. The execution of documents can happen either at the GILADA branch or Applicant's residence/ business place in presence of an GILADA official and a witness known to the Applicant:
	A Acknowledged copy of Sanction Letter
	B Loan Agreement
	C Demand Promissory Note
	D NACH/ ECS Mandate

**Documentation Checklist**      **The following documentation checklists will be used by the respective teams to ensure sound documentation for each loan proposal:**

- a. Log In Checklist- Distribution Teams
- b. Pre & Post Sanction Checklists- Distribution & Credit Teams
- c. Disbursement Memo & No Discrepancy Checklist- Distribution, Credit & Operations Teams.
- d. Kycs of the Guarantor to be taken.

## 7. Credit underwriting

Customers serviced under this program are mostly deprived of access to formal credit due to limited documentation availability. These customers maintain kacha (rough) records and in some case no records owing to the unorganized nature of businesses and limited level of financial literacy. An in-depth analysis of customer's income is however necessary to understand his/her financial standing and ability to service further debt. Keeping the same in view, a detailed Financial Assessment shall be indispensable part of every loan proposal. The Sales officer is required to undertake a thorough assessment of customer's household and personal income-based on such an analysis the SO shall make recommendations with respect to eligibility to avail loan, loan amount, instalment amount etc.

The following financial assessment documents/financial information shall to be prepared by SO:

1. Income Sheets (Based on the type of business activity):
  - a. Income From Trade
  - b. Income From Manufacturing and Services
2. Cash Flow Statement
3. Liabilities
  - a. Household Liabilities
  - b. Business Liabilities

## 8. Monitoring Requirements

Monitoring enables to verify the various assumptions made at the time of assessment of credit needs of the borrowers. It enables the NBFC to evaluate the performance of the assisted unit and its financial health, to anticipate financial stress and identify early warning signals with a view to initiate timely and appropriate corrective measures.

### 8.1. Loan Utilization Check (LUC):

- a. The Credit officer/Manager will visit the business place of the Borrower and carry out a Loan Utilization Check (LUC) within 30-60 days of disbursement of the loan. While filling up the LUC Form, the Credit officer should carefully observe and capture the outcomes of loan utilization vis-à-vis the investment plan (which was captured in the Loan Proposal at the time of sanction).
- b. The completed LUC form should be filed at the branch. The Credit Team will consider the LUC while approving the next loan.
- c. In case the utilization of loan (for stated purpose) is less than 60% at the time of LUC check, the account will be categorized as an early warning account and will be monitored closely by the credit team locally
- d. Any fresh disbursement of loans post current closure will be at the discretion of the credit team.

### 8.2. Monitoring Visits

Based on portfolio performance & individual loan track (early warning triggers), the SO and/or Credit Officer will visit the customer at specified frequency/junctures:

- a. SO will visit a shortlisted sample\* (methodology defined below) of customers at the end of 1st year and 2nd year (within 30 days of completion of the year) and file a visit report.
- b. On every ECS/ACH bounce, the SO will first call the customer and if necessary, make a visit. SO, visit is mandatory in case of a repeat bounce.
- c. If a customer moves into 1-30 DPD post month-end within the first 6 MOB, the SO must visit the customer.
- d. If there is portfolio breach as per Early Warning (EW) trigger for a particular branch/location, the Credit Manager must visit the branch as well as all delinquent customers.
- e. The Risk department will prepare a consolidated monitoring report each month on the portfolio to be presented to the CEO.

### Sampling methodology

Sample size – 10 % of the loan portfolio in numbers for the product.

The total cases identified based on the parameters should add up to 10% of the loan portfolio for the product. In case the total in terms of sub-segments does not add up, the percentage of the delinquent loans may be increased.



Risk parameters	Parameter	Size
High ratios, FOIR, EMI/DI etc	LTV between 60-70 FOIR between 50-60% Value of the loans (top 20% of the respective product programs)	25%
Delinquent loans*	SMA 0	25%
	SMA 1	25%
	SMA 2	50%

Asset Category	Description / Default History (in number of months)	Responsibility
SMA – 0	Principal and interest payment not overdue for more than 30 days but account showing signs of incipient stress (>7 days and < 30 days recovery)	SO+CO
SMA – 1	Principal and interest payment overdue between 31 to 60 days	Credit Officer+ Sales Manager
SMA – 2	Principal and interest payment overdue between 61 to 90 days or consecutive SMA-1 for two quarters.	Collection Officer+ Credit Officer+ Sales Manager
NPA	Cases where Days Past Due (DPD) is (91+) days	Collections Team
	Cases where Days Past Due (DPD) is from Ninety-One Plus (91+) to (150+) **	Collections and legal teams
	Cases greater than 150 days**	Legal

\*\*Additional buckets defined within NPA buckets

### 8.3. Early Warning Tracking:

It is very critical to monitor the performance of a loan book during currency of its tenure. At a portfolio level, early warning triggers is being set to ensure early remedial action on breach.

Early Warning Triggers	Breaches
Delinquency 30+	=>1%
Delinquency 90+ (NPA)	> 0.5%
Early Delinquency (6 MOB)	=> 1%

\*\* If the triggers are hit for 2 consecutive months, then a portfolio, policy and process review will be called for at the specific branch/location level and accordingly meeting will be called to decide the future course action. The above triggers will be applicable till modified.

## 9. Product management

### 9.1. Product performance and operating metrics

Regular monitoring of product performance will be the key to effective product management. The following metrics will be tracked product variant wise on a continuous basis.

#### New account metrics

- ▶ New accounts opened
  - ▶ Number of accounts opened
  - ▶ Average loan per account
- ▶ Accounts per relationship officer
- ▶ Average loan outstanding per relationship officer
- ▶ Fee income to total income ratio
- ▶ Fee income per account

#### Other metrics

- ▶ Amount sanctioned vs amount disbursed
- ▶ Proposal close rate
- ▶ Average days for approval

#### Portfolio metrics

- ▶ Fee income to total income ratio
- ▶ Operating cost to income ratio
- ▶ GNPA and NNPA ratio
- ▶ NII and NIM

Additionally the processes to be followed for key activities for product management are detailed below:

### 9.2. Updation of product features

1. Product team identifies change in product features.
2. Product team prepares a detailed note on changes required in the product and seeks approval from CEO.
3. Post approval from CEO, the note is sent to MD for review and approval.
4. In case of any changes / modifications required, product team is notified to make necessary changes and resubmit the note.
5. Post approval of the note, product team notifies the IT team and finalizes the FSD for updating product features in the system.
6. Update product notes with requisite changes.
7. FSD for product feature changes shared with IT team.
8. UAT for testing changes and roll-out done by IT team.
9. Product team notifies marketing team for updating product brochures and other collaterals.
10. On finalization, Admin team prints and sends the brochures / collaterals to branches.



### **9.3. Change in interest rate**

1. Product team identifies need for change in interest rate or change suggested as per regulatory guideline.
2. Business case is developed by product team on implication of change in interest rate.
3. Approval sought from CFO/CEO/MD on changes suggested.
4. In case of any changes / modifications required, product team notified to make necessary changes and resubmit the note.
5. Post approval of the business case, product team notifies the IT team and finalizes the FSD for updating product features in the system.
6. Update product notes with requisite changes.
7. FSD for product feature changes shared with IT team.
8. UAT for testing changes and roll-out done by IT team.
9. Product team notifies marketing team for updating product brochures and other collaterals.
10. On finalization, Admin team prints and sends the brochures / collaterals to branch.

### **9.4. Introduction of new product/ variant**

1. Product team identifies a need to introduce new product/ variant.
2. Product team prepares a detailed product note on the new product/ variant and seeks approval from CEO.
3. Product head gives suggestions / approval on requisite feature changes.
4. Post approval from product head, the note is sent to Board for review and approval.
5. In case of any changes / modifications required, product team notified to make necessary changes and resubmit the note.
6. Post approval of the note, product team notifies the IT team and finalizes the FSD for updating new variant and its features in the system.
7. Update product notes with new product variant and its features.
8. Notification sent to various other alternate channels viz. internet banking, mobile banking and phone banking teams to update information on new product variant.
9. FSD for product feature changes shared with IT team.
10. UAT for testing changes and roll-out done by IT team.
11. Product team notifies marketing team for creating new product brochures and other collaterals.
12. On finalization, Admin team prints and sends the brochures / collaterals to branches.

### **9.5. Updation of forms**

1. Product team identifies the changes required in the requisite form.
2. Product head approves the changes in form and sends to legal team for approval.
3. Legal team suggest changes or approves the form and sends to compliance team for approval / suggestions.
4. Compliance team approves changes and sends back to business team for approval.
5. Design team notified about the change and updation of form.
6. Design team creates new forms and sends to business team for approval.
7. Product team updates product notes with requisite changes.
8. FDS for updating/deletion of data fields as per the form shared with IT team.
9. UAT for testing changes and roll-out done by IT team.
10. Product team notifies marketing team for updating forms.
11. On finalization, Admin team prints and sends the forms to branches.



## **10. Sales management**

### **Sales and Marketing Strategy**

The product will be offered in a radius of 25kms and in exceptional cases upto 50kms from select branches approved by the Heads of Business & Credit Managers from the respective departments including MSE Business, MSE Credit, will carry out a feasibility study and submit a report (in specified formats) for approval.

The marketing, business and credit teams will identify suitable branches which have good concentration of the target customers, acceptable credit culture and other factors such as economic stability, law & order and availability of quality manpower. Presence and experience of competitors will be one of the major inputs.

### **Sales Zones and Marketing Activities**

Once the branches are identified, a proper sales zoning will be done: each sales zone, consisting of markets and/or manufacturing centers will be assigned to a Sales Head.

The Sales Head will carry out marketing activities in the sales zone. The main lead generation activities will be as follows:

- ▶ Targeted Cold Calling
- ▶ Referral by existing customers

The marketing activities will be carried out with the help of marketing team and agencies. The branch-based distribution team will also maintain relationship with local trade and manufacturer associations in order to understand the needs of the MSE.

### **Branch MSE Finance Unit**

Each branch (approved for MSE Finance) will have a MSE finance unit consisting of:

- ▶ 1 Sales Manager
- ▶ 4-6 Relationship Officers
- ▶ 1-2 Credit Officers
- ▶ 1 Operations Officer

The team will have full capability to carry out marketing; sales and underwriting of MSE loans and will also maintain relationship with the existing customers. The unit will develop a deeper understanding of the MSE finance landscape and competitors and will be responsible for making and executing branch strategy

### **Sales processes**

Lead generation – SO to carry out promotional activities by using marketing collaterals. The main techniques of lead generation will be Street and Door to Door Campaigning in catchment areas of our branches, canopy in the markets. The leads will be listed in a branch-based register/ excel tracker.

▶ Filtering and Basic Fitment and House Visit – The SO will do the basic filtering with the help of the log-in checklist. If the basic fitment happens, the SO will collect document like KYCs, Bank statement (as per log in checklist) along with loan application form. SO will also visit the customer's house.

▶ Log in – If the SO is satisfied with feasibility of the proposal, he will hand over the completed log in checklist with full information and documents to the Credit Manager. the SO will collect KYC, business and information as per Log In Checklist and provide the same to Credit Manager for initial opinion. The Credit Manager will check the basic fitment of the case and if the same is in order, will login the proposal. The Credit Manager will also generate the bureau reports. If the SO and Credit manager and conclude that the case is feasible, they will proceed to the next stage.

**Reports**

- ▶ Reports filed by field staff
  - ▶ Daily sales report
  - ▶ Daily call report
  - ▶ Lead generated report
- ▶ Sales pipeline dashboard – at region, cluster, branch, relationship manager levels
  - ▶ Leads generated
  - ▶ House visit completed
  - ▶ Documentation completed
  - ▶ Number of cases logged and number of cases rejected by credit

**Performance review**

- ▶ Actual vs target achieved
- ▶ Lead conversion rate – sales staff wise, aggregate
- ▶ Sales by product type – Number of accounts and balance

**Roles and Responsibilities**

	Activity	Roles
1	Customer Sourcing as per eligibility condition	Sales officer
2	Application form with photograph, KYC and banking document, Log In	Sales Officer
3	Customer House Visit	FI Agency + SO
4	Bureau Checks	Credit Officer
5	Customer Business place visit	Credit Officer and SO
6	FCU	Vigilance Officer thru agency
7	Credit Assessment (Cash flow Analysis, PD, Reference check)	Credit Officer
8	CAM Preparation, Recommendation	Credit Officer + Credit Manager
9	Loan Sanction	As per DOA
10	Issuing Sanction Letter	Credit Officer
11	Documentation execution and disbursement request through scanning	Credit Officer and SO
12	Quality check and loan booking	Operations
13	Disbursement and dispatch of loan card	Operations
14	Dispatch of original files to operations hub	Credit Officer
15	Hind Sighting of original files and Audit	Internal Audit
16	Loan Utilization Check	Credit Officer
17	Credit Monitoring	Credit Officer and Credit Manager
18	Collection of overdue accounts	SO, Credit officer, Collection Officer and Sales Manager

## 11. Collections management

Credit team would monitor the account conduct of the borrowers on a quarterly basis based on the repayment data received from the Management Information Systems (MIS). GILADA will follow the RBI guidelines on identification of incipient stress in the standard assets and their classification as a separate category - Special Mention Accounts (SMA). Gilada would further classify SMA accounts into the following sub-categories:

Asset Category	Description / Default History (in number of months)	Responsibility
SMA – 0	Principal and interest payment not overdue for more than 30 days but account showing signs of incipient stress	SO+CO
SMA – 1	Principal and interest payment overdue between 31 to 60 days	Credit Officer+ Sales Manager
SMA – 2	Principal and interest payment overdue between 61 to 90 days or consecutive SMA-1 for two quarters.	Collection Officer+ Credit Officer+ Sales Manager
NPA	Cases where Days Past Due (DPD) is from Ninety One Plus (91+)	Collections Team
	Cases where Days Past Due (DPD) is from Ninety One Plus (91+) to (150+)**	Collections and legal teams
	Cases greater than 150 days**	Legal. Whenever recall notice is sent, branch to add all relevant actual charges to the notice. For e.g. legal charges, postal charges, etc.

## 12. Negative list

List of Restricted/High Risk Profiles

The Borrower, co-borrower and a family member living in the same house should not be engaged in the following occupations/activities:

Sl. No.	Occupation	Risk
1	Collection/DSA/DMA Agencies	Negative Influence
2	Police Department Personnel	Negative Influence
3	Politicians	Negative Influence
4	Social Workers	Negative Influence
5	Lawyers or any legal/Judicial Personnel	Negative Influence
6	Real Estate Business including building contractors	Uncertain business & Negative Influence
7	Chit fund operator	Sub-lending
8	Money lender	Sub-lending
9	Pawn broker	Sub-lending
10	Prostitute	Unethical
11	Gambler	Unethical
12	Alcohol/wine shops and bars	Uncertain business & unethical
13	Cable TV Operator	Miscommunication
14	Press reporter	Miscommunication
15	Criminal Background	Negative Influence
16	Lottery Trader	Uncertain business & unethical
17	Arms & Ammunition	Unethical
18	Scrap Traders	Uncertain business
19	Builders and Apartment Promoters	Diverssion of funds

### Exclusion List

The list of business activities shall not be eligible for financing by GILADA. Considering its impact on the environment and society as a whole, no loans shall be made to any of the listed activities.

- Production or trade in any product or activity deemed illegal under the laws of government of India or any state government such as banned pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB'sx, Wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages.
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded.
- Production or trade in un-bonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or any activities involving harmful or exploitative forms of forced labor 2 / harmful child labor 3.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

*1 Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.*

*2 Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.*

*3 Indigenous people refer to scheduled tribes*

- **The following cannot be an Applicant/Co-Applicant/Guarantor:**
  - HUF and constitutions other than individuals, proprietorships, partnerships and private limited companies
  - Minor/Insolvent/persons of unsound mind
  - Any person disqualified by law





The NBFC will follow a risk-based pricing policy developed time to time by the product team and approved by the CEO. The pricing policy will be based on the NBFC's marginal cost of funds-based lending rate (MCLR), planned yields, competition/ industry practices, marginal cost of funds, operating costs and the loss ratios. The product profitability will be monitored and tracked through MIS on the Business division profitability on a monthly basis. The broad framework for pricing based on risk is as follows:

$$\begin{array}{l} \text{Marginal cost of funds based} \\ \text{lending rate} \\ + \\ \text{Credit risk premium (product wise)} \end{array} = \begin{array}{l} \text{Product Rack rate/} \\ \text{Final risk based price} \\ \text{at product level} \end{array}$$

The final risk based price will be at product level.

Marginal cost of funds based lending rate = Marginal cost of funds + Operating costs + Tenor premium

Where

1. Marginal Cost of funds - shall comprise of Marginal cost of borrowings and return on network
2. Operating Costs - All operating costs associated with providing the loan product including cost of raising funds shall be included under this head. It shall be ensured that the costs of providing those services which are separately recovered by way of service charges do not form part of this component.
3. Tenor premium - These costs arise from loan commitments with longer tenor. The change in tenor premium should not be borrower specific or loan class specific. In other words, the tenor premium will be uniform for all types of loans for a given residual tenor.

Credit Risk Premium – based on Risk Adjusted Return on Capital (RAROC) or scorecard methodology.

### 13.3 Deviation Matrix – Unsecured Business Loan

#### CIBIL Deviation Matrix

SL.NO	Parameter	Credit manager	CFO
7	Any CIBIL write off or DPD with in last 3 years - subject to 12 months clear repayment of any EMI based loan, EMI should be >= 25% of proposed EMI.	No	Yes
8	Any CIBIL write-off or DPD with in last 3 years - Customer does not have any track record or the track record available is less than 12 MOB	No	Yes
9	Any CIBIL write off/ DPD in Credit Card which is > 3 Years old	Yes	Yes
10	Any CIBIL write off/DPD in any Other Loans apart from Credit card	No	Yes

Any other deviation beyond this matrix to be approved by CEO

#### 12.4. Delegation of Authority for approval of Secured Business Loan:

Approval Matrix for Secured Loans		
Loan Amount	Recommended by	Approval Authority
Upto Rs.5.00 lakhs	Credit Manager/ Branch-Area-Divisional Manager at Branch	CFO/CEO
UPTO Rs.10.00 lakhs	CFO/CEO	DIRECTOR
UPTO RS.25lakhs	CFO/CEO/Director	MD
Above 25Lakhs	Director/MD	Board
Legal Reports	Legal Advisor and CFO	MD
All loans with deviations in tenure to be approved by MD		



SL.NO	Parameter	Policy Guideline	Deviation Limit	Approving Authority
1	Property ownership	Either Residence or Business to be owned	Both residence and Business Premises rented but has own Residential property in the same city or outside city	CFO/MD
			Deviation allowed if the customer's business stability in the same premises is minimum 5 years out of which documentary evidence for minimum 5 years should be available	(Approval will be given case to case basis. The decision will be purely based on the overall merits of the case like other repayment history, Banking, Turnover of business, Nature of business etc)
2	EMI/DI	65%	Up to 70%	CFO/CEO
3	FOIR	55%	Up to 60%	CFO/CEO
4	RCU	Positive	Referred	Credit Manager
			Negative	CEO
			Fraud	Reject
5	Repayment Track	No delayed Repayment	Up to 3 delayed payments/EMI bounces in the last 12 months	CFO/CEO
			Greater than 3 delayed payments/EMI bounces in last 12 months	CFO/CEO
6	Borrower's Age	Minimum & Maximum age of borrower to be 25	Minimum & Maximum age criteria not met but business stability criteria met	CFO/CEO

## **13. Product management**

### **13.1. Product performance and operating metrics**

Regular monitoring of product performance will be the key to effective product management. The following metrics will be tracked product variant wise on a continuous basis.

#### **New account metrics**

- ▶ New accounts opened
- ▶ Number of accounts opened
- ▶ Average loan per account
- ▶ Accounts per relationship officer
- ▶ Average loan outstanding per relationship officer
- ▶ Fee income to total income ratio
- ▶ Fee income per account

#### **Other metrics**

- ▶ Amount sanctioned vs amount disbursed
- ▶ Proposal close rate
- ▶ Average days for approval

#### **Portfolio metrics**

- ▶ Fee income to total income ratio
- ▶ Operating cost to income ratio
- ▶ GNPA and NNPA ratio
- ▶ GM and NM



Function	Activity	Risk	Mitigation Strategy
Business	Budget Achievement	Lower than estimated business volume	<ul style="list-style-type: none"> <li>a. Proper market mapping for customer segment &amp; sales zoning</li> <li>b. Pre-defined sales process of lead generation, conversion</li> <li>c. Use of Sales MIS and timely tracking &amp; review</li> </ul>
Business	Origination	Competition risk (Aggressive product & price positioning)	<ul style="list-style-type: none"> <li>a. Customer experience should be top priority in high competition areas and customer experience audit can be conducted on the lines of social audit.</li> <li>b. Field Risk Unit and marketing teams will proactively collect competitor data on product and pricing, which will be analyzed at regular intervals and appropriate stance will be taken</li> <li>c. Area Survey to be re-validated at regular intervals, no less than once a year, to capture changes in economic, social and political climate that could have an impact on the portfolio.</li> </ul>
Credit	Underwriting	Incorrect selection	<ul style="list-style-type: none"> <li>a. Customer selection and eligibility criterion is properly laid down in the policy.</li> <li>b. Any deviation to the policy has to be approved at appropriate level</li> <li>c. File QC/audit will highlight any breach of policy</li> <li>d. Credit approval authority is given post training &amp; certification</li> <li>e. Approval grid as per credit risk exposure</li> <li>f. Certification will be reviewed at annual intervals</li> </ul>
Credit	Portfolio Monitoring	Portfolio behavior not as per laid down norms	<ul style="list-style-type: none"> <li>a. Pre-defined portfolio metrics decided by MSE Credit &amp; Risk to be tracked on a monthly basis (Delinquency, Loss norms, Non-starter any other specified by the teams)</li> <li>b. Any breach of portfolio metrics at branch/location level will result in revoking of approval authority, restrictions on disbursement, policy changes etc., as defined in the risk framework/MSE credit policy.</li> </ul>
Credit	Collection	Ineffective Collection	<ul style="list-style-type: none"> <li>x Well laid down collection strategy and process-collection policy</li> <li>x Adequate collection staffing for higher bucket delinquent account</li> <li>x Proper tracking of collection efficiency &amp; corrective action initiation</li> </ul>
Operational Risk	Loan Documentation	Incomplete/ flawed/ missing	<ul style="list-style-type: none"> <li>x Use of checklists</li> <li>x Maker-checker process</li> <li>x 'No discrepancy' check before disbursement</li> </ul>

	documents	x Self-evaluation of processes to contain process
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			flaws to a minimum and reduce any residual risk
Operational Risk	Fraud Check	Fraudulent application	x FCU will initiate pre-sanction checks on loan applications received to detect and prevent any fraud activity
Operations	Booking, maintenance & Closure	Inability to handle spike in volumes Errors in execution Operational disruptions	x Planned staffing at projected volumes x Maker & checker in place x Business Continuity Plan for NBFC
Compliance	Regulatory Guidelines	Breach of regulatory guidelines	x Legal vetting of products and legal formats before roll Out x Effective and continuous dissemination at field level of essential compliance requirement including AML, and guidelines specific to NBFC's
Human Resources	Hiring & Retention	Delayed hires Incorrect hires Higher than expected attrition	x T-90 hiring mandates for each position will be given x Hiring will be done by after thorough interview screening process and background check x Special focus, mentoring of higher performing staff x Rotation of customer portfolio to be done on regular basis to reduce dependency on one staff over a long Period

## Periodic Review of Loan Files

In order to have a continuous connect with our borrowers, and to keep a regular watch on the health of our portfolio, it is decided to have a periodic review of all files disbursed after 1-Aug-2022. The review shall be conducted at the branch in presence of the BM/AM and all borrowers.

- I. The review shall include the following –
  - a. Discussion on repayment till date
  - b. Change in residential/ business/ employment of the borrower/ co-borrowers
  - c. To obtain a copy of the proof of new residence/ business or employment/ salary slips
  - d. Any changes in the marital status of the borrower/s
  - e. To obtain fresh PDCs/ alternate cheques/ merged banks cheques
  - f. Change in children school
  - g. Any significant changes in our policies
  - h. Any other relevant matters to be discussed
- II. Periodicity of Review
  - a. For loans with tenure of 3 years – Review shall be conducted once in the tenure, 2 years after disbursement – in the month of disbursement
  - b. For loans with tenure of 4 years – Review shall be conducted twice in the tenure, 2 years and 3 years after disbursement – in the month of disbursement
  - c. For loans with tenure of 5 years – Review shall be conducted thrice in the tenure, 2 years, 3 years and 4 years after disbursement – in the month of disbursement
- III. Fees payable for Review of files at each review.
  - a. For loan amounts between Rs.5.00 lakhs – Rs.10.00 lakhs – Rs.2,500 + taxes
  - b. For loan amounts over Rs.10.00 lakhs till Rs.15.00 lakhs – Rs.5,000 + taxes
  - c. For loan amounts over Rs.15.00 lakhs – Rs.7,500 + taxes



16. Forms

17.

**a. Log in Checklist**

Applicant's Name: _____   Loan Amount: _____	
Branch Name: _____ Log-In Date: _____	
<b>Basic Info and Fitment:</b>	<b>Unsecured                      Secured</b>
Amount of Loan Requested (Rs 1.5 lac- 3.0 lac)	(3Lacs & Above)
Tenor desired by customer (12-36 months)	(2Yrs – 5Yrs) ..... Months
EMI desired by customer	Rs.....
Purpose of Loan	
Brief Usage of Funds	
Customer Origination	Existing Customer/Open Market through SO/ DSA
<b>Name of Business Entity</b>	
<b>Constitution of Business Entity</b>	Individual/ proprietorship/ partnership
<b>Years of Existence of the Business Entity (min. .... Years)</b>	
Years of Existence in the Same Area (min. 3 years)	
Business Activity	Manufacturing/ Trading/ Service of.....
Annual Sales Turnover (Manufacturing- min Rs 18 L; Trading - min Rs 20 L, Services- min Rs 15 L p.a.)	Rs ____ Lacs per annum
High Risk Profile List & Exclusion List	Pass/Not Pass
Residence Stability (if rented property, min. 2-year stability needed)	Owned/ Rented and living in the same house for last ____ months
Business Premises Status	Owned/ Rented and operating from the same premises for last ____ months
Business Registration Status (not mandatory)	Yes/No
Applicant's Name & Age (Min. 25 Y at application and Max 65 Y at loan end):	_____ years
Applicant's Experience in the Same Business (min. 5 years):	_____ years
Co-Applicant's Name & Age (Min. 18 Y at application and Max 65 Y at loan end):	
Co-Applicant's Relationship with Applicant (Applicant and Co-Applicant should be residing in the same house)	Husband/ Wife/ Father/ Mother/ Son/ Daughter/ Brother/ Sister
Any other risk factors	



be done by the GILADA official who verified against the original.		NA- Not Applicable	
Sl. No.	Document	Relationship Officer	Credit Officer
1	Completed Application Form with photographs and signatures of Applicant & Co-Applicants		
2	Applicant's KYC- 2 ID Proofs, Age proof, Signature Proof		
3	Applicant's KYC- Residence Address Proof		
4	Co-Applicant's KYC- ID Proof, Age proof, Signature Proof		
5	Co-Applicant's KYC- Residence Address Proof/relationship proof with Applicant		
6	Proof of Registration of the Business (if available)		
7	Proof of Occupancy/Business Address		
8	Updated passbook or bank statement showing transactions of the past 6 months. Applicant-all bank accounts.		
9	Proof of Ownership of House/ Business Premises		
10	Photograph of the Applicant with Business Unit		
Signature			
Name			
Employee ID			
	<b>Relationship Officer</b>	<b>Credit Officer</b>	<b>Cluster Manager</b>

**b) Post Sanction Checklist**

Customer Name: _____	Product Name: _____	SUBL _____	Loan Amount: _____
Branch Name: _____		Sanction Date: _____	
Sl. No.	Document	Credit Official	OPS Official
1	File copy of Log in fee Receipt		
2	All documents as per Log In Checklist		
3	Acknowledged and Accepted copy of Sanction Letter		
4	Mail Approval of Proposal along with Financial Analysis sheet & Score card		
5	RCU Report		
6	Declaration in respect of Signing of Documents in Vernacular Language, dated-		
9	Agreement cum Deed of Hypothecation with Annexure & Undertaking, dated-		
8	Demand Promissory Note		
9	12 Security Cheques		
10	The documents which ever mentioned in sanction letter under special conditions		
11	NACH Mandate		
12	Borrower's Life Insurance Form including mandate letter and DGH,		

accompanied by KYC documents





I certify that the file is ready with the aforementioned documents and the loan as mentioned below may be disbursed.

(BLOCK LETTERS)

NAME OF THE BORROWER	
DATE OF SANCTION (DD-MM-YYYY)	
TOTAL AMOUNT SANCTIONED (RS)	Rs _____/-
TOTAL AMOUNT SANCTIONED (RS) IN WORDS	Rupees _____ only
TOTAL PROCESSING FEES (RS)	

inclusive of applicable taxes

RATE OF INTEREST

TENOR (IN MONTHS)

	Name	Emp. No.	Signature	Date
Sales Manager				
Credit Official				

I found the above in order and disbursed as per the memo.

Signature	Name	EMP. NO.	Date
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(OPS Official)



**GILADA FINANCE AND INVESTMENTS LIMITED**

**CIN : L65910KA1994PLC015981**

**d)Notarized Signature Verification**

To

Manager

Gilada Finance and Investments Ltd.

**Subject:** Signature Verification

I Mr. .... S/O ..... Resident of ..... Aged  
..... years standing as a Borrower/ 1<sup>st</sup> co-borrower for the loan of Rs. .... (Rs. .... Lacs Only)  
for ..... years applied from GILADA Finance and Investments Ltd.

My Signatures are given below.

Signature:

Date:

Place:

I have no other type of signature.

This is my true statement.



Process for Loan Approval and Disbursements			
Sl. No.	Activity	Responsibility	TAT – Working Days
1	Lead generation and Loan Enquiry	Sales	1
2	Obtain KYCs for CB Report	Sales	2
3	If CB Report positive, obtain loan application with all relevant income and property documents	Sales	4
4	Handing over of property documents to legal advisor for report	Credit	4
5	Personal discussion and field visit	Credit	6
6	Approximate valuation of property through visit, enquiries and Bhoomi app.	Credit	6
7	Credit Appraisal/ CAM	Credit	8
8	Legal Report	Legal	8
9	All approvals from concerned authorities at HO	Credit	10
10	Loan documentation by applicants and receipt of all original documents/ copies as per legal report	Credit	12
11	Submission of all original documents to HO	Credit	12
12	Disbursement master to HO, and disbursement	Credit	14

