



LENDING POLICY

Zeal Holdings Pvt. Ltd.



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Zeal Holdings Pvt. Ltd.

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1. Overview

This policy provides an overview on various product structures offered to various anchors, distributors and retailers in different sectors.

2. Description

- **Sectors:**

We aim to work in sectors which have a high frequency of working capital turnover meaning wherein receivables and inventories gets rotated in approx. not more than 30-90 days. These sectors must have a decent tech adoption too as our entire product range is offered and managed end to end through technology viz. mobile app, web panels and API/SDK integrations. We are currently aim to servicing clients in sectors like Pharma and medical equipment, QSR Chains, Organised Travel portals, Organised Dairy and FMCG Products, White goods and industrial products etc to name a few.

- **Anchors:**

We prefer to work with mid to large businesses which have a distribution footprint in form a dealer/distributor network, own/franchise stores. We will aim to work with top tier brands in these sectors to power their distribution capabilities and augment their margins.

We will work with clients on invoice discounting model who supply goods or services to different businesses of large corporates like TATA, Reliance, Aditya Birla group, Mahindra Group, Maruti Suzuki, ICICI Bank, Kotak Bank, HDFC Bank etc to name a few.

- **Products:**

Based on the requirements of the anchors, we will develop and provide multiple credit products to them and operate through tech integration with their order management system or ERPs. Few examples of our credit products will be as below:

a) **Same day payment to Anchors** - Mostly large anchors with wide distribution network face a peculiar problem to manage the availability of stock for each of the distributors/retailers as there remains a lag between the time of requirement creation Vs. time of actual payment by the requestor. Our embedded product makes sure that payment to anchor is done through us by all the distributors/anchors in real time to ensure that stock ordered always gets reflected correctly and anchor also receive payments much ahead than before.

b) **Supply Chain solutions** - We will provide facility wherein the merchant can negotiate a good cash discount with his suppliers and use us to pay to his suppliers on immediate basis. This gives him an added mileage to optimise his margins further on same business. These all suppliers are pre-authenticated by our system using his GST and bank account details.

c) **Invoice discounting solution** - We will working with companies which supply goods and services to large companies on a regular basis and need capital for expansion of their business. We pre-authenticate their contracts and duly acknowledging invoices and provide them an invoice discounting facility through a digitally managed escrow account setup.

d) **Term Loan Solution** – We will working with companies which are associated with large companies as a supplier/dealer and need capital for expansion of their business. We enable term loan facility for their expansion needs.

3. Criteria for Anchor/Corporates selection:

We prefer to working with Anchors and corporates which have a decent track record of business of minimum 1 years and their turnover from business is not less than at least 20-30 crores per annum.

We will also happy to evaluate companies which have achieved the same level of turnover as mentioned above and are funded by leading VCs in the recent past.

4. Criteria for Distributor/retailer selection:

We prefer to working with the top 10% to 20% of the distribution chain of each anchor signed up with us. Once we make these businesses live and have a successful track record of them for at least 6-9 months in our system, then we consider opening it for the next slot of 10-15% of the distribution chain.

5. Disbursal of Principal and Collection:

Disbursal: Our system will validate each invoice before any payment will initiate from our system against limits assigned to each borrower. Supplier creation and Invoice uploaded were reviewed by a credit officer in our system for validation before payment is authorised.

Collection: We get repayment collected from each borrower from his current account on designated date as agreed at the time of sanction. We have multiple collection mechanisms ranging from daily recurring repayments for retailers to monthly repayments for others.

6. Product Flow: Supply Chain Financing & Invoice discounting

- a) **Overview:** This product flow note covers the top-level product architecture around how we are managing loan origination, documentation, credit worthiness, risk assessment and loan amount collection through our Platform.

b) Description

- **Loan Origination:**

Currently we have multiple merchant facing products which can be used to onboard merchants. We have our own Web/App through which merchants can upload required company and promoter details (GST, PAN etc) and documents (Bank statements, GST statement, Balance Sheet (if applicable), ITR statements. We have also built an SDK which can be integrated with any Application and offer an entire loan journey on a third party application.

- **Loan Application Onboarding**

We are collecting Company Details (Company PAN, GST Details, Address Proof etc) and Promoter details (Promoter PAN, Address, Video KYC/CYKC Verification, Location etc). Along with this we are collecting Bank statements through Net banking Fetch or customers can upload bank statements via Web/App/SDK. In a similar way we are collecting GST statements for our customer who will provide a GST username and credentials or can upload required GST statements through the platform. We also ask the customer to upload ITR statements. We have done integrations with multiple third party account aggregator service providers to fetch all required data to be used for credit Analysis.

- **Credit Analysis/Risk Assessment**

All data i.e transaction data between Borrower, CIBIL statements, Bank statements, gst statements, ITR etc pushed to our credit analysis engine. We compute overall Profile credit and risk score and then Bank statement score, GST Score, ITR score post triangulation Bank, GST and ITR statements. After analysing these scores our credit team takes a Go/No go decision for providing a credit limit. Our credit engine recommends the credit Limit proposed, interest rate to our credit team. Once the credit team approves the case then it

goes to Credit/Risk head for approval. Post limit approval our system push this application to our lender engine. Based on Lender credit policy and interest maximisation it pushes the loan application to the best lender who can approve this application. When the loan application case gets approved by the lender then the system sends LOI to the customer for signing digitally.

- **Post Approval Loan Documentation**

When the loan application gets approved then we send a post approval loan documentation link to the customer on Web/App/SDK. Customers can do the complete loan disbursal documentation journey digitally i.e sign KFS, e-sign Loan Agreement, E- Nach Mandate and Processing Fees payment. Once the loan documentation is complete, we send our Spoc for collecting Cheque and other important documents physically as per need. In our loan journey giving E-nach mandate is a mandatory step without this loan application would not move to disbursal state.

- **Loan Payment**

Once the loan documentation is done customers can see its approved credit limit on Web/App/SDK. We ask the customer to add a supplier as a first step before uploading invoices. Added Supplier will go to Approval flow i.e customer has to add gst and other relevant details. We will do Supplier GST, PAN, Bank details and other verification through GST, PAN Validation API. Our risk team then post verifying the supplier digitally will approve Supplier. Once the supplier gets approved then the customer can upload invoice by choosing supplier, invoice amount date, and upload invoice into the platform. Post the invoice goes for approval flow when the invoice gets approved then the lender can pay to the respective Supplier against which payments needs to be done. When the invoice gets paid then the credit limit gets reduced accordingly. Customers can track the entire invoice journey i.e status. UTR number on the platform itself. Customers can also manage supplier from the platform. The above flow works for Vendor payment. In case if the customer is on Invoice discounting then customer has to upload additional delivery proof authorised by Buyer. We will deduct Interest fees and paid remaining amount to borrower. Remaining flow remains same.

- **Loan Principal and Interest repayment**

When the invoice gets paid then the loan gets created for customer. Customer can see Loan details like Principal and interest amount on the platform. Based on days utilised interest would be charged. Customers can pay loan repayment through various mode Net Banking, UPI, Debit card etc. If the customer does pay till repayment period then the Auto-enach would deduct as per the repayment frequency decided as per loan agreement. Customers can download loan ledgers from the platform.