



Credit Policy for

NSMK Investments Pvt Ltd/ Walkfin Financing Services Pvt Ltd

Introduction- Walkfin group is new age fintech cum NBFC active in SME-MSME lending space. We are giving small ticket loans to distributors of reputed and growing FMCG brands. Our portfolio is majorly focused on multi brand distributors. Our focus is to fill short-term credit gap of distributors of FMCG.

Our thought process behind credit policy is generally focused on diversification, short-term exposure, quick disbursement (Generally 4 to 24 hrs.) and hassle-free collection.

Basic Eligibility of borrower-

- Applicant must be distributor of FMCG brands.
- Owner/owners of distributor must be between 25 to 55 years old.
- Applicant can be proprietor/partnership/private limited/LLP.
- The applicant must have vintage of minimum two years in the same line of business.

Purpose of Loan:-

- Expansion of business by adding more retailers/more brands.
- Working capital.

Note:End use of loans for personal purposes and/or speculation is not allowed.

Product features-

- Our product is short term distributor credit against submitted invoices.
- We charge 0.1% per day. No processing fees is being charged.
- We fund 100% of invoice amount subject to available limit.

Documents Required:-

- KYC Documents for Individual and Business
- Statement of Bank Accounts for last one year for individual and business
- Financials for last 2 years (Audit Report, P&L Statement, Balance Sheet)
- Sales Ledger for last one year
- Proof of Business Vintage
- Rent agreement/ Ownership proof of premises
- GSTR 3B for last one year
- ITR of last 2 years if applicable
- Any other document which is needed for credit assessment

Credit underwriting Process-

1. After getting above documents via mobile app, CIC check is being done. We will give in-principle approval-
 - If credit score is above 550 or 0 or -1.
 - If there is no default reflected in CIC report.
 - We accept a customer with no credit history (score of 0 or -1). However this should not consist of more than 10% of total exposure.
2. After step-01, sales/customer executive visit the premises of business and do physical verification of distributors sales claim and available stock. We have separate document with guidelines of premises visit.
3. After physical verification, KYC checks and other documents are being checked.
4. NBFC credit ops team will do scrutiny of docs and analyze account statement, GSTR3B and sales ledger.
5. As our exposure is to fill short-term credit gap, audited financials are not part of credit evaluation.
6. Revolving limit is decided at customer level based on GSTR3B, sales ledger.
7. Revolving limit is calculated based on operating cycle of brands associated, GSTR3B total transactions. Suppose if

Customer claim/sales ledger turnover is X.

As per GSTR3B turnover is Y. (Where $X > Y$)

To get monthly turnover = $Y/12$

Brand operating cycle is suppose Z (Where Z is in between 1 to 30)

To get revolving limit divider = $30/Z$ and round up to

Nearest number (in case of {7,15,30}, divider is {4,2,1}).

We generally fund only 20-30% of turnover.

Final revolving limit = $(Y/12) * 20\% / \text{Divider}$.

Customer onboarding-

1. After credit underwriting is done, customer will be on boarded in our admin portal.
2. E-Nach is being executed on customer business account and personal savings account.
3. Credit agreement on legally accepted stamp paper is being executed between all the parties (NBFC and distributor) digitally by digio platform or physically.
4. Limit is being set up for customer in the system for 1 year and customer is created.
5. In case of pendency of any doc or requirement of any new doc, Walkfin customer executive close this with customer.
6. Customer executive trains the customer or their staff for digital app usage and disbursement policy.
7. To get the disbursement, customer has to submit valid retailers invoices in our app every time.

Disbursement process-

1. Distributor has to submit valid invoices of retailers on Walkfin mobile app.
2. After getting invoices, we check for retailer acknowledgement (retailer seal) on each and every invoice. If there is no retailer acknowledgement on particular invoice we don't consider that invoice for amount calculation.
3. Our policy is to fund 100% of valid invoice amount.
4. Available limit is being checked in the system.
5. Any payment due is being checked in the system.
6. If available limit is more than requested amount and there is no payment due, we go ahead with the disbursement.
7. We disburse requested/approved amount to customer account after deducting interest/discounting charges.

Customer tracking-

1. Walkfin executive will do weekly visit at distributor location to do physical check of running stocks and business monitoring through distributor sales ledger.
2. Walkfin executive is responsible for collection also.
3. In case there is difference find between submitted invoices and actual movement of goods which were randomly cross examined at Retailer Shop, we warn the distributor and blacklist them in our system and close the limit.
4. We might ask for monthly account statement and sales ledger till the time limit is live.

Collection process-

1. Calls from walkfin executive have to be initiated before 2 days of payment date.
2. As this is short term 7 to 15 to 30 days, we do not trigger E-Nach without consent of distributor.
3. In case there is delay in payment due to valid reason for 2-3 working days, no action is being taken.
4. If delay is consistent and habitual then we try to increase number of days per cycle for distributor. But in any case, we do not go above 30 days.

In case of default-

1. In case of default, follow up process is initiated.
2. Calling done by Collection team, Reminders are sent through SMS, WhatsApp, E-Mail.
3. Initiate E-Nach Mandate/cheque for loan amount to be recovered.
4. A Demand Notice will be served asking for Outstanding dues.
5. Further we Issue Legal Notice and wait for one month to get reply or any action by customer
6. We will approach to court for next course of action for recovery.
7. We can also restructure the loan basis of mutual consent of customer and ourself.
8. Extension of repayment tenure to recover loan amount
9. Report the same through CIC for default and delay status.