

2023-24

Effective date	April 18 th 2023
Approving Authority	Board of Directors
Approved date	April 18 th 2023
Policy Owner	Head- Credit
Review Frequency	Annual

LAP POLICY



PHF LEASING LTD.
Building Bharat

Unleashing
Potential

OUR VISION

We endeavour to Transform finance through the integration of cutting-edge technology, innovative practices and creating a sustainable and inclusive system that evolves with our customers' needs. We ensure excellence, transparency, and customer satisfaction to uplift underprivileged communities and enable financial success, and committed to fostering employee satisfaction and growth by providing opportunities and supportive environment.

OUR MISSION

At PHF we are transforming finance and building an inclusive and sustainable financial system. With a focus on technology, innovation, and customer-centricity, we aim to pioneer change, uplift communities, and foster excellence.

01.

Transforming finance through technology and innovation.

02.

Building an inclusive and sustainable financial system.

03.

Evolving with customers and fostering employee satisfaction.

OUR VALUES

Activating Leadership

We lead by example and inspire leadership through our activities.

Living Diversity

We seek to learn from different ways of life and opinions represented in our multicultural environment.

Practicing Punctuality

We value and respect the time of ourselves and others by prioritizing punctuality in all our commitments and activities.

Customer-Centricity

We put our customers at the heart of everything we do and strive to deliver exceptional experiences that exceed their expectations.

Striving for Excellence

We aim to deliver the highest quality performance in everything we do.

Demonstrating Integrity

We are consistent and transparent in our decisions and actions.

Enjoying Participation

We create a dynamic environment created by active and enthusiastic participation of individuals.

Acting Sustainably

We act in a way that is sustainable for our organisation and society.





01 Customer-Centric Approach

Our unwavering focus on understanding and meeting the unique needs of our customers has been fundamental to our success. By placing their interests at the forefront, we have been able to build strong relationships, provide tailored financial solutions, and foster trust and loyalty.

02 Exceptional Team

Our team of dedicated and talented professionals has been instrumental in driving our growth. Their expertise, commitment, and passion for excellence have propelled us forward, enabling us to deliver outstanding results and adapt to changing market dynamics.

03 Responsible Lending Practices

Upholding the highest standards of responsible lending has been a core pillar of our success. We have prioritized sustainable lending practices, ensuring that our loan products are well-structured, transparent, and aligned with the financial well-being of our customers.

04 Strategic Partnerships

Collaborating with strategic partners has been crucial in expanding our reach and enhancing our offerings. By forging alliances with like-minded organizations, we have been able to leverage their expertise, tap into new markets, and access a wider customer base.

05 Technology and Innovation

Embracing digital transformation and fostering a culture of innovation have empowered us to stay ahead of the curve. By leveraging advanced technologies, streamlining processes, and introducing innovative solutions, we have enhanced operational efficiency, improved customer experiences, and gained a competitive edge.

06 Strong Risk Management

Our robust risk management framework has been pivotal in maintaining a healthy portfolio and mitigating potential risks. We have implemented rigorous assessment procedures, prudent underwriting practices, and proactive monitoring mechanisms to ensure the stability and resilience of our operations.

POLICY FOR LOANS AGAINST PROPERTY

(As on updated on April 18th, 2023)

1. Objective

The objective of the scheme is to provide hassle-free credit to individuals/Group of individuals with least paper work especially the ones who are financially challenged. It's a simple and quick process where the borrower can apply for a loan through a staff of the company.

2. Applicability

This policy is applicable for products secured by property as collateral.

3. Definition:

Board Management Committee: Corporate Affairs Committee or Board management committee or any other committee of the Board who has been delegated with relevant powers under the policy.

4. Purpose Of Loan

Importance for Defining Purpose of Loan

Mapping the Purpose of the loan is important and the same shall be done in every case the said mapping is important for several reasons:

- 1. Compliance:** End use mapping helps to ensure that the loan is used for the purpose for which it was approved, in accordance with the terms and conditions of the loan agreement and relevant laws and regulations.
- 2. Risk Management:** By monitoring the end use of a loan, lenders can better assess the risk associated with the loan and take appropriate action to manage that risk. For example, if a borrower uses a loan for a purpose that was not approved, the lender may consider the loan to be in default and take steps to recover the loan.
- 3. Better Decision Making:** End use mapping provides lenders with a better understanding of how the loan funds are being used, which can help them make more informed decisions about lending to future borrowers. This information can be used to improve the loan underwriting process and reduce the risk of loan defaults.

4. **Transparency:** End use mapping provides transparency to the borrower, regulators, and other stakeholders about the use of loan funds, helping to build trust and credibility in the lending process.

Overall, end use mapping helps to ensure that loans are used for their intended purpose and helps to manage risk, improve decision making, and promote transparency. The following are the purpose for which the company shall entertain loan applications.

1. Working Capital Requirement
2. New Business Term Loan and Working Capital
3. Purchase of Plot
4. House/Office/Shop Purchase
5. Construction of New House/Office/Shop
6. Repair/Renovation of built up residential /Office/Shop.
7. Loan for Business Upliftment
8. Personal Needs including Marriage and other Consumers
9. Repayment of Debt
10. Other Purposes which can be easily verified i.e. Abroad Education Loan & Debt Consolidations.

5. LAP Funding Policy

- Minimum 1 lac & Maximum 25 lac subject to Repayment capacity & Value of Property.
- The cases above 25 lac will be categorized as Elite Cases. In such cases, a in-principle approval must be taken of elite cases from Managing Director/CEO/Any other higher authority of the company before Login.

Limits as Exposure:

The exposure of Rs. 25 Lac will be restricted as under:

- Rs. 20.00 lacs for Purchase of Built-up House
- Rs. 15.00 lacs for Upliftment of Business
- Rs. 8.00 lacs for Repair, Extension, Improvement
- Rs. 5.00 lacs for Personal Needs.

The Sub-exposures may be increased to Rs.25 lakhs in special circumstances, if the borrower is justifies the repayment capacity as per the policy. The Loan in suchcase shall be approved by the Board Management Committee.

Funding Policy / Assessment of Property Value

The value of the property will be assessed as follows: -

Market Value of property given by approved valuer of company	XXXXX
Realizable value property given by approved valuer of company	XXXXX
Distress Value of property given by approved valuer of company	XXXXX
Average of above	XXXXX

Average of all Value (Market Value + Realizable value+ Distress Value/3) * Multiplier as per category of property. The multiplier are as follows:

Loan to Value (LTV)

Plot/Factory	55%* of the Value
Commercial Property (Except Factory)	60% *of the Value
Residential property	65%* of the Value.

Deviation: The sanctioning authority is having deviation power of 5% over the existing multiplier as per the Deviation Matrix.

If it is satisfied, the LTV can further be increased by 10% with the permission of one level above the sanctioning authority

TENURE

The tenure of the loan shall be Maximum up to 7 years depending up on the repayment capacity of the borrower. However, the tenure can be increased to maximum of 10 years with the approval of one level above the sanctioning authority

INTEREST RATE & CHARGES

The Delegated authority shall have the power to charge rate of interest under the policy. The rate would depend upon the product to be offered, profile of the customer, profile of party and Competition in the market. The rate of interest shall be approved and reviewed by the ALCO

CHARGES

The committee of board shall fix charges for different type of services rendered bythe Company. The type of Charges on the proposals shall be as under:

1. Login Fees
2. Processing Fees
3. Legal and Technical Charges
4. Insurance - Life/ General Insurance is mandatory of the Borrower/earning member/ till the tenure of the loan

5. Cheque/ NACH/E-NACH Bouncing Charges
6. Overdue Interest
7. Foreclosure Charges
8. Credit Bureau Charges
9. CERSAI Charges
10. Document Charges
11. Visit Charges
12. Lien marking Charges
13. Certified copies of Fard Jamabandi, NOC, Sale Deed etc. from Revenue Department.
14. Technology Charges
15. Penal Charges
16. Other Charges not specified above relevant to proposal shall be recovered on actual basis.

Deviation: The BMC may delegate the power to CEO/ Business Head/ Executive Director to vary the charges from time-to-time period keeping in view the business requirements.

ELIGIBILITY

- The scheme is primarily drafted for catering unorganized market segment hence eligibility to be derived based on assessment of total family cash inflows & outflows through visit & general discussion with the applicant.
- While assessing repayment capacity of a borrower, it should be ensured that EMI should not be more than 60% of total monthly income of the borrower after reducing other debt/liability from residual Income.
- This limit can be enhanced to 65% if the applicants are income tax assesses and regularly filing the income tax returns. Surrogate income in case of Income tax borrowers seeking loan for more than Rs. 10.00 lakhs shall not exceed 100% of the returned income. ITRs be filed with reasonable gap **(6 months Minimum)**.

The formula for assessing the repayment capacity is as under:

Gross Total Revenue	XXX
Less: Business Expenses	XXX
Net Income Of the Family	XXX
Less: Actual House Hold Expenses	XXX
Less: Existing Obligation	XXX
Net Savings of the Family	XXX
Balance Eligible For EMIs	XXX

AGE LIMIT

Age of the borrower and Property Owner should not be more than 65 years at the time of loan maturity. In case of borrower is aged more than 65 years, his/her son/spouse with reasonable earning capacity should be taken as co-applicant for arriving at the repayment eligibility of loan

SECURITY

1. Equitable mortgage of Residential /Commercial property/Open Land.
2. The borrower must provide the title deeds of the said security in delaminated form.
3. Agriculture land shall not eligible for security except when the land is non cultivable and action under SARFAESI can be initiated in case of default.
4. Agriculture Land will be considered if house is built up on it by taking Mauka Patwari Report (If required by credit approval authority)
5. Lal Dora Property shall not be eligible as security unless the same is backed by title deeds and further registered mortgage shall be preferred.
6. The property must be registered with CERSAI portal.

NEGATIVE & CAUTION PROPERTY FOR LOAN AGAINST PROPERTY

➤ Negative

- Land parcel whether Open or Barricaded
- Agriculture Land
- Property with arrear payment towards Society Charges, Property Tax
- Property where land was reserved for special category of person and fulfillment of such criteria by owner cannot be established
- Property with legal cases pending either with Owner, Society, Developers
- Property attached under the order of court under any suit against the borrower.
- Property which is subjected to litigation or title is disputed and pending for the adjudication by court.
- Property acquired by multiple agreement and transferability restriction by authority.
- Property without an Occupancy Certificate.
- Property where current usage is not authorized
- Property used as dance bar, discotheque, Bar, Brothel
- Properties used for religious or social purpose like temples, church, mosques, clubs etc.
- Heritage areas
- Forest land and Biodiversity hotspots as per MOEF notification.
- Construction or encroachment in 'No development Zone' as defined by masterplan or other official documents.
- Construction or Encroachment on Governmental Land.
- Construction or Encroachment on Municipality or Private Land.
- Landslide Prone Areas

- River Bank
- Marshy Land
- Landfill/ Garbage Dump
- Location near site where toxic or hazardous materials are contaminating air, water or soil
- Flood Prone Areas
- Encroachment on Ecologically Sensitive Site

➤ **Caution**

- Rented Property
- Plotted land Parcel
- Built up unit, where land payment is not fully made.
- Property Owned by caution profile people
- Property owned by HUF
- Factory/ Commercial space with kutchra built up, fire hazardous use
- Property located in the area, prone to social unrest.
- Property under or near to high tension wires.

BORROWER(s) ELIGIBILITY CRITERIA

Age Limit	Any person whose age is above 18 years with sound mind and is not an Un-discharged insolvent can be the applicant.
Occupations	Service or self-employed have any running occupation of own / husband / children from last two years. In case of Agriculturists due care shall be taken and it shall be ensured that the borrower has a supplementary regular non seasonal income.
Residential House	He/She must be living the same location for a period of not less than 6 Month. In case of Loans other than Purchase/ Construction of immovable property for residential purposes, the borrower should have its own Self Occupied Residential Property (SORP).
Credit History	<ul style="list-style-type: none"> • Repayment tracks to be checked for borrowers/ Co-borrowers and Guarantors. • She/He must have good track of repayment. • Credit bureau score – CIBIL Score must not be lower than 650. A second credit bureau check of equivalent CIBIL Score may be taken. • In case of any Applicant/ Co-Applicant/ Guarantor is

	having credit score less than 650 and he is having genuine clarification for the same, than the same can be considered by taking the genuine proof(s) of the reason of DPDs/ delaying EMIs
Intention	Intention of borrower must be good to utilize the loan amount for the said purpose.
Ability	Borrowers/ Co-borrowers must have a ability to repay the loan and his/her cash flow must be good.
KYC norms	<ul style="list-style-type: none"> • She/he must have Aadhaar card & as primary KYC and Voter ID, PAN Card, DL, Narega Job card, Valid Passport as a secondary KYC. No exception will be granted under KYC Norms. • Borrower's spouse must have (Aadhaar or PAN) and Voter ID. • Electricity bill is Required (in case ownership proof does not match with Adhaar) • in cases borrower is not having SORP, he must produce any online proof of delivery of e-commerce vendor for last 6 month or any utility proof. • The Adhaar card must be masked¹.
MSME	Udyam Registration may be taken. In case any loan is sanctioned to MSME business.
Salaried Employees	In case of salaried persons, state/central Govt employee/ employees of public sector undertakings/ reputed public limited companies/ multinational companies/ regular employees of Govt. aided/affiliated educational institution and reputed private sector entities with minimum permanent/regular service of 3 Month, shall be eligible for loan under the scheme.

1. Added w.e.f. 18.04.23

PDC, Security, Cheques & Repayment of Applicant & Co Borrower

- 1) NACH/E-NACH* of the Borrower/Co-Borrower to be Collected.
- 2) 8 Security Cheque of Applicant & 5 Security Cheque of All Other Co-Applicant(s) to be Collected

3) 3 PDC's for first 3 EMIs shall be taken in case NACH/ ENACH* is not activated.

4) PDC's in case NACH/ENACH* facility not available/cannot be activated.

CO – APPLICANT CRITERIA

- Co-borrower shall be the spouse (If married) mandatorily, exception can be given in exceptional cases
- If unmarried or spouse not living with husband, any Female member of the family (whether Wife, Mother, Mother-In-Law, Sister etc.)
- All earning members of the family who have attained the age of 18 years & above for the purpose of repayment capacity.
- Family member(s) who have title to the property to be mortgaged. NOC of such member is mandatory

** Added w.e.f. 18.04.23*

CAUTION/ SPECIAL PROFILES

Profile	Type	Conditions to be Considered
Contractor	Special	Guarantor With Cheque (not mandatory) 40% LTV 50% of Land Value
Politician or person actively affiliated to political parties.	Negative	
Diamond Merchant	Negative	Employees working with Diamond industry can be considered experience with same company.
Employees of BIFR (through Online search)	Negative	
Police	Negative	
Employees/ Commission Agents of Chit Fund	Negative	
Cable operator who are not paying GST and owner of video parlour	Special	
Multi level Marketing agents	Special	MLM Income Will Not Be Considered
Wine shop owners	Negative	
		Guarantor With Cheque (not mandatory)
Family Restaurants, Bars & Cafe	Special	40% LTV 50% of Land Value
Owner & employees of DSA/ verification/collection/ repossession agencies	Negative	
Money Lenders	Negative	
Anti-Social Elements	Negative	
Diamond Broker	Negative	
Employees of banned NGO	Negative	
Person engaged in any kind of illegal business	Negative	
Advocates/ Lawyers	Negative	
Press Reporters	Negative	
Recovery Agents	Negative	
Class 4 Employees	Special	No Defaults in the past -1 CIBIL shall not be considered 50% Land Value 40% Total Value

		Guarantor With Cheque Should Not Be Living in community dominated area.
Property Dealers	Special	
Colonizers	Special	
Builders	Special	
Meat Vendors without Shop	Special	
Meat Vendors with Shop	Special	
Agriculturists	Special	
Bus Drivers & Conductors in Private Service	Special	

The Conditions are not Absolute and the same shall be relaxed with the approval of WTD/Credit Head/Business Head/CEO.

GUARANTEE

1. Third party Guarantee should be required invariably in all cases. Exception may be allowed on case-to-case basis by sanctioning authority.
2. Security cheques to be obtained from Guarantor on case-to-case basis¹.

GUARANTOR CRITERIA

1. Guarantor should not be the blood relative of borrower.
2. He/She must be having good Credit Bureau Score. CIBIL Score is mandatory and should not be lower than 650. Other Credit Bureau Score equivalent to CIBIL 650 to be taken
3. Age up to 65 years
4. Guarantor(s) should fall under Caution / Special Profile
5. The Credit Manager is responsible to verify the credentials.

Additional Documents to be collected from borrowers along with Primary & Secondary KYCs as stated above:

1. One Photograph of Borrower
2. One Photograph of Co-Borrower
3. One Family Photograph (Optional)
4. Photocopy of Bank account passbook including the transaction copy side (Minimum 1-year transactions)
5. Residence Proof signed by Sarpanch / Ward Councilor in case borrower have Aadhaar card (Masked Aadhaar) * & Voter card of her parents' address.
6. Electricity bill
7. Aadhaar Card (Masked Aadhaar) * & of Guarantor

**Added w.e.f. 18.04.23*

1. Substituted w.e.f. 18.04.2023

8. Photo of Guarantor.
9. Salary Slip / Bank account statement of Guarantor.
10. Rent deed
11. LPG gas copy
12. PAN Card (Mandatory)

PRE LOAN AND POST LOAN DOCUMENTATION:

Pre - Loan Documentation:

- Loan Application Form
- Field Investigation Form
- Loan Assessment Form
- Photo of Business Premises
- TVR report
- PD Report
- Desktop valuation/Technical Report
- Legal Report

At the time Sanction of Loan

- Stamp Papers of Borrower, Co-borrower and Guarantor as per applicable stamp duty
- Demand Promissory Note
- NACH / E-NACH* Form
- Sanction cum Disbursement Note
- Equitable Mortgage on Property of Individual
- Agreement of Guarantee
- No Litigation Pending undertaking
- PDCs, Security Cheques as mentioned above.
- Self-declaration cum Aadhaar holder consent form and Cheque submission form
- Power of Attorney
- Memorandum of Deposit of Title deed in case of endorsement of lien of equitable mortgage in relevant area.

INCOME/REPAYMENT CAPACITY

Income/Repayment capacity shall be assessed on the basis of:

1. Interaction with the Customer
2. Market Information
3. Reference Checks
4. Bill Books/Purchase Bills (If available)

5. Operation in Saving a/c
6. ITR's if available
7. GST if available
8. Income received from Abroad (WUMT/Bank Transfer)

ASSESSMENT OF LOAN

In order to give focus on lending to the small borrowers for purposes specified above the loan proposals may be considered in the absence of financial papers in view of the credit worthiness /trustworthiness of the client. In such cases, market information/field investigation be done with great care by the Credit Manager along with BDOs so as to ensure that only genuine cases are entertained under this scheme.

In the above cases, in depth verification is warranted by the Credit officials and the Assessment of sales shall be done on the basis of physical verification of the unit, information collected from the borrower and market sources and other references.

Following points be kept in view while assessing the credit requirement:

- Present status of business and existing cash flow
- Future business prospects and requirements
- Operation in current A/C and Saving A/C
- Projection provided by the client and their feasibility.

Credit Bureau and Credit Assessment:

Once the loan application has been taken from the customer, Sales executive will mark the entry of Loan application in software. Credit Bureau report from ***Credit Information Companies shall be verified as under:***

S.No.	Type of Borrower	Name of Credit Bureau
1.	Male- Borrower/ Co-Borrower/ Guarantor	CIBIL + any other bureau(s)
2.	Female Borrower/Co-borrower/ Guarantor	CIBIL + any other bureau
3.	Transgender	CIBIL + any other bureau

Credit Bureau report will be verified based on the Credentials submitted. ***Minimum Credit Score should be CIBIL 650 or equivalent for other Credit Bureau.*** If borrower pass the Credit Bureau and credit assessment then only her application will process further. Otherwise

application will be rejected and no exception will be granted. Credit bureau shall not be later than 30 days from the date of disbursement.

Cibil Derogatory / Non-Derogatory data are defined for applicant with confirmed bureau match.

Non-Derogatory data is defined as:

1. Bureau data has been updated in the last three months for the trade line.

Loans

- Never 60+ DPD.
- Not more than once 30 DPD in last 12 months from latest reported month.
- Never in 30 DPD in last 3 months from latest reported month.
- For trade lines reported in non- DPD method, Never SUB or worse in the last 12 months from latest reported month.
- Latest reported (not more than 3 months old) string to be current / standard.
- No suit filed or written off cases.
- No overdue on any trade-line at the time of reporting.
- Covid impact in genuine cases.

Cards:

- Never 90+ DPD (Any default over 2 years old from the month of bureau pull, overdue value <INR 5000 is not considered as default)
- Not more than once 60+ DPD in last 12 months from latest reported month.
- Never in 60 DPD in last 3 months from latest reported month.
- Not more than twice 30+ DPD in last 12 months from latest reported months.
- For trade-lines reported in non-DPD method, Never SUB or worse in the last 12 months from latest reported month.
- Latest reported (not more than 3 months old) string to be current / standard.
- No suit filed cases or write off cases (Write-off cases >2 Years from the month of bureau pull and overdue amount <INR 5,000 would not be considered derogatory, subject to it meeting other derogatory criteria)

2. Bureau data has not been updated in the last three months for the trade-line.

Loans

- Never 60+ DPD.
- Not more than once 30 DPD in last 12 months from latest reported month.

- Never in 30 DPD in last 3 months from latest reported month.
- For trade-line reported in non-DPD method, Never SUB or worse in the last 12 months from latest reported month.
- Latest reported string to be current / standard.
- No suit filed or written off cases.
- No overdue on any trade-line at the time of reporting.

Credit Cards

- Never 90+ DPD (Any default over 2 years old from the month of bureau pull, overduevalue <INR 5,000 is not considered as default)
- Not more than once 60+ DPD in last 12 months from latest reported month.
- Never in 60 DPD in last 3 months from latest reported month.
- Not more than twice 30+DPD in last 12 months from latest reported months.
- Latest reported string to be Current/Standard.
- No suit filed cases or write off cases (Write-off cases >2 years from the month of bureau pull and overdue amount <INR 5,000 would not be considered derogatory, subject to it meeting other derogatory criteria)

SANCTIONING AUTHORITY

Sanctioning team at HO is delegated to sanction the cases under the policy as per following delegation matrix:

Loan Amount to be sanctioned	Sanctioning Authority (Proposed)
Upto Rs.5.00 Lakhs	State Credit Head along w/ Business Head
More than Rs. 5.00 Lakhs to Rs.10.00 Lakhs	State Credit Head along w/ Business Head
More than Rs. 10.00 Lakhs to Rs.15.00 Lakhs	Business Head & Chief Risk Officer
More than Rs. 15.00 Lakhs to Rs. 25 lakhs	Credit Executive Committee Guidance of Advisors may be taken on case-to-case
Above Rs. 25 lakhs	Board Management Committee. Guidance of Advisors may be taken on case-to-case

All cases to be reviewed by HO Credit Team

- The Relevant Credit head will recommend all the cases

Deviations to the Policy- Deviation Matrix

Deviation may be allowed to the Policy by the relevant sanctioning authority by considering the various factors. The following Deviation Matrix shall be considered while allowing the Deviation:

1. Profile of the customer
2. Income of the customer
3. Need of the Customer
4. Repayment capacity of the customer
5. Security involved in the proposal
6. Track record of repayment of the customer
7. Competition in the market
8. Any other factor which the sanctioning authority is satisfied to allow and specified in writing

LEGAL SEARCH AND TECHNICAL VALUATION OF PROPERTIES TO BE MORTGAGED

Legal Search and Technical Valuation of Properties to be Mortgaged would be done by Empaneled Vendors or in-house team. All fees to such Vendors shall be directly paid by organization. However, fees paid to such vendors shall be charged from Borrower by organization directly as per Credit Policy. The Valuation shall be in the prescribed format and the same shall be the average of Market Value, Realizable Value and Distress Value.

Freehold Property

- 13 years complete chain will be inspected. Legal Vendor will share the Legal Search Report and Title Search Report as per the prescribed format. If the chain is complete with mutation, then equitable mortgage with endorsement of Lien in Punjab shall be undertaken. In states where endorsement of lien is not possible, the same shall be dispensed with.
- In any other case Registered Mortgage

Leasehold Property

In case the loan is to be given on the leasehold property and the same is taken as security, the Company need to get Permission to Mortgage, Allotment Letter and Conveyance deed from borrower to process the loan. However, the lease shall not be less than the tenor of loan. Legal opinion in this regard shall be taken with regard to sale-ability and marketability.

Disbursement

The Company shall make disbursement of Loan from Designated Account opened for disbursement after taking complete documents from Borrower in his Bank Account directly. However, before making disbursement, NACH/E-NACH* Activation is to be done with Borrower Bank and PDCs and other documents as prescribed shall be taken and verified by the disbursing official.

End Use Verification

The Credit officials shall visit the property after disbursement in case of purchase/construction of property within a period of three months from the release of Loan and shall ensure the end use of the loan sanctioned in favor of the borrower. He will prepare the end use verification report in case of MSME.

Tranches

Cases that are disbursed in tranches will be released only when End Use Verification form is submitted by Credit Manager and should clearly justify the usage of the funds released by the Company in earlier tranche.

Top-Up Plan

After the satisfactory repayment track of 6 months, the case may be reviewed and considered for top-up. In Top Up Cases, the requisite verification has to be done with regard to purpose of loan. However, the process may be curtailed as per the satisfaction of sanctioning authority to avoid repetition and reduce the turnaround time but not sacrificing the quality of appraisal.

- a. The RBI/NHB guidelines and the statutory guidelines issued from time to time.
- b. The corporate objectives of the Company.
- c. Practices followed by peer group HFC's/Banks

Credit monitoring mechanism through Credit Review and Monitoring Dept.

In a dynamic yet uncertain environment in which the Company conducts business, a constant vigil and monitoring of the credit is essential to control the credit risk. Though the required due diligence is ensured at the time of credit appraisal & assessment by analyzing the borrower's financial condition, the performance of a borrower account undergoes changes as they are subjected to impacts of economic and market developments. Continuous monitoring of borrower accounts and constant evaluation of associated risks during the post sanction period goes a long way in slippage management and maintaining the quality of assets.

The main objectives of credit monitoring mechanism are:

- To ensure proper use of credit facility by the borrowers and adherence to loan covenants to ensure quality of credit portfolio of the company.
- To assess the degree of adherence to loan policies and procedures and to monitor

* *Added w.e.f. 18.04.23*

Process of loan review:

It aims at overall improvement of the credit portfolio of the company by detecting early warning signals and suggesting remedial measures, evaluating sanction process and compliance, regulatory compliance, changes in credit risk etc.

The review of the disbursed files will be a summary review of the sanctions made by the credit team during every month. However, the Reviewing Authority make a detailed review of 100% of the loans disbursed during the month taking into account nature and amount of the loan, security stipulated and other critical matters. The reviewing authority conveys observations / instructions if any, thereon to the concerned sanctioning authority for suitable action. The compliance of review observations will be verified during further tranche.

NORMS FOR TAKING OVER ACCOUNTS FROM BANKS/ OTHER FINANCIAL INSTITUTION.

In order to market the credit portfolio, efforts are generally made to target the existing borrower accounts of other financial Institutions/banks (**‘referred to as Financial Institution**). Most of the times, proposals are recommended for takeover of accounts with enhanced exposure. Before taking over such loan accounts the following aspects will also be covered, besides assessment of proposals as per extent Guidelines: -

- (i) Only standard performing account should be taken over. Under no circumstances NPA A/Cs will be taken over.
- (ii) Date of sanction of present loan and last enhancement should be appraised.
- (iii) Credit appraisal Authority shall ascertain repayment schedule of the previous Financial Institution and avoid borrower to postpone the liability merely by shifting the loan.
- (iv) No due certificate should be obtained from previous Financial Institutions and kept on record.
- (v) Avoid unhealthy competition in regard to Rate of Interest except where the same is being charged exceptionally high,
- (vi) Apply for status report of previous Financial Institution of the prospective borrower and wait for a week and then rely upon account statements in case the status report is not received.
- (vii) List of Documents should be taken from the previous financial institution.
- (viii) Foreclosure letter may be obtained, if possible from the previous Financial Institution and endeavors should be made to make direct payment to the said financial Institution.
- (ix) Borrower shall be entrusted to receive the original documents of title of

immovable property and hand over to the Company.

- (x) No Objection for release of any charge/ lien on the property be obtained within 30 days of the disbursement of loan.
- (xi) Another property of the equivalent value shall be kept as security till the charge on the property to be taken over is created by the Company. Exceptions may be given in desirable cases by the Credit Committee with such conditions as it may deem fit.
- (xii) In case of enhancement of the loan from previous loan, detailed reasons for the same shall be placed on record.
- (xiii) LTV in takeover cases shall be 5% less than the prescribed norms.

NORMS FOR LOAN FOR PURCHASE OF PROPERTY

Normally, loan for purchase of property should be avoided. However, in case of good borrower, following aspects should be taken into consideration:

1. Copy of receipt of earnest money paid shall be placed on record
2. Copy of agreement for payment of earnest money shall be obtained.
3. The payment of loan shall be made to the seller. Major payment shall be made before the sub-Registrar by legal counsel of the Company.
4. The executed sale deed of the property shall be obtained by the legal counsel
5. Payment of margin money shall be verified from the seller
6. Draft final sale deed shall be obtained from the final payment and payment made by the company should be mentioned in the draft and final sale deed of the property.

OTHER TERMS AND CONDITIONS

- The borrower should be actually engaged in the business carried out by him.
- Loan application should accompany the photograph of the client and his ty business premises.
- Loan application, field investigation report, appraisal note and end use verification formats prescribed for this scheme shall only be used.
- All the loans shall be backed by mortgage of immovable property invariably. It should also be ensured that the mortgager is either the borrower/co-borrower.
- In case of mortgage, charge shall be noted with CERSAI. The same shall be noted with Revenue Department (where ever applicable)
- Photograph of the borrower, guarantor and business premises are mandatory.
- Desk top Valuation shall be prepared as per the prescribed format, duly signed by concerned person and it must accompany with the photograph of the property or Valuation for cases less than 2lakhs.
- PDC's duly signed shall be obtained invariably in all cases.
- Following documents shall be collected to verify the ownership of property
 - Title Deeds of the property.
 - Previous title deeds to complete the chain for last 15years
 - Latest Fard Jamabandi, if the previous title deeds are not available,

- Jamabandi for the last 15 years be procured.
- Property Tax receipt/ T.S.1
 - Water Bill/Electricity Bill
 - Approved map if available

ADDITIONAL CREDIT CHECK POINTS

1. Laminated Property Papers shall not be accepted (No Deviation Allowed)
2. Construction cases where customer is starting from ground zero, first disbursement shall be made only after plinth level to avoid plot funding
3. Life insurance Policy may be given to the applicant /co applicant who has the maximum income within family to secure the loan in case of any eventuality. Medical Insurance policies may also be offered to keep the assured fit to repay the loan.
4. ALL Balance Transfer Loans – Need to check why this loan is coming to the Company, if the reason is **STRONG & JUSTIFIABLE**, then only the case should be processed by **RECORDING REASONS IN CAM SHEET**.
5. ALL LAP CASES – Mandatory to check the **END USE OF MONEY**. BDOs and Credit Managers need to dig deep and analyze the **END USE**. and verify the usage and submit detailed justification for each case as part of CAM.
6. **AGRI /MILK INCOME** - Need to be extra careful while calculating these incomes, verify all facts personally especially number of animals, Agriculture and allied expenses etc.
7. **CAM** - Fill detailed remarks on the following mandatory items viz. **KYC, CIBIL reports, Profile of customers**

Important things to be checked by credit team before recommending the subsequent disbursement

1. Need to revert with resolution of all the pending queries of the case
2. Comparison of photograph of the site **NOW** and **BEFORE** (first disbursement).
Need to ensure that after previous disbursement is visited.
3. Status of **NACH** registration. If **NACH/ENACH*** is declined action, what is the corrective action taken.
4. Customer should be regular in servicing the **EMIs** of existing loans if any.
5. Property visit form should be duly signed by visiting official and checked by credit appraisal officer.
6. For all cash salaried cases, collect the salary certificate on employer's letter head (If it is available) and Co-worker Check and Industry standard. Lowest of all for eligibility calculation to be taken.
7. Employer Visit and Verification is must for all cases with photograph in case of salaried employees.

** Added w.e.f. 18.04.23*

Charges for Loan Against Property
(as approved by Board Management Committee)

The below mentioned charges have been fixed with maximum limit. However, the Field Officers/ Credit appraisal officer can reduce/ waive any particular charges with the approval of internal instructions. Further MD/CEO/WTD are authorized to fix lower charges than the maximum fixed by the BMC.

Particulars	Amount
Login Fee	Upto Rs. 3,000/- + GST 18% (Including 1Credit Bureau Charges)
Processing Charges	Upto 3.5% + GST 18%
Legal & Technical Charges	Upto Rs. 6,000/- + GST (for one property) Additional Charges for Technical/Legal will be taken for additional property (ies)
Prepayment & Foreclosure	Upto 5% + GST 18%
Pre-EMI	Pre-EMI may be Obtained on Cases to case Basis
Insurance	Life/ General Insurance may be done of the Borrower/earning member/ Guarantor till the tenure of the loan. The Charges and terms and conditions shall be as prescribed from time to time by the Insurance Company
Cheque Bouncing	First Bounce – 500+GST Second Bounce – 750+GST Third Bounce – 1000+GST
Delayed payment Interest	3% per month or part of the month of overdue EMI amount.
Platform Fees and Other Charges	As may be prescribed by CEO/Whole Time Director from time to time.