

PRODUCT MANUAL (Ver. 1.1):

HEAD, COMMERCIAL CREDIT
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Introduction

We, Gang-Jong Development Finance Pvt. Ltd. (GDF), since our inception, have predominantly been working in the lending space specifically target to the unique needs of marginalized communities. Over the years, we have successfully launched small ticket business loans to such communities within India. With the huge success of these schemes, now we will be foraying into the commercial lending sector with bigger ticket size, and specifically cater to those entrepreneurs who lack knowledge of intricate working of commercial lending and thus far have been unable to leverage the use of credit to grow their business.

Rationale: Our experiences in community based lending provided us with valuable insights. While lending to refugee communities, we have faced various challenges that are specific to their refugee status and their culture of the origin country, which usually goes unattended by the bigger and traditional lending institutions. Therefore, to cater to such niche market, we have come up with loan products, process and guidelines specific to their requirement and answers to the cultural barrier in regard to borrowing behavior of the target customers.

With improved loan ticket size and customized loan process and documentation, the new Commercial lending program can encourage entrepreneurs and business people belonging to the aforementioned communities to be the first generation borrowers from their respective families and enable them to achieve higher business goals.

This document will provide detailed description of the loan program, process, timeline as well as the guidelines with which we are planning to launch, monitor and improvise the product in the market.

Under this program, the approach will be to provide diverse loan product portfolio for the customer to choose from.

GDF, while implementing the program, if possible, will seek opportunity to collaborate with existing profession/occupation based organization like Tibetan Refugee Trader's Association (TRTA), Tibetan Chamber of Commerce or CTA's Administrative block in settlements (PARTNER ORGANISATION) etc and any other such community based organization. Such a partnership will enable GDF to use the partner's experience and expertise with the target communities to identify clients more effectively and improve the overall quality of loan underwriting whereas as the partner's will get exclusively designed credit opportunities for their members.

Through such small but important and gradual initiative GDF seeks to improve cooperation and partnership among various stakeholders of the community to bring sustained livelihood and economic prosperity.

General Product Description

Particulars	Details	Details
Loan Size	Upto 10 Lacs	10-20 lacs
Tenure	36 Months	36-60 Months
Interest Rate	10%	12%
Repayment Method	EMI	EMI
Processing Charges	Nil	Nil
Late Repayment Penal Charges	Rs 50/day	Rs 50/day
Pre-Payment	Allowed	Allowed
Pre-Closure	Allowed	Allowed
Pre-Closure and Pre-Payment Charges	Nil	Nil
Security	Hypothecation of Asset financed	Hypothecation of Asset/ Collateral
Guarantor	Personal Guarantee of Borrower/s	Personal Guarantee of borrower/s and Guarantee from a third party having adequate means -value of unencumbered assets of at least 1.25 times the loan value

Eligibility

1. Applicant should have a registered Business/Legally permitted business/activities
2. The member should be Green Book Holder
3. Applicant must be above 18 years of age

**Additional documents required for specific loan product is mentioned under each product*

Pre Loan Approval Documents Required: Checklist

**New businesses are those who are yet to start operation*

1. Completed Loan Application Form along with signature

2. Completed Business Plan for the loan period*

3. Completed Personal Assets and Liabilities Form

4. Passport Size Photograph

5. Know Your Customer (KYC) Document

5.1 Copy of Green book

5.2 Copy of Registration Certificate (R.C) (if available)

5.3 Copy of Aadhar Card

5.4 Copy of PAN Card

6. Business Address Proof (Existing Business)

6.1 Copy of rent agreement

7. Business Related Documents (Existing Business: Anyone)

7.1 Registration Certificate of Establishment (For Shops, Factories & Other Establishments)

7.2 Copy of Business License

7.3 Copy of GST Registration Certificate (If applicable)

8. Income Documents *(Sole proprietor and new business will submit individual documents only, while rest (Partnership and Pvt. Ltd. etc. will submit both individual's and business's Documents)*

8.1 Income Tax Returns (ITR) of last 2 years of the applicant business/proprietor or since inception of business. (if available)

8.2 Bank Account Statement of operating Account for last 12 Months or since inception of business

8.3 Balance Sheet and Profit & Loss Account Statement of the Company/Firm for last 2 years or since inception of business and estimations for next 2/3 years

8.4 Projected Balance Sheet and Profit & Loss Account Statement of the Company/Firm for the next 2/3 years

Post Approval Documents Required:

1. Loan and Hypothecation agreement
2. Personal Guarantee agreement
3. Third Party guarantor agreement
4. Loan Receipt
5. Any additional documents as per requirement will be communicated in loan sanction letter

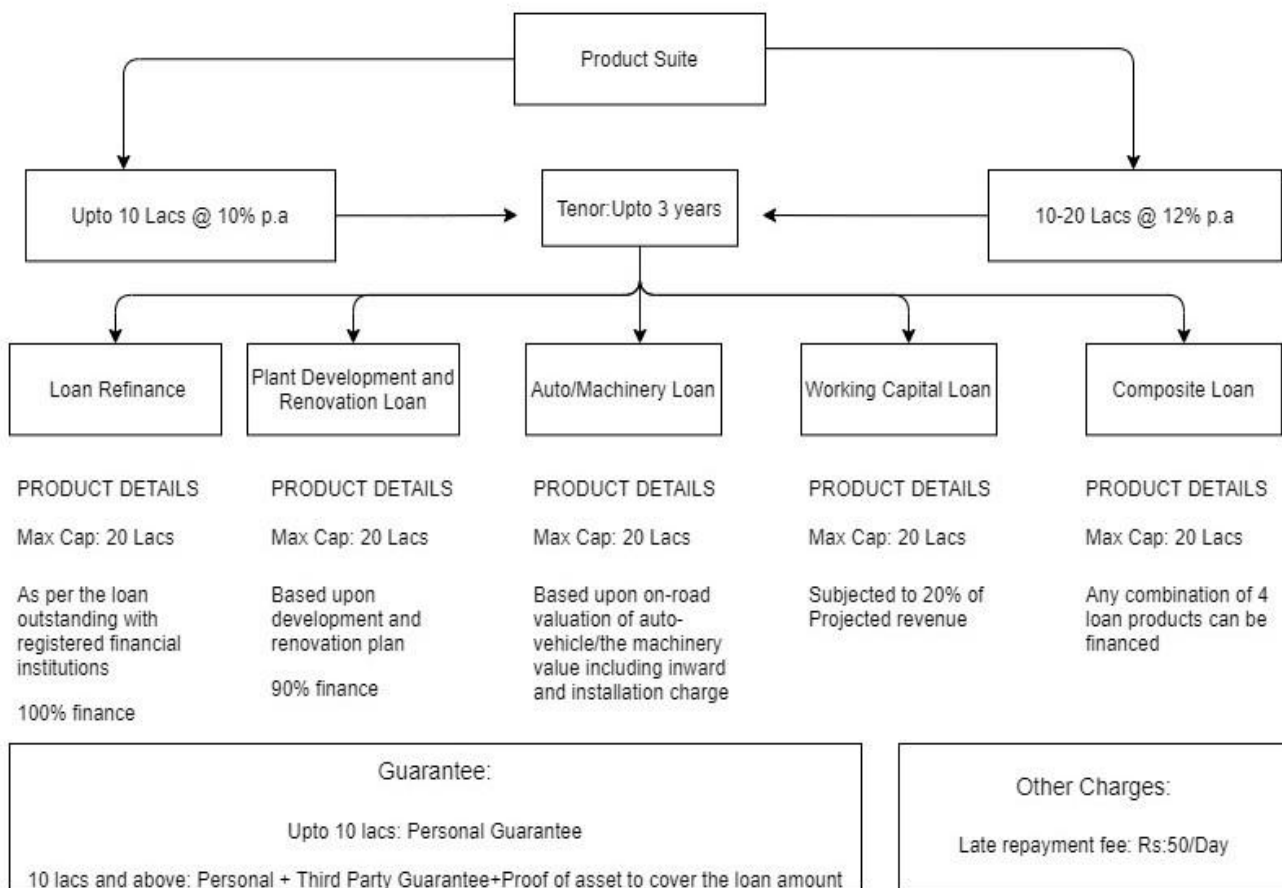
****There will be additional documents required based upon the type of loan product availed, please refer the product detail below.***

PRODUCT MIX

Gang-Jong Development Finance (GDF) offers loans broadly categorized into two main categories based on ticket size. Both categories aim at ensuring Tibetan manufacturers, traders, business, and professional service providers are catered with their unique financing needs based on their business nature.

Product such as working capital loan, auto/machinery loan, plant development/renovation loan and composite loan will be offered to both the traders and professional who are in the space of providing product and services. These products can be availed either on short-term or long-term depending on the tenor, while short-term loan has tenor up to 1-year, a long-term loan has tenor up to 3 years. While short term loans are repayable with interest in one lump sum at the end of loan period, in respect of long term loans, the borrower has to pay equal monthly installments (EMIs) throughout the tenor while repaying the loan.

GANG-JONG DEVELOPMENT FINANCE PRODUCT PORTFOLIO



Working Capital loan

For borrowers who don't have enough liquidate assets to run daily operations i.e. rent debt payments and payroll. During such times, they can apply for working capital loans. In simple terms, it's a debt that the borrower uses for its day to day operations.

Top Features

- This is a loan with ticket size up to 20 lacs, given for period of up to 36 months
- The repayment of these loans will be on monthly basis
- Interest calculation will be at monthly rest
- No processing charges
- The total financing will be up to 20% of the total projected turnover of the business
- Pre-closure and the pre-payment of such loans are all allowed at no additional cost or penal charges
- Late Repayment fees of INR 50/day will be charged

Additional Requirements

- Borrower must submit financial projection of the business for the next year.
- Hypothecation agreement of existing and future stock of business will be executed.

Auto/Machinery Loan

Auto/machinery loan is aimed at helping manufacturers, enterprises and service providers (restaurant/cab drivers etc) to acquire financing in order to buy and purchase new and more efficient equipment, machinery and auto vehicles for their business needs

Top Features

- GDF will finance up to 20 lacs, given period for up to 3 years
- The repayment of these loans will be on monthly basis
- Interest calculation will be at monthly rest
- Pre-closure and the pre-payment of such loans are all allowed at no additional cost or penal charges
- The total financing will also be subjected to 75% of the total value of the machinery including transportation and installation charges and of the on road price of the vehicle
- Total value will be based upon the **quotation** submitted for the machinery/auto vehicle
- Asset generated will be taken as collateral and third party guarantee will be if the loan size exceeds 10 lacs

Additional Requirements

- Borrower must submit valid driver's license in event of individual driver (Auto Loan) and submit relevant documents
- Quotation of the on-road price of vehicle/machinery
- machinery to be financed along with installation and transportation charges
- Vehicle/machinery financed to be hypothecated to GDF

Refinance Loan

This product is to provide alternative to borrower's who have already financed their business requirements but are interested in repaying that existing debt with a new one when the borrower deems is reasonable.

Top Features

- GDF will finance up to 20 lacs, given period for up to 3 years
- The repayment of these loans will be on monthly basis
- Interest calculation will be at monthly rest
- Pre-closure and the pre-payment of such loans are all allowed at no additional cost or penal charges
- The total financing will also be based on total loan outstanding against the borrower including principle and any other charges involved in loan foreclosure.
- Any asset hypothecated/guaranteed to the lender against the loan will be evaluated and hypothecated/guaranteed as required

Additional Requirements

- Loans from registered money lending institute will be financed.
- Borrower must submit all documents pertaining to the existing loan with details including loan sanction letter, current loan outstanding and total amount to be paid for fore closure of the loan

Plant Development/Renovation

Plant development and renovation can be costly affair. Therefore, this product will cater such capital intensive requirement of businesses and the borrower can use the fund to not only do repairs on the existing plant but also purchase new furniture, fittings and furnishings be it sofas or electronics to heavy equipments use in kitchens of the restaurants.

Top Features

- GDF will finance up to 20 lacs, given period for up to 3 years.
- The total financing will also be subjected to 90% of the total development/renovation plan
- The repayment of these loans will be on monthly basis
- Interest calculation will be at monthly rest
- Pre-closure and the pre-payment of such loans are all allowed at no additional cost or penal charges
- Total value will be based upon the **plan** submitted.
- Asset generated will be taken as security and third party guarantee will be required as per general product description

Additional Requirements

- Renovation/Development plan must be submitted along with cost break up and should be legally compliant.
- if any asset financing is involved, it will follow the financing procedure of machinery loan and the product will be under the category of composite loan
- Pre-renovation site images to be submitted while applying for the loan
- Post-renovation site images to be submitted after the development or renovation

- Emphasis will be on covering new and small enterprises in the manufacturing as well as services sector

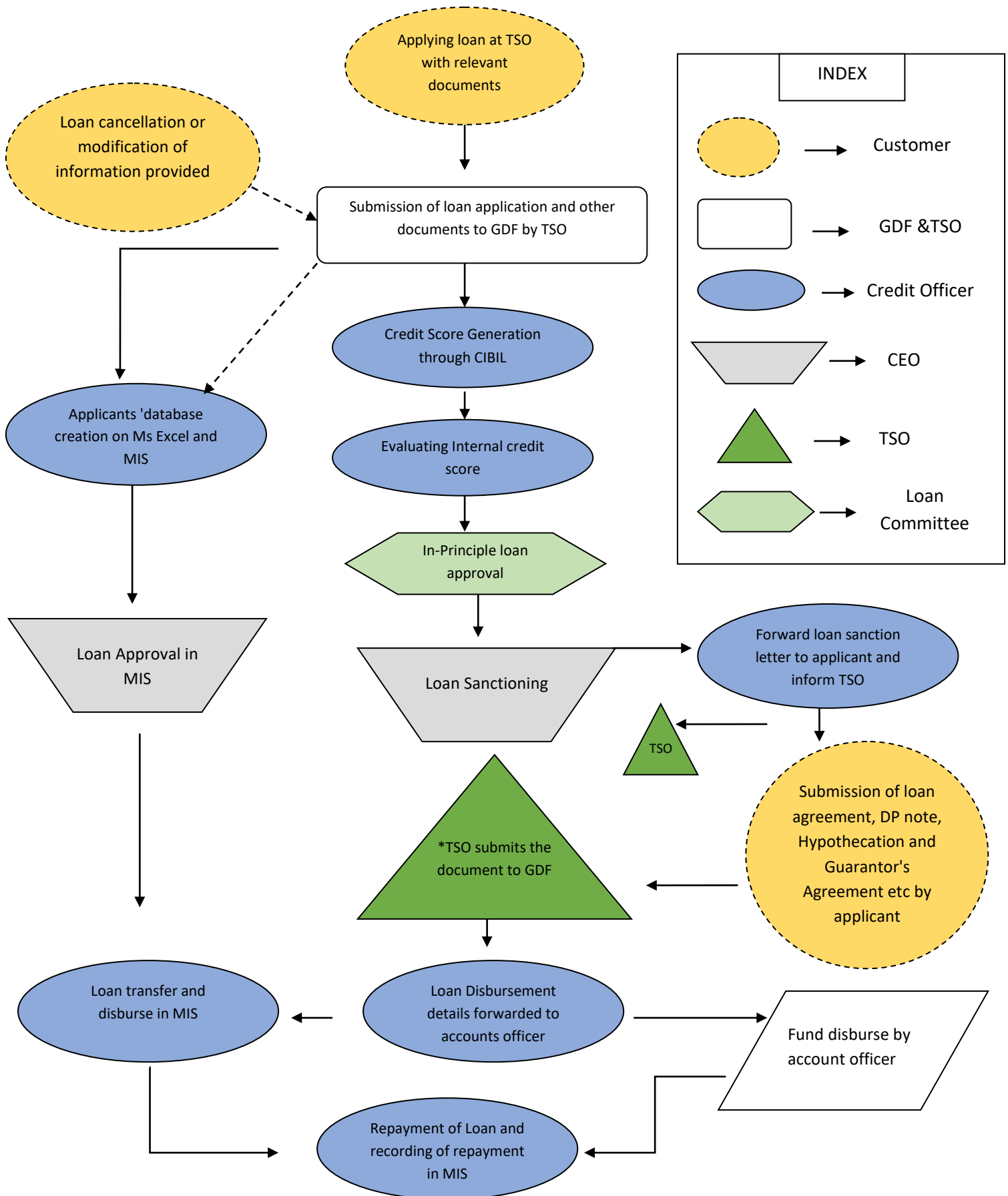
Composite Loan

Businesses sometimes are faced with requirement to expand business on multiple front i.e. plant development, buying new equipment refinancing old loan or increase stock etc. Such requirement will be catered with Composite loan where the loan will consist of multiple components. The amount required and the approval procedure will be based upon the each of the product specific requirements.

Top Features

- GDF will finance up to 20 lacs, given period for up to 3 years
- The repayment of these loans will be on monthly basis
- Interest calculation will be at monthly rest
- Pre-closure and the pre-payment of such loans are all allowed at no additional cost or penal charges
- Asset generated will be taken as security and third party guarantee will be required in case loan amount exceeds 10 lacs

Standard Operating Procedure: Loan Process



1. APPROACH SETTLEMENT OFFICE OR ANY OTHER PARTNER ORGANIZATION BASED ON THE LOAN SCHEME AND SUBMIT BASIC INFORMATION AND CREDIT PROFILE INFORMATION

Borrowers while making initial approach will visit partner office and submit their basic information and business profile according to the format prescribed by GDF. During this exchange, partner organization and GDF will explain the loan process to the borrower and will seek the documents required for loan processing.

2. APPLICATION FILED AT PARTNER ORGANIZATION/SECTION

During the Application submission stage, the applicant along with the application form will submit following documents:-

- a. Business plan, if new business or required
- b. Asset Liability sheet of the applicant and guarantor (Separately)
- c. All the documents as per the checklist

During this process The TSO will thoroughly verify the Identification proof and other details before submitting the scan version to the GDF office.

3. TRANSFER OF APPLICATION AND THE OTHER REQUIRED DOCUMENTS TO GDF

As the application and all the annexure is received by TSO, they will certify the basic information and will provide recommendation through a letter for the applicant. This recommendation letter will be a part of the overall KYC process of the applicant

All the documents should be attested by TSO before submitting to GDF. A scan version as to be emailed first at tibetfinance@tibet.net and later the original has to be mailed at below address

Commercial Credit Department
Gang-Jong Development Finance PVT.LTD.
C/O Department of Finance, Gangchen Kyishong
Dist: Kangra 176215, Dharamsala
Himachal Pradesh, India

Initially only the scan version has to be sent, so that in the event of loan sanctioned to an applicant, further paperwork will be requisite which will again add to the loan file to the applicant. Post disbursement all the relevant original paperwork in the loan file will be forwarded to the GDF office and a complete set of scan version will be kept at the TSO.

4. LOAN ASSESSMENT BY CREDIT OFFICER

Upon receiving the scan version of the initial loan related documents, Credit officer will initiate the appraisal process which will include KYC verification and others documents as per the checklist.

The whole appraisal process will be broadly categorized into three elements:-

- a. Applicant's background verification
- b. Proper authorization for the applicant to conduct the said business and verification of the business existence
- c. Health of the business and future growth potential of the business

GDF will follow their internal assessment process that will include any or all of the below mentioned points:

- a. Analyzing the business through its financial statement.
- b. Evaluating the borrower based on internal credit score mechanism.
- c. Analyzing the CIBIL Credit score, if available.
- d. Analyzing the borrower's net worth.
- e. Any other parameter/s to be decided by GDF in due course as required for strong due diligence

5. UNIT INSPECTION

Whenever feasible, the credit officer will personally or through authorized agents of GDF (partner organization) will review the project by inspecting the unit and authenticity of the information provided to GDF through the application form and other documents. Such visit might also include further evaluation, additional information and documents required if any over the already submitted documents.

Upon the inspection, if there are significant discrepancies between the information provided and the actual state of the business, GDF reserves the right to reject the application.

6. PREPARATION OF CREDIT APPRAISAL MEMO AND FINANCIAL DATA

The credit officer will submit the appraisal report to the concerned authority for approval in the form of loan appraisal memo along with financial data like principal amount to be sanctioned along with repayment schedule highlighting the potential interest income. Based upon the appraisal GDF at its discretion may approve the loan limit, reduce the loan limit or reject the loan proposal submitted by the applicant through verbal or written communication (including email/sanction letter)

7. LOAN APPROVAL BY CONCERNED AUTHORITY

After the due assessment by the credit officer, He will present the assessment report before the appropriate credit committee along with all the available documents related to the loan for final review.

There are different levels of credit committee as per the quantum of loan to be sanctioned.

Credit Committee Structure:

- Loan Committee I – 3 Members – Managing Director, any one of Director/Chief Executive Officer/GM/AGM, One Project Officer (other than the one presenting the proposal): Loans up to Rs 10.00 Lacs
- Loan Committee -II – 3 Members –Managing Director, Director and anyone of Director/CEO/GM/AGM as the case maybe – Loans Above Rs 10.00 Lacs to Rs 20.00 Lacs
- Full Board: Loans Above Rs 20.00 Lacs

8. LOAN SANCTIONING

With loan sanctioning, GDF will forward an in-principle loan sanction letter to the applicant directly or through partner organization as required, which will bear the following details:

- a) Loan details like ticket size, tenure, interest rate, repayment method and a tentative disbursement date along with the repayment schedule and other details like account details for the repayment etc.
- b) It will also contain the quantum and nature of assets that will be used for hypothecation in favor of GDF and details of collateral security-Personal Guarantee, Third Party Guarantee, Mortgage of properties as the case maybe

Loan Sanction letter will also contain a cut-off date for submitting all the required documents, failing which the in-principle loan sanction letter will stand void and the loan application cancelled.

9. POST APPROVAL DOCUMENTATION.

Once the loan is sanctioned, the applicant will execute in GDF's standard format all the documents required for loan documentation. For reference below is the list of those documents:

1. Loan and Hypothecation agreement
2. Personal and Guarantor's agreement/s
3. If any other required, GDF will communicate it to the borrower and the partner organization.

For the ease of documentation, we will provide the content for these agreements that will be available at the partner organization's office. But the charges incurred to prepare these documents will be borne by the borrower such as stamp duty, legal charges if any etc.

The applicant has the responsibility of ensuring he/she understand the clauses and prepare the same as per the rule of law on a stamp paper

- a. The primary asset required for hypothecation will be the asset generated through the funding and any other asset of the business
- b. If GDF deems the primary asset inadequate, then it will analyze the Asset liability statement and invoke personal guarantee in such cases
- c. In case of loan above 10 lacs, GDF will require collateral security in the form of mortgage of property/charge on movable assets/guarantee of a person of adequate worth (Net value of un-encumbered assets above 125% of the loan).

10. LOAN DISBURSEMENT

GDF will execute the loan disbursement on the day mentioned in the sanction letter and into the account, for which the details are available in the applicant's loan application form subjected to the condition that the terms and conditions in the sanction letter are duly followed.

11. LOAN REPAYMENT

Borrowers are encouraged to follow the NACH system for repayment. Although they can also transfer the repayment into the GDF's account as per the repayment schedule into the account detail provided along with sanction letter.

1. GDF will charge penal interest on every EMI left unpaid after the due date at Rs. 50/day and the cycle monthly cycle will be from N to N-1 i.e. 16th August to 15th September.
2. Pre-closure and prepayment will be allowed to the borrower at no additional cost or charges.

12. MONITORING/INSPECTION

During the loan tenure, until there is outstanding balance in the applicant's loan account, GDF or any of its authorized representatives can carry out inspection of the applicants business, the plant or any asset attached to the loan account. The applicant shall extend full cooperation and assistance in the conduct and the performance of such inspections.

13. LOAN CLOSURE

GDF shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claims; GDF may have against the borrowers. If such right to set off were to be exercised, the borrower would be given notice about the same with full particulars about the remaining claims and the conditions under which GDF are entitled to retain the securities until the relevant claim is settled/paid.

We will ensure that the charge over any security provided by the customer is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the customer:

1. Payment of all dues by the customer
2. Transfer of account and consequent settlement of all dues
3. Closure of the loan file in due course following settlement as per agreement



In the event any other right or lien exists, the customer will be notified about the same with full particulars thereof.

14. Recovery

If any recovery proceedings need to be initiated, these will be conducted in accordance with the rights provided under the Agreement and in accordance with legally accepted norms. GDF will not resort to coercive measures (like persistently bothering at odd hours, use of muscle power, rude behavior or harassment from any of the staff of the Company) for recovery of loan.

Repossession of Security

1. GDF have the right to take possession of the Asset by giving 30 days' notice to the Borrower to clear the dues. Such notice need not be given in the following circumstances:
 - a. When the Borrower agrees for waiver of such notice.
 - b. When the Borrower has expressed his willingness to surrender the possession of the Asset voluntarily.
 - c. When there is reasonable apprehension to the lender or its officers/agents that such notice may defeat the taking of possession of the Asset due to any foul play or forcible resistance from the part of the Borrower/Guarantor
 - d. When the Asset remains abandoned by the borrower for any reason
 - e. When the Borrower ceases to exist
 - f. When the Borrower has absconded with a view to prevent the recovery of the dues from him.
 - g. For any other similar reasons so as to facilitate peaceful taking possession of the Asset by the Lender
 - h. On such other conditions as mentioned in the loan agreement
2. The procedure for taking possession of the Asset includes:

- 
- a. When the borrower fails to follow the demand made in the above referred notice, the lender may approach appropriate forum for an order enabling it to take possession of the asset by suitable ways either by way of a commissioner or receiver
 - b. By asking the customer personally to surrender the assets at a place convenient to the lender
 - c. By compelling the Borrower to hand over possession through the authorities so as to prevent the use of the Asset by the borrower
 3. The above two clauses (1 and 2) are not applicable to the cases wherein the borrower surrenders the Asset voluntarily.
 4. Provision regarding final chance to be given to the borrower for repayment of the loan before the sale / auction of the property
 - a. The company may, at its discretion, give a last notice, to avoid provisions under this clause, to repay the dues within 7 days, and in the event of failure of borrower and/or guarantor to repay within the allowed period, the company is entitled to take possession of the asset/ vehicle and transfer it in any form like sale, rental and conversion for own use etc., in the way convenient to the company and appropriate the proceeds thereof towards repayment/dues from the borrower. This right to transfer does not take away the sole discretion of the company to return the possession of the asset in appropriate cases
 5. If such sale proceeds are insufficient to discharge the entire dues, lender shall move further against the Borrower and/or the Guarantor and if the sale proceeds exceed the due, the balance shall be paid to the borrower when he claims it. However, the above entitlement is no bar for the lender to proceed against the Borrower and/or Guarantor directly, sparing the proceedings against the security.
 6. The lender is entitled to recover from the borrower all types of expenses on full indemnity basis, incurred by or on behalf of the lender in ascertaining the whereabouts of the asset, taking possession, garaging, insuring, transporting and selling the asset and also for other legal steps in connection with this agreement.
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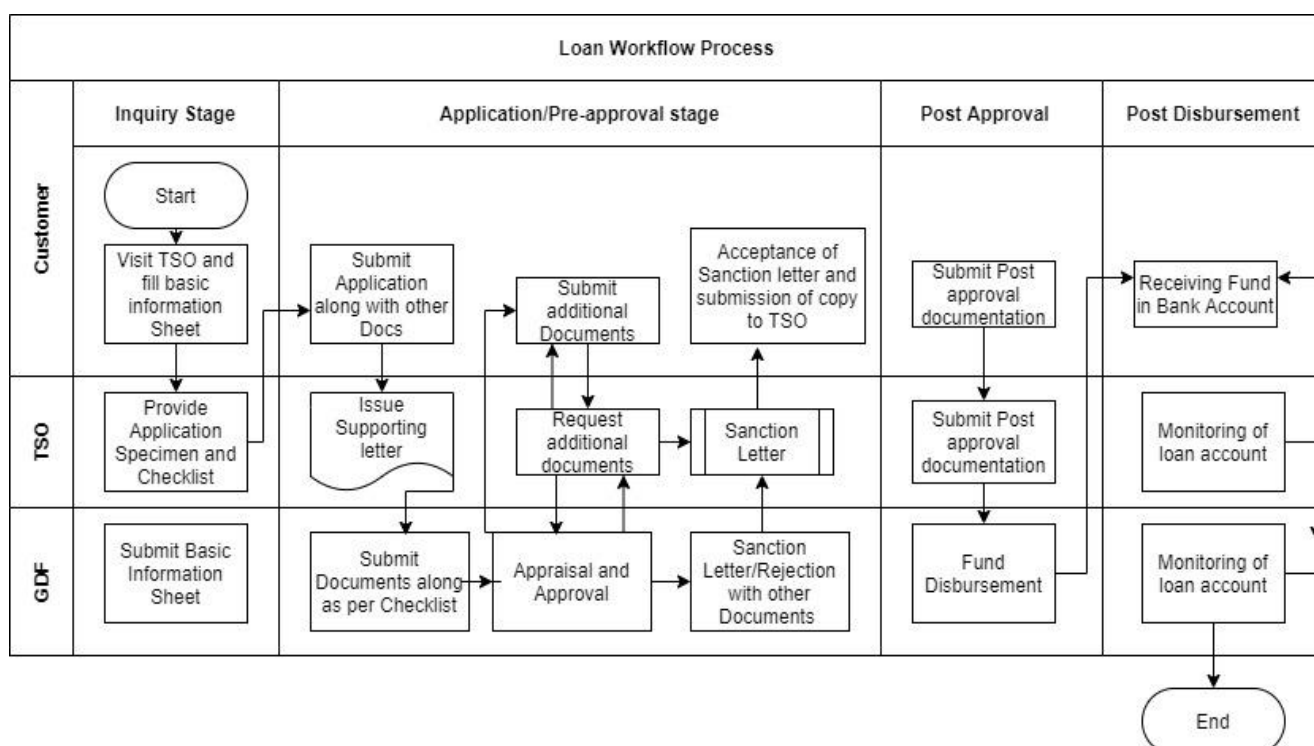
Frequently Asked Questions (FAQ)

1. Is there a specific period to apply for the loan?

Unlike Tibetan Refugee Livelihood Support Program (TRLSP), the Commercial Loan Program will not bind by any period for application submission unless specifically specified while scheme launch.

2. Who all can apply?

Any Tibetan entrepreneurs through the settlement office.



3. Can I apply if I am already a beneficiary of other loan scheme by GDF?

Currently, our policy allows one loan scheme for a family at a given time. Hence, if the applicant is an active client of GDF, He/she must wait until the existing loan tenure is finished or close the existing loan account before availing any other loan scheme.

4. Can I change my details provided in application after the submission of loan application?

Allowing any such changes will be based on the specific case, although such changes will require the applicant to notify partner organization, revise the document and submit it again through partner organization.

5. Is there any option for tailored moratorium period or repayment schedule?

Currently, there is no option for the borrower to avail any moratorium period on loans sanctioned by GDF except under circumstances as may be notified by the Reserve Bank of India

6. Who are partner organizations?

GDF from time to time will collaborate with various institutions/ organizations to provide financial access to the targeted clients. Such collaboration will help GDF to leverage these partner organization's experience and knowledge of the potential customer and result in more efficient underwriting process.

7. How many partner organizations are there currently for GDF?

Currently for general public, Tibetan Settlement Offices will be the point of contact through and through they can apply for credit facility from GDF.

While in future, GDF might explore many such partnerships which will bring synergy between GDF and such community based institutions. Ultimately, resulting in better effectiveness and efficiency.

8. Any future credit scheme in the pipeline?

Any such schemes will be announced through official website of Central Tibetan Administration (<http://bod.asia/>) and through GDF's Official website (<https://gangjongdevelopmentfinance.com/>).

9. In the event of unforeseen contingencies, can an individual apply for small ticket loans?

Yes. GDF's products are specifically designed to meet the need of their potential clients. Hence, in such aforementioned events, the loan products will always be available for general public.

Contact Information

For any queries please contact:

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