

Credit Policy

SERVITIUM MICRO FINANCE PRIVATE LIMITED

Document Name	Servitium Micro Finance Private Limited – Credit Policy
Reviewed By	Board of Directors
Approved By	Board of Directors
Policy reviewed date	31/08/2026

1. **Purpose:** To seek Board approval for adoption of revised, updated and comprehensive Microfinance loan policy covering all the products and processes and associated NPA management policy/framework to ensure 100% compliance with RBI Master Direction – NBFC- MFI issued time to time.
2. **Background-** Company is registered as NBFC –MFI with RBI. The company is already having one microfinance loan policy. However, to diversify risk and to meet customer demand in West Bengal, Bihar and adjoining states (Rural, semi urban/Urban areas), Management proposed now the revised, updated and comprehensive microfinance loan policy. Further a structured NPA management policy is required for better portfolio health which will now form part of the comprehensive loan policy.
3. **Key Proposals:**

A) Eligibility and Target Group:

Borrower	18-60 years, resident of operational area of at least 2+ years and not a NPA borrower of any MFI/Banks
Target Segment	5-30 economically active married women having total household income upto 3 lacs are eligible to apply loan
Purpose /Business	To provide collateral free income generation loan as under: Group of 5–30 economically active married women having total household income up to Rs.3,00,000/- are eligible to apply for loan. •Self -managed businesses •Small shop keepers •Vegetable Vendor •Animal husbandry business •Tailoring business •And profiles with regular and sustainable cash flows Loan cannot be used for illegal, speculative or anti-social activities
Geographical Limit/Operational Area	1Km from centre and upto 20 KM radius from the microfinance branch .
Group/Individual	SHG/JLG of at least 5 women or individual
Exclusion /Non-Target Segments	The following are not eligible for a loan •Political Leaders •Big Land lords. •Wine/Liquor shop owners •Police & lawyers and their immediate family members •People running finance & chit funds business •People involved in real estate business. •People with bad credit history. •Government employees •Temporarily rehabilitated people

B) Products and features:

Loan Products & features – As per Annexure -1A, 1B & 1C (attached).

C) Parameter :

First Cycle/1 st Loan /Initial Loan	Upto Rs. 35000/-		
Second and Subsequent Cycles	Upto Rs. 60000/- but upto Rs. 10000/- max increase after each cycle /previous loans		
Eligibility of next cycle	Either full Payment of earlier loan or not more than 3-6 EMIs left		
Loan Tenure	Particular	Loan Tenure	
	Up to Rs. 40K	12/14/15 months	
	>Rs. 40K to 60K	14/15/18 months	
	>Rs. 60K	18/24 months	
Repayment /Mode /schedule	Weekly /Bi-Weekly/Monthly instalments to be paid in cash / as digital methods at centre meetings to the Relationship Officer. In no circumstances coercive methods should be used against clients for recovery of dues/ defaults.		

D) Pricing :

Interest – MFI loans for SHG/JLG and individual microfinance loan	To be decided by BOD time to time based on market conditions and RBI directive, to be calculated on reducing balance basis . Presently – 27.50% For CGTMSE sanctioned loan – 26.50%
Processing charges	To be decided by BOD time to time based on market conditions Presently – 1.50% For CGTMSE sanctioned loan – 1.50 %
Insurance	Both Credit life and Hospicash – optional with written consent , premium to be borne by borrower
Pre-closure	Permitted after payment of 3-6 EMIs without any penalty.
Late Payment fee	Nil
Transparency	All charges to be mentioned in pass book/loan card . To be Displayed in branch notice board . No hidden charges

Illustrative Factsheet on Pricing of Microfinance Loans – Annexure -1 E

E) Appraisal Norms/Credit Decisions

The credit decision to be taken on following Criteria :

Financial criteria	a) Annual household income only upto Rs. 3.00 lakhs b) Total monthly household obligation including proposed loan only upto 50% of monthly household income .
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	The details can be cross verified using credit bureau report
Credit Bureau Check	Equifax/Highmark/Experian/CIBIL check for indebtness
Non – Financial Criteria	a) Age 18-60 Years for both applicant and co-applicant b) Health Condition – Must be sound c) Residents stability –Min. 2 years in the locality and 6 months in own house d) Group Guarantee e) Composition- 5- 30 members in a centre
Capacity assessment	Household cash flow analysis
Group Dynamics	a) Group to be made by clients themselves not by the staff. b) All the clients at a centre are willing to take each other's responsibility and give mutual guarantees. c) Members should attend group meetings regularly.
Field Verification	a) Home Visit by COs, BMs backed by Aadhar, Voter cards b) Group Formation , CGT/GRT c) Geo Tag
Meeting	Fortnightly centre Meeting for collection, generation of loan applications and financial literacy.
Group training	1 -2 Days CGT+ GRT before disbursement Attached CGT – Annexure 2
Indicative Methodology for Household Income Assessment	Annexure – 3 attached
Delegated authority for sanction of loan	HO Level credit Hub.

F) DOCUMENTATION : Cut & paste (4)

Application form	Duly filled and signed application form in Vernacular required.
Photograph	2 Colored passport size photographs of applicants along with.

Proof of identity/ existence	<u>Primary Document</u> UID (ADHAAR) is Optional, but first preference is Adhaar. Adhaar number of the clients has been masked in our system. A consent letter from client to be obtained if UID is given as primary ID .If UID is not available Voter ID as per EC website can be accepted. <u>Secondary Document</u> • Voter ID first choice • Pan Card • Passport • Driving license • Scheduled Bank passbook with applicant's photograph and seal. • Letter issued by /Revenue Officer/ Village Administrative Officer. • Ration card in respective customer's namewith photo. • Letter from a recognized public authority or public servant. • Ration card in respective customer's namewith photo. KYC documents' photo copies only need to be taken. (Originals not required) originals KYC will be uploaded in our system.
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Comprehensive Group Training (CGT) and Group Recognition Test (GRT): Each applicant should undergo a comprehensive group training (CGT) irrespective of loan cycle. Credit Officer (FO) is primarily responsible for CGT. The focus of the training should be on:

- Developing Group responsibility and joint liability among the members.
- Informing clients about terms and condition of the loan like interest rate, processing fee, insurance premium, loan documents etc.
- To check that all the members know each other
- To check whether the house of the client is not located more than 1.0km from the Centre meeting place.

Group Recognition Test (GRT)

All customers who have attended CGT) should appear for the test called GRT conducted by the Branch in charge. The purpose of GRT is :

- To check that all members are meeting the credit criteria.
- To understand that all clients are familiar with each other.
- To ensure there are no agents involved in sourcing and all applicants are willing to take each other's responsibility for repayment.
- To check that all documentation norms with respect to KYC are met or not.
- Household Income & expenses assessment.

During the GRT, Branch Manager needs to verify the given ID and Address proofs

with originals and needs to sign with date on application. Geo location captured at customer house point and need to photo captured of branch manager.

a) AGENDA for CGT :

1. Greet the customers & Self-introduction
2. Introduce Servitium Micro Finance Pvt. Ltd. and other group companies and its products.
3. Give customers the address and telephone numbers of the Microfinance branch office/Distribution of palmlet explaining noagents, no bribes etc.
4. Centre responsibility and liability must be clearly explained, so that it is understood by all the members during CGT.
5. Credit Officer (FO) needs to make them understand that with joint liability the customer has to take the responsibility of repayment if any customer makes default in the centre.
6. Instruct the customers about member and group discipline.
7. Explain the need of attending centre meeting on time regularly.
8. Sign the attendance register.
9. Loan repayment in the centre meeting on time
10. Explain the importance of updating the loan cards, maintaining meeting minutes/ register and copy of scroll sheets.
11. Collect KYC documents and photos.
12. Fixing Centre meeting place, day & time
13. Complete Loan application documents duly signed
14. Explain the loan disbursement process and bank transfer
15. For any clarification/Grievances client can contact the branch staff or in the number given in the loan card.
16. Question & Answers. (Annexure – 2)

The person who can manage the responsibilities should be nominated as by the center precedent, secretary, cashier members on CGT. Before the approving a loan Branch manager should ensure the following criteria are met by each individual.

- i) Group Guarantee / Joint responsibility.
- ii) Income criteria and loan Eligibility
- iii) Repayment capacity
- iv) Age and Health.
- v) Residence stability and distance from branch and centre
- vi) Documentation criteria
- vii) CGT is conducted or not for all the clients.

b) AGENDA For GRT :

- a. Verification of Loan Documents and OSV sign
- b. Verification of KYC documents with Original
- c. Recommendation of Credit in charge based on Credit bureau check

- d. Branch Manager / In charge should sign in the CPV as part of approving the loan as per policy
- e. Geo location capture
- f. Income assessment.
- g. Expenses assessment.

G) LOAN DISBURSEMENT & COLLECTION PROCEDURE :

- Disbursement should only happen through direct bank account.
- Loan can be disbursed only to customers those have passed Credit Bureau check & passed GRT.
- The date & time for disbursement should be intimated to the customers according to the system generated of running day.
- Ensure the clients have relevant contact numbers of branch, Branch Manager, Credit Officer (FO) & Head Office.
- Credit Officer must hand over updated Loan Card to members immediately after loan disbursement.
- After disbursement collection will start after a cooling period of 14 days / 1 month as the case may be.

UPI/QR to be encouraged

H) Recruitment / Training / monitoring of Employees :-

- a. Check Manpower Planning matrix once every week and identify manpower gaps.
- b. Post Ad based on manpower gap and filter Resume
- c. Do initial telephonic interview.
- d. Schedule face-to-face interview for shortlisted candidates.
- e. Cross-check Bio-data form to see whether candidate fulfills all criteria as per policy.
- f. Conduct face-to-face interview by MF HR.
- g. Do Mandatory Credit Bureau test for candidate and reject if there is any adverse report
- h. For ABM candidate or higher candidate to meet HR Head.
- i. If candidate clears all rounds of interview, fix PSO (pre service orientation) for the following week.
- j. For ensuring conduct of the candidate is good, a background verification is initiated if necessary.
- k. Qualifications of Field Executive
 - i. Minimum HS intermediate Qualified.
 - ii. Fresher or 1+ Year experienced in any field.
 - iii. Age between 18 to 35
 - iv. Driving License mandatory
 - v. 2 Wheeler Mandatory
 - vi. Aadhaar card Mandatory

a) Training :

Once the employees have joined with our organization the said employee will be directly taken in to a HR introduction part on about the company & the products. The training module consists of:

- Work timing
- Leave Policy
- Attendance and payroll
- Dress code & Hygiene
- HR Policy - id card
- PROBATION period
- Disciplinary Action
- Resignation Policy
- Employee Benefits-ESI etc.
- Promotion Policy.

b) Process Training :

The staff will be then trained by the HR regarding the products & its process for operations to the newly joined staff.

- LOAN Product overview
- Abbreviations
- Loan Eligibility criteria
- Target segments
- Loan product features
- Loan repayments
- Group parameters
- Group composition Check list
- Overview - CGT & GRT
- Customer loan eligibility check
- In Detail CGT & GRT
- Loan documentations
- Second /Subsequent cycle loan
- Loan disbursement procedure
- Centre meeting seating pattern

c) Customer Interaction Training:

- How to greet the customer.
- Induction about the company to the customer
- Brief detailed view about the products & the service.
- Collection details & how to receive the collection.
- How to deal the Arrear & NPA Customer
- How to maintain a good relationship with the customer.
- Collection updating.
- 02nd cycle loan to customers.
- Collection follow ups
- Prohibition of abusive languages / coercive measures.
- Special session on regulatory circulars , credit policies.

d) Field Training –

- Once the induction for the staff & process training is finished. The Employees will be given a field training for their practical experience for 1 week.

- How to calculate the customer's income & debt of their household.
- How to know the financial stability/ repayment capacity of the customer.

By the end of the module, the employee will be able to understand:

- Company History of Servitium Micro Finance Group
 - Understand and Recall the Vision & Mission of the organization
 - Know Our Management
 - Understand our business model
 - Explain our product range and identify customer segments
 - Know our regulators
 - Understand your roles, responsibilities and compliances
 - Customer interactions & activities
- d) **Refresher Trainings** – Periodic trainings are to be conducted frequently to update process, System & policies through online as well as offline methods

G) Disciplinary Actions:

Misconduct like misappropriation of cash/manipulation of bank accounts/cash book /wrong and wilful incorrect entries in passbook and any other financial frauds on any of the products or services offered by the company and or indulging in any activities which will tarnish reputation of the company – drunkenness, misbehaviour or other anti- social or unethical activities etc will attract corrective/ Punitive actions. These includes following:

1. Demotion 2. Withholding of salary/increments 3) Termination of services 4. Transfer

H.) RISK MANAGEMENT & PORTFOLIO QUALITY

PAR 30 Target	<2%
NPA Norm	> 90 DPD
Write off Of Bad Debts	After 180 DPD with Board approval
Internal audit	As per audit Policy
Fraud Control	Passbook Check, , Surprise Audit , Etc and as per Audit Policy

G) COMPLIANCE:

- a) 75% of the total assets should be qualifying assets
- b) Reporting to RBI/Credit Bureaus
- c) Annual review of the policy by the BOD
- d) Data Privacy as per IT Act

I) Customer Protection - Fair Practices Code:

- a) No Coercive Recovery
- b) Grievance Redressal – Toll Free number
- c) Transparent Pricing displayed at all Branches.
- d) Fair Practice Code Displayed at all Branches.

NPA MANAGEMENT POLICY:

Objective-

To ensure timely identification, monitoring and resolution of stressed assets in line with RBI norms for NBFC- MFIs.

NPA Classification:

As per RBI Master direction, an account shall be classified as NPA if it remains overdue for more than 90 days as under:

Standard – 0-90 DPD, Provision -0.25% of Outstanding

~~Substandard – 91-180 Days, Provision – 50% of the aggregate loan installments~~

Doubtful/Loss - >180 DPD- Provision 100% of the aggregate loan installments

Overall Provision should be maintained more than 1% of the outstanding loan portfolio as per extant RBI Guidelines or higher as per the regulatory requirements.

Provision to be done on quarterly basis or intervals as deem fit by the managing Director.

Collection and Recovery Process:

1. 0-30 DPD- CO Call/SMS+ centre Meeting –follow up. HO recovery cell follows up
2. 31-60 DPD- BM-CO Follow UP. RM Visit. Group follow up. HO Recovery Cell Follow UP
3. >90 DPD- Account Classified as NPA. Follow up by CO/ BM/RM/ HO Recovery cell- ADM to personally Monitor- May go for Compromise Settlement.
4. High PAR branches to get weekly monitoring by Ho, Recovery Cell

Restructuring & Moratorium:

On- time restructuring may be permitted with valid reason only by HO Recovery dept based on recommendation by BM/RM/ADM. Apart from above moratorium/restructuring may be permitted for flood/Cyclone and for other natural calamities in notified districts/States.

Write Off :

Accounts to be written off after 180 days DPD subject to 100% provisioning and Board Approval. Recovery efforts to continue post write off.

Reporting:

Branch wise PAR, NPA and Provisioning report along with written off accounts to be reviewed by Recovery cell on every weekly basis and to be submitted to MD on monthly basis and to BOD on quarterly basis. Internal Audit/ACB to review NPA accounts quarterly.

Recommendation:

The Managing Director placed before the Board the following proposal for approval /Noting:

1. For Approval of revised, updated and comprehensive microfinance loan policy (2026-27) including SHG/JLG, Individual, along with NPA Management policy as contained in the note (SMPL/08/2026-27 dated: 14/08/2026
2. Noting of Review of the existing Gold loan policy approved by BOD by circulation vide memo no. SMPL/07/2025-26 dated 02/02/2026 (**attached Vide Annexure – 4**)
- 3) Noting of Review of the existing compromise settlement policy (**attached Vide Annexure – 5**)
- 4) HO level Credit Hub is authorised to approve microfinance loans as per the policy.
- 5) HO level recovery cell is authorised to approve compromise settlements in NPA as per the policy.
- 6) Managing Director may be authorised to
 - a) Make modifications in the policy guidelines as and when feel necessary to meet regulatory and operational needs.
 - b) Issue and sign all necessary circulars , forms , documents or may authorise some senior officials in HO /Operation in signing the same for operational convenience & implementation .

For Servitium Micro Finance Private Limited,

SERVITIUM MICRO FINANCE PVT. LTD.

Subrata Ghosh

Managing Director

(Subrata Ghosh)

Managing Director

Enclosed annexure as contained in the note

List of Annexure :

Annexure – 1A : Loan Product & Features

Annexure – 1B : Modification proposed for availing new loan for existing and new clients.

Annexure – 1C : Modification proposed for launching new products for existing and new Clients.

Annexure – 2 : CGT Question & Answers

Annexure – 3 : Indicative Methodology for Household Income Assessment

Annexure – 4 : Gold Loan Policy

Annexure – 5 : Compromise Settlement Policy

BOARD RESOLUTION:

Resolved That the

- 1) Revised, Updated and Comprehensive Microfinance Loan policy including SHG/JLG, individual loan along with NPA Management Policy as placed before the BOD vide Memo No. : SMPL/08/2026-27 dated: 14/08/2026 be and hereby approved and adopted with immediate effect.
- 2) Noted Review of the existing Gold loan policy approved earlier by BOD by circulation vide memo no. SMPL/07/2025-26 dated 02.02.26 (attached Vide Annexure – 4)
- 3) Noted Review of the existing compromise settlement policy (attached Vide Annexure – 4)
- 4) **Resolved further that,**
 - a) HO level Credit Hub is authorised to approve microfinance loans as per the policy.
 - b) HO level recovery cell is authorised to approve compromise settlements in NPA as per the policy.
- 6) Managing Director is authorised to
 - a) Make modifications in the policy guidelines as and when feel necessary to meet regulatory and operational needs.
 - b) Issue and sign all necessary circulars, forms, documents or may authorise some senior officials in HO /Operation in signing the same for operational convenience & implementation.

Annexure – 1A

Loan Product & Features

NAME OF PRODUCTS	PURPOSE	GROUP SIZE	RE-PAYMENT COLLECTION	LOAN AMOUNT	LOAN TENURE	Minimum Interest rate (%)	Maximum Interest rate (%)	Average rate of Interest (%)	LPF (ON LOAN AMOUNT)	INSURANCE FEE (P/A)
SUJALA	INCOME GENERATING LOAN	10-30	FORTNIGHT	UP TO 40,000	12-18 MONTHS	27.50%	27.50%	27.50%	1.50%+GST	AT ACTUAL
SRIJAN	INCOME GENERATING LOAN	10-30	FORTNIGHT	45,000 - 70,000	12-18 MONTHS	27.50%	27.50%	27.50%	1.50%+GST	AT ACTUAL
NIRMAL DHARA	SANITATION LOAN	10-30	FORTNIGHT	30,000 - 50,000	12-15 MONTHS	27.50%	27.50%	27.50%	1.50%+GST	AT ACTUAL
UNITY SFB BC SARAL LOAN	INCOME GENERATING LOAN	-----	MONTHLY	60,000-1,00,000	24 & 36 MONTHS	28.00%	28.00%	28.00%	3.00%+GST	AT ACTUAL
Micro Gold Loan	Personal / Business	-----	MONTHLY	10,000 – 2,00,000	3/6/9/12 MONTHS	25.00%	26.00%	25.50%	1.00+GST	-----

Annexure-1B

Modification proposed for availing new loan for existing and new clients

Particulars	New Loans can be granted to new clients	Fresh Loans can be granted to Existing clients	Deviation Proposed
Write Off (Others MFI)	Where no written off history for last 02 years	No written off for last 02 years	Nil
Overdue Amount (Others MFI)	No loan can be given if there is any overdue	Loans can be granted if: - a) Overdue DPD (Day per due) < 7,500/- b) Last 06 months running with full EMI	New loan can be granted if DPD < 90 days but EMI running regularly & DPD outstanding <Rs. 20,000/- and Last 06 months running with full EMI
O/S excluding proposed SMPL Loan	Up to Rs. 2,00,000/- Allowed (MFI Loan)	up to Rs. 2,00,000/- Allowed (MFI Loan)	New loan can be granted where Outstanding Balance (all put together) Rs. 300000 maximums for existing clients (MFI Loan)
FOIR %	50% if Annual Income is up to 3,00,000	50% if Annual Income is up to 3,00,000	No deviation proposed

Special Note ##

- 1) If the credit history and the Behavior of clients is not satisfactory no loan should be granted.
- 2) In case of Bihar state, the new loan will be provided per borrower maximum of Rs. 35,000/- only. However, branch manager is permitted to consider maximum Rs. 40,000/- on case-to-case basis depending on his judgement.
- 3) For Bihar state, the monthly repayment option may be permitted along with fortnightly repayment option presently in vogue. Suitable modification in the system to be done in this regard.

Annexure-1C

Modification proposed for launching new products for existing and new clients

PRODUCT NAME	Tenure in Month	Loan Amount	EMI Amount	No. of Installment	Repayment frequency	Applicable Region
SUJALA	12	20000	2000	12	28 Days	Madhepura
SUJALA	12	25000	2500	12	28 Days	Madhepura
SUJALA	12	30000	2950	12	28 Days	Madhepura
SUJALA	15	35000	2900	15	28 Days	Madhepura
SUJALA	15	40000	3300	15	28 Days	Madhepura
SRIJAN	18	45000	3200	18	28 Days	Madhepura
SRIJAN	18	50000	3500	18	28 Days	Madhepura
SHREEBRIDHI	24	60000	3350	24	28 Days	Madhepura
SHREEBRIDHI	24	70000	3900	24	28 Days	Madhepura
SHREEBRIDHI	24	80000	4450	24	28 Days	Madhepura
SHREEBRIDHI	24	90000	5000	24	28 Days	Madhepura
SHREEBRIDHI	24	100000	5550	24	28 Days	Madhepura
SHREEBRIDHI	24	60000	1520	52	14 Days	All Except Madhepura
SHREEBRIDHI	24	70000	1780	52	14 Days	All Except Madhepura
SHREEBRIDHI	24	80000	2030	52	14 Days	All Except Madhepura
SHREEBRIDHI	24	90000	2280	52	14 Days	All Except Madhepura
SHREEBRIDHI	24	100000	2550	52	14 Days	All Except Madhepura

Annexure – 2

CGT Question & Answers

Question	Answers(Yes)		Answers(No)
Introduction of SERVITIUM and banking partner			
Goals and objectives			
Characteristics of the group			
Group attribute			
Meaning of the group responsibility			
Member Eligibility			
Credit bureau information			
Customer information from information & Its Verification			
RBI Guidelines			
High debt			
Damage information			
Verification and Member house			
Signature and practices			
Purpose of loan			
Presence			

Annexure – 3

Annex I (cf. Para 4.1 of RBI Directions)

Indicative Methodology for Household Income Assessment

1. For undertaking the income assessment of a low-income household, information related to following parameters may be captured by the lender:

(i) Parameters to capture household profile

a) Composition of the household i. Number of earning members ii. Number of non-earning members

b) Type of accommodation (owned/ rented, etc.)

c) Availability of basic amenities (electricity, water, toilet, sewage, LPG connection, etc.)

d) Availability of other assets (land, livestock, vehicle, furniture, smartphone, electronic items, etc.)

(ii) Parameters to capture household income

a) Primary source of income

i. Sector of work (Agriculture & allied activities, trading, manufacturing, services, etc.)

ii. Nature of work (Self-employed or salaried, regular or seasonal, etc.)

iii. Frequency of income (daily/ weekly/ monthly)

iv. Months/ days of employment over last one year

v. Self-reported monthly income

vi. Average monthly income (to be derived from (iv) & (v) above)

b) Other sources of income

i. Remittance ii. Rent/ Lease iii. Pension iv. Government transfer v. Scholarship vi.

Others (specify details)

c) The income assessment as above may be carried out for all earning members with respect to all sources (primary or secondary) of income. While assessing income of all members from all sources, it may be ensured that there is no double counting of income such as counting of salary income of one migrant member also as remittance income for the household. While the income computation may be done on a monthly basis, the income assessment for all members and sources may be carried out over a period of minimum one year to ascertain the stability of the household income.

(iii) Parameters to capture household expenses

a) Regular monthly expenses (food, utilities, transport, house/ shop rent, clothing, regular medical costs, school/ college fees, etc.) b) Irregular expenses over last one year (medical expenses, house renovation, purchase of household goods, functions, etc.)

2. Self-reported income at 1(ii) above may be corroborated with the profile of household at 1(i) and household expenses at 1(iii). Further, household income may also be verified from other sources (bank account statements of the borrowers, group members, other references in the vicinity, etc.).

Indicative Methodology for Household Income Assessment			
SL No	Assessment Category	Sub Category	Score
1	Availability of Land		
2	Type of House		
3	Availability of Toilet		
4	Medical Facility		
5	Type of Cooking		
6	Access to Electricity		
7	Type of Children Studying Facility		
8	Access to Smart Phone Or Land Line		
9	Main Income Source of Family		
10	Type of Ration Card		
TOTAL SCORE			

Annexure – 4

Gold Loan Policy of Servitium Micro Finance Pvt. Ltd.

Memo no. : SMPL/07/2025-26

Dated : 02/02/2026

Subject: Proposal for Launch and Implementation of Micro Gold Loan Product

Mode of Approval: Circulation under Section 175 of the Companies Act, 2013

1. Background & Business Rationale

Servitium Micro Finance Private Limited (SMPL) proposes to introduce a Micro Gold Loan product as an additional secured lending offering to strengthen portfolio diversification, enhance secured asset exposure, increase customer retention, and improve liquidity cycles. The product involves extending short-term, small-ticket loans against pledge of gold jewellery belonging to borrowers, with minimal documentation, quick processing, and reduced credit risk owing to collateral-backed lending.

2. Target Customer Segment

The product will cater primarily to existing SMPL customers, micro and small entrepreneurs, Agree operations & Agri allied activities petty traders, farmers, rural households, daily wage earners, informal income groups, and women borrowers possessing household gold jewellery (Both productive & non-productive purpose).

3. Eligibility & Documentation Requirements

- a) Advances against gold ornaments should be confined to parties whose bonafides and respectability are established to the complete satisfaction of the Bank and those having account compliant with the KYC norms.
- b) Advances can be granted only to the true owner of the gold ornaments. A declaration to this effect should be obtained that the gold ornaments tendered belong to the pledger and that he/she has the right to sell, pledge or dispose of the ornaments (this declaration is incorporated in the Application Cum Security Delivery letter - Form 89 E provided as **Annexure I**).
- c) Advances should be only against gold ornaments & coins purchased from banks and not against gold bullion or gold biscuits.
- d) Coins marketed by other agencies are not eligible for loan purposes.
- e) Advance against pledge of gold coins should be disbursed only against the coins which are already purchased and possessed by the intending borrowers and in no case, loan should be sanctioned for purchase of new coins and subsequent/simultaneous pledging of the same.
- f) The facility of advances against the security of gold coins per customer is restricted to gold coins weighing up to 50 grams.

- g) Jewel loans should not be granted for any speculative purposes.
- h) While granting advances against gold ornaments, the provisions of the gold control laws or any other Government regulations applicable to gold should strictly be adhered to and should ensure that various instructions issued from Central Office are strictly complied with.
- i) In case of illiterate borrowers, photograph should be obtained, if not obtained earlier.
- j) Branches are required to display and update the details of service charges in the notice board and at the prominent place in the branch to enable the bank customers to know the service charges and fees prevailing in the bank for various services.

Eligibility criteria include individuals aged between 18 and 65 years, from salaried, self-employed, business, agriculture or pensioner categories, owning and submitting gold jewellery for pledge, and complying with applicable KYC requirements. Documentation will include valid identity proof, address proof, photographs, loan agreement and gold pledge documentation.

4. Product Features & Financial Parameters

Loan Tenure (Month)	Loan Limit (In Lakhs)	Rate of Interest	LPF (%)	Appraisal Charge **	Repayment Mode
3	Min 10,000 – Max 2 Lac	26.00%	1.00% + GST	Nil	Interest to be serve on monthly basis & principal on maturity/EMI Method
6	2.00	26.00%	1.00% + GST	Nil	
9	2.00	26.00%	1.00% + GST	Nil	
12	2.00	26.00%	1.00% + GST	Nil	

The jewel appraisal charges should be borne by the intending borrower and paid by him/her directly to the appraiser and under no circumstances, the fees to the appraiser should be debited to the loan account. It should not also be passed through any other books of the Bank. It is desirable that appraisal charges should route through both customer and appraiser's account. The rates at which these charges are to be collected are advised by Central Office from time to time.

Particulars for Gold	LTV Percentage (%)
18 Karat	75
20 Karat	75
22 Karat	75
24 Karat	75

5. PROCEDURE FOR GRANTING THE JEWEL LOAN

- a) The applicant for the loan should approach the Branch Manager/Officer-in-Charge of the jewel loan with his jewels, who will hand over the jewels to the appraiser for weighing, appraisal and certification.
- b) The borrower should furnish in the application form, full particulars of the jewels as well as description of the individual ornaments, purity of the gold and details of activity.
- c) The Bank's approved application format to be used by branches for application/other forms related to jewel loan sanction/disbursement
- d) The application forms should be signed in full by the borrower at the places required therein.
- d) Gold ornaments with fineness below 18 cts. should not be accepted for jewel loan.
- e) The details of the jewellery appraised and valuation of each item of jewellery should be mentioned by the Jewel Appraiser in the space provided in application under his signature.
- f) The Officer shall verify and ensure that the particulars such as Gross Weight, Net Weight and description of Jewellery pledged have been mentioned in the application.
- g) Branches do not have discretion to sanction Jewel Loans to the close relatives (i.e. Father, Mother, Spouse, Brother, Sister, Son or Daughter) of Jewel Appraisers.
- h) The Officer/Manager shall verify and ensure that the particulars such as Gross Weight, Net Weight and description of Jewellery pledged have been mentioned in the application.
- i) The eligible loan amount against the security and the rate of advance permitted to be informed to the borrower prior to sanction.
- j) In case of illiterate borrowers, photograph should be obtained, and Left Thumb Impression (LTI) should be taken on the loan application form. in the presence of the Officer and a respectable person known to the Bank as witness. An employee of the bank should not act as witness. The official and the witness will identify the left-hand thumb impression both on the loan application form. Further they will record on the application form under their signatures that the contents of the form as well as rules have been read and explained to the applicant in a language known to him and having understood the same affixed his Left-Hand thumb

impression in their presence.

- k) The loan amount will be disbursed in full and should be credited to the borrower's SB/Current account.

6. Customer Origination Channels

Customers shall be sourced through branch walk-ins, field officer sourcing, door-to-door marketing, referrals, tele-calling of existing and past customers, digital / social-media leads, and local partnerships.

7. Gold Assessment, Valuation & Storage Controls

Operational workflow shall include assessment of gold weight and purity, valuation based on approved rates, computation of eligible loan amount as per LTV, packaging of pledged gold in tamper-proof packets, photographing, vault storage under dual-control, CCTV surveillance and maintenance of vault registers, along with prescribed data-security and branch-safety protocols.

8. Repayment Structure

Borrowers may repay the loan through EMI mode, bullet repayment (principal at maturity with monthly interest), or part-payment during the tenure, through permitted repayment modes such as UPI, net-banking and cash, as applicable.

9. Risk Management & Compliance Framework

The product shall be operated in compliance with applicable regulatory, KYC and operational guidelines. Detailed SOPs, internal controls, audit mechanisms, pricing review, LTV monitoring, insurance, storage safeguards and reconciliation controls shall be implemented and reviewed periodically.

10. SAFE KEEPING OF SECURITIES

- a)** The gold ornaments must be placed in a strong cloth bag of adequate size and the bags are to be kept in wooden or steel trays meant for jewel bags, in the serial order of the loan numbers for quick and correct identification. These trays must be kept inside a separate fireproof safe under the joint custody of the Manager and the Deputy Manager or Assistant Manager. They should not be held in the safe where cash is kept. In the case of branches managed by single officer, the jewels pledged to the Bank should be kept in a separate safe under the joint custody of the Manager and a clerical staff member, who is not entrusted with the cash keys and as per seniority of the branch.
- b)** The appraised jewels along with Appraiser's Certificate should be taken to safe custody by the BM/ Officer immediately after the appraisal of jewels and before the release of loan. Receiving the appraised Jewel Packets in bunches at the end of the day should be avoided as a risk mitigation measure.
- c)** The authorized joint custodians should not hand over their keys freely to the other officers. Whenever, the custody of jewels is authorized transferred from any custodian to any other

officer/ clerical staff, the transfer should be effected after signing in the key movement Register. It should also be noted that none of the joint custodians should delegate their powers to any other person to operate the jewel safe during the period of his/her custody.

- d)** Immediately after lodgement of ornaments by the borrower the jewel loan bag should be transferred to the safe after the details are entered in the Jewel Movement Register (Register of Jewels Lodged/withdrawn from safe). The securities must be entered in the Register whenever they are lodged or taken out of the safe. The Register contains the information relating to date of lodgement /withdrawal, loan number, number of pieces in the jewel loan bag and the total number of jewel loan bags in the safe. Branches should keep this Register inside the safe along with the jewels, under joint custody. This register must be signed by both the joint custodians every time during lodgement and withdrawal, and both must verify the number of pieces in the jewel loan bags for correctness.
- e)** The securities should be arranged serially in the jewel safe.

11) WEIGHING BALANCE

- a) The weighing balance machine used for weighing of the gold ornaments/ jewellery must be purchased/owned by the Bank.
- b) The weighing balance machine must be certified by Dept. of Weights and Measures once in a year or before the due date of renewal to comply with the requirements under Weights and Measures (Enforcement) Rules prevailing in the respective States.
- c) Electronic weighing machine should be used, preferably for weighing the gold ornaments/jewellery.
- d) Accuracy of the weighing balance machine to be cross checked with the help of weights on daily basis before commencement of business.
- e) It is also necessary that the certificate of verification is exhibited in the branch Notice Board.

12) PROCEDURE FOR CLOSING JEWEL LOAN

- a)** On full repayment of a loan, together with up-to-date interest, the ornaments held as security should be returned to the borrower against his receipt for the ornaments delivered.
- b)** Borrower should be asked to produce the triplicate copy of the Jewel Loan Card at the time of taking delivery of jewels on full satisfaction/ recovery of the loan, including other charges if any. If the card is not produced by the borrower, any remittance towards the jewel loan is to be accepted and acknowledged by the branch, but the borrower should be asked to produce the card at the earliest possible time to enable the branch to enter the remittances in the relevant column of the card, duly authenticated by the joint custodians.
- c)** The details mentioned in the third copy of the borrower's card must be verified with the other two copies of the cards while parting with Jewellery.
- d)** Branches must match the printed serial number of the card with that of the two copies of cards available

with the branch.

- e) Signatures of the joint custodians in the third copy must be matched with the same in the other two copies of the cards.
- f) As and when the jewel loan is closed, all the three copies of the Jewel Loan Cards should be attached to the loan application, all marked "Account Closed".
- g) The account should be closed in CBS before release of gold ornaments
- h) The returning of the jewels to the borrowers should be done in the presence of the authorized officer and the second custodian of the jewels. The gold ornaments held as security should be returned to the borrower against his receipt for the ornaments, delivered.
- i) The acknowledgement for receipt of the jewels should be taken in the jewel loan application itself after incorporating suitable words in this regard. The receipt should state that ornaments returned are complete and in order. The signature of the borrower who will receive the jewels/gold ornaments has to be verified with the same in the loan application form/documents. After branch is satisfied that it is in order, gold ornaments may be delivered to the borrower.
- j) If the borrower is unable to produce the third copy of the Jewel Loan Card, the loan may be closed and redemption of jewels permitted, provided utmost care is exercised to ensure that the borrower is properly identified before the jewels are released to him and receipt for the ornaments redeemed, obtained from him in the jewel loan application. Letter of indemnity as per Annexure II should be obtained from the borrower. A suitable note is to be made in the Jewel Loan application about non-production of the card and the letter of indemnity should be kept along with the application and other copies of the Jewel Loan card, in closed documents file.
- k) The right of general lien/ set off is applicable in case of the gold loan and the clause to this effect is incorporated in the application cum letter of pledge.
- l) In the case of illiterate persons, utmost care should be taken while delivering the jewels. His/her Left Thumb Impression should be obtained attested by a Person known to the Bank. It is to be ensured that the gold Jewellery is returned to the pledger only and not to any third party.

13) REAPPRAISAL OF GOLD JEWELLERY

As a risk mitigation measure, and to have quality check, the gold securities are Reappraised in the following instances.

- Quarterly Reappraisal of Gold Loans
- Detection of Spurious
- Gold Loans Termination of Jewel Appraiser
- Reappraisal of Gold Jewellery at any other instances like reappraisal during Statutory Balance sheet audit etc.
- Pre-disbursement Reappraisal of Gold Jewellery when the sanction amount exceeds Rs.10 Lakh.

14) ENGAGEMENT OF JEWEL APPRAISER

- a) Great care should be taken while recommending Appraisers for appointment on commission

basis with special reference to the integrity, standing etc., of the appraisers. The credibility of every existing appraiser at branches should be gone into and the desirability of retaining them should be examined periodically by the Branch Manager.

- b) Guidelines on engagement of Jewel Appraisers is enumerated in our circular ADV/14/2024-25 dated 25.04.2024.

15) POST SANCTION FOLLOW-UP OF JEWEL LOANS

- a) A declaration is to be obtained from the borrower for utilizing the loan proceeds for the purpose/s as stated in the application.
- b) As a risk mitigation measure and to have quality check, branches are reappraising the jewel loan sanctioned on various occasions. All branches granting jewel loans shall be covered under the reappraisal procedure during every quarter and any deficiencies observed in the loans sanctioned should be rectified immediately.

16) IRAC NORMS FOR NPA CLASSIFICATION OF JEWEL LOANS

Category	Scheme Parameter	Norms
Agriculture	Loans against Gold Ornaments for crop cultivation	Based on crop season
	Loans against Gold Ornaments for investment credit/ Land Development activities	Based on crop season
	Loans against Gold Ornaments for allied activities	90days from date of overdue
Non-Agriculture	Retail/ MSME	90days from date of overdue

- Under short duration crops, if the instalment of principal or interest thereon remains overdue for two crop seasons.
- Under long duration crops, if the instalment of principal or interest thereon remains overdue for one crop season.

To these guidelines, 'long duration' crops would be crops with crop season longer than one year and crops, which are not "long duration" crops, would be treated as 'short duration' crops. The crop season for each crop, which means the period up to harvesting of the crop raised, would be as determined by the State Level Bankers' Committee in each State.

17) AUCTION OF JEWELS

Care should be taken to ensure that at any point of time, the realisable value of jewels pledged is not less than the outstanding in the loan account. Action for auctioning the jewels pledged in the overdue jewel loan/Agri jewel loans accounts should be initiated, before the outstanding amount in the loan account exceeds the realisable value of jewels pledged.

When an advance has become overdue and it has been decided to enforce the security by the Bank, a reasonable notice should be given by the branch to the borrower, notifying the intention of sale of the gold ornaments pledged as security to the Bank.

Such a notice should be sent by Registered Post with acknowledgement due. When the notice issued by the Bank is refused by the borrower, it must be kept unopened and held with the relative loan documents, so that it may be produced in Court, if necessary, as evidence of the notice having been sent.

It should ordinarily be possible by tactful handling to avoid extreme measures for recovery of the outstanding. Sale of jewels by public auction should be resorted to only after prior approval is obtained from the Regional Office. In their reference to the Regional Office for their sanction, branches should list out all the irregular loans giving the particulars of:

- (1) Loan Number
- (2) Date of Advance
- (3) Amount of Original Loan
- (4) Present outstanding
- (5) Amount recoverable but not debited to the a/c so far
- (6) Gross weight
- (7) Net Weight and
- (8) Fineness.

Branches should observe the following guidelines in the event of auction of jewels.

(i) Branch should, first, issue a Registered notice with Acknowledgement Due calling upon the borrower to adjust the loan account and take delivery of the jewels within fifteen days from the date of branch letter and advising that, in the event of the borrower failing to do so, the jewels under pledge to the Bank would be sold by public auction on a specified date without any further reference to the borrower entirely at the risk, responsibility and cost of the borrower, and, if there is any shortfall

in the loan account after adjustment of the sale proceeds less cost of auction, the bank shall proceed against the borrower.

(ii) If there is no response from the borrower, branch must publish the sale in one local daily preferably vernacular, in consultation with the Regional Office and thereafter proceed with the sale.

(iii) Branches should not allow our staff members to participate in the auctions.

(iv) The notice to be published in the newspapers having wide circulation in the area of operation of the concerned branch, preferably in Regional language inviting the intending bidders to inspect the jewels at the branch during office hours on any working day.

(v) Another notice should be exhibited in the Branch Notice Board, containing particulars such as the name of the borrower, description of the jewels, their weight, the date of sale along with the following conditions: -

(a) That immediately after the sale, the highest bidder should deposit 25% of the bid amount.

(b) That the sale will be subject to confirmation by respective Regional Offices.

(c) That in case the sale is confirmed, and bidder intimated, he should deposit the balance amount on the stipulated date (three days from the date of receipt of intimation confirming the sale) and in the case the bidder defaults to do so, the deposit amount paid by him stands forfeited.

(d) That in case, the sale is not confirmed, the bid amount would be returned to the bidder without interest.

(e) That the Bank is not liable for the quality / quantity of the jewels.

(f) that the bank's decision on finalizing the auction (either to accept or to reject) is final

(g) that the bank has every discretion to postpone or cancel the auction without assigning any reason therefor

(vi) The auction should be conducted in the presence of respectable persons as witnesses and a full record of the auction duly authenticated by the witnesses should be kept at the branch.

(vii) While auctioning, a minimum bid amount of 80% of the current market rate per gram should be insisted upon. The market rates will be available in all the newspapers.

(viii) Jewels relating to each loan should be taken up for auction separately.

(ix) On the date of auction sale, the intending bidders should sign their names and furnish their addresses on a separate sheet, before commencing the auction.

- (x) After commencement of the sale, each bidder's bid should be noted against their names and at the close of the sale, the signature of the highest bidder should be obtained in the sheet, countersigned by the Manager and Deputy Manager/Assistant Manager of the branch. This should be kept as part of the record of the jewel loan document.
- (xi) Where various items of jewellery are pledged by the borrower, the branch shall auction only as many items of jewellery as are necessary, to clear the liability and the remaining items are not to be auctioned.
- (xii) Care should be taken to see that Branch realises proper prices. If the Manager suspects that the bidders have formed a syndicate and feels that the highest bid is not a fair price, the sale need not be concluded that day but adjourned to a later date.
- (xiii) Branch should recover the charges for the publication of the advertisement in the newspapers also from the proceeds of auction and should not debit the profit and loss account.
- (xiv) The items of jewellery sold in the auction should be handed over to the purchaser and his receipt obtained.
- (xv) Borrower should also be intimated of the auction particulars and the sale proceeds of the jewellery, by Registered Post Acknowledgement Due. All charges are to be recovered from surplus of the sale proceeds. Balance amount of the sale proceeds should be credited to the SB account of the borrower or remitted by means of a Demand Draft.

If the proceeds from the auction sale are not sufficient to liquidate the outstanding in the Jewel Loan Account, branches should take immediate steps to proceed legally against the borrower for recovering the shortfall, in consultation with the Regional Office.

- (xvi) Report of auction should also be sent to the Regional Office at the earliest.

Annexure – 5

Servitium Micro Finance Private Limited

Compromise Settlement Policy

INTRODUCTION of Compromise Settlement Scheme - 2026

Introduction

Servitium Micro Finance Private Limited (SMPL) is registered as a Non-Banking Financial Institution under section 45 I A of the Reserve Bank of India (RBI) Act, 1934. As per the registration granted to SMPL it is currently classified as a Non-Banking Finance Company-Micro Finance Institution under Base Layer.

SMPL has adopted the Self-Help Group (SHG) Model for its Micro Finance Business and is also providing Individual Micro Loans (IML). The company is presently running its operations in two states of the country, and its operations are being undertaken with a mix of manual as well as technology-based efforts.

Presently our company does not have any compromise settlement scheme for NPA/ Write off/ Bad debts accounts. However, we have been approached by both borrowers and field functionaries for having a dedicated scheme which will be Non-discretionary and Non-discriminatory in nature for Resolution of NPA accounts for: -

- a) Substandard Assets
- b) Doubtful and Loss Assets.

Above **Compromise Settlement Scheme – 2026** is effective from **01/02/2026** and valid up to **31.03.2027** and the details of Compromise Settlement Scheme–2026 is mentioned hereunder.

All Branches/Regions are advised to take a note of the same and make best use of the **Compromise Settlement Scheme – 2026** to maximize the NPA recovery and for reduction in NPA outstanding. No power to be given to branch manager/officers/RMs/ADMs for any Compromise Settlement. Branch/RMs/ADMs should act only as a recommending authority.

DELEGATION OF POWERS Under normal circumstances for the proposal recommended for settlement by the field functionaries - an illustration

Sanctioning authority for Compromise Settlement proposal maximum up to 50% of NPA dues (Including Interest) for bad debts & 35% for NPA >90 days as under

Loan Status	Due amount	Waiver (%)	Waiver Amount	Settlement Amount
Bad Debt	25000	50%	12500	12500
NPA>180 days	20000	35%	7000	13000

Over and above following DELEGATION OF POWERS can be exercised at HO committee level- an illustration

Sanctioning authority (HO Committee) for Compromise Settlement proposal up to 60% of NPA dues (Including Interest) including write off/ Bad debts accounts.

Loan Status	Due amount	Waiver (%)	Waiver Amount	Settlement Amount
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Bad Debt	25000	60%	15000	10000
NPA>180 days	20000	60%	12000	8000

***MD is authorized to take a call on compromised amount over and above 60% waiver as stated here in above if required on case-to-case basis.**

Following are the members of the HO level compromise settlement committee: -

1. Managing Director
2. Departmental Head (MIS & Risk)
3. Operation Head
4. Zonal Head
5. Recovery Head
6. Credit Head

Quorum: - Any three (MD's presence is must i.e. any two members plus MD)

Committee will sit as an when required.

Validity of the scheme

The Compromise Settlement Scheme – 2026 is effective from 01/02/2026 and valid up to 31.03.2027.

INELIGIBLE ACCOUNTS FOR Compromise settlement

1. Fraud Borrower account

Incentives scheme for field level functionaries on NPA/Bad Debts Recovery through compromise settlements.

1. Objective

To accelerate recovery in NPA accounts and reduce the company's stressed asset portfolio, this scheme incentivizes field level functionaries who directly contribute to cash recovery through compromise settlements are faster and more cost-effective, proactive effort at branch/field level is critical.

2. Eligibility

Incentive is admissible to branch officials/ Managers/ RMs who are directly involved in identification, negotiation and closure of compromise proposals.

3. Incentive Structure- slab based

Loan Status	Compromised Amount	% of Incentive	Total Incentive	Collector Incentive	BM Incentive	RM Incentive
Bad Debt	12500	20%	2500	1875	500	125
NPA> 180 days	13000	15%	1950	1462.5	390	97.5

4. Additional Incentive

Apart from above compromise settlements, incentives may also be given to field level staff for normal collection only from bad debt/ Write off accounts as under:

Loan Status	Collection Amount	% of Incentive	Total Incentive	Collector Incentive	BM Incentive	RM Incentive
Bad Debt	1000	15%	150	112.5	30	7.5

Branch manager to submit monthly incentive claim details to Head office by 10th of next month and to head office recovery department for monitoring.

5. Validity of Incentive to be provided: Effective from 01/02/2026 & up to 31-03-2027, extension subject to performance

Conclusion:

Field functionaries who bring cash back to the company will share in the gain but strictly as per policy with full documentation and ethical recovery practices.

All staff members are advised to act proactively, maintain transparency and uphold integrity. RMs/ Zonal head/ OM shall monitor progress under this scheme and ensure that the spirit of the policy-recovery with empathy is followed in letter and spirit. The success of this initiative depends on your commitment. Let us collectively work towards a stronger balance sheet and a culture of responsible recovery.

This policy comes into force with effect from 01/02/2026 and shall remain valid up to 31-03-2027 subject to periodic review.