

# GTP FINANCE LIMITED

## Credit Risk Assessment Matrix

### 1. Borrower Risk (20)

	Maximum Marks
a. Constitution (Individual/Partnership Registered/Unregisterd/Trust/Society/Limited Companies)	2.5
b. Age (Young Entrepreneur/Middle Aged/Old Aged)	2.5
c. Educational Qualification (Matriculate/Technical Qualification/Non Technical/Enterprise Trained)	2.5
d. Line of Current Business (Start up/Experienced)	2.5
e. Family Background (Already in the same line, Unconnected, Enterprising)	2.5
f. Present Annual Income (Source of Income, Verifiability EMI/NMI ratios)	2.5
g. Previous Credit History (Track record with us, Opinion reports of other credit agencies, New Entrant)	2.5
h. Cibil Score (Low/Medium/High)	2.5

### 2. Business Process Risk (15)

a. Nature of Activity (Whether Service/Manufacturing/Consumption Credit)	3
b. Design/Production Model (Time Tested, Certified. New Technology)	3
c. Sourcing (Availability of raw material, Spares, Packing Materials, Seasonlity)	3
d. Alternate Inputs	3
e. Distribution Network (Whether upported by a network/Sole Distributors, Direct Marketing)	3

### 3. Market Risk (15)

a. Acceptability of the service / Product	3
b. Competition	3
c. Nature of the consumer(s)	3
d. Credit worthiness of the consumers	3
e. Market promotion capability	3

4. Management Information Systems (10)

a. Accounting Standards	4
b. Internal Audit/External Audit	3
c. Information Technology Systems/Back up	3

5. Physical and Financial Resource Management (15)

a. Availability of manpower	3.75
b. Human resources management skills	3.75
c. Budgeting/Planning/Review Mechanisms	3.75
d. Credit Collection Mechanism/Efficiency	3.75

6. Regulatory Risk (15)

a. Tax Compliance	7.5
b. Licencing Procedures	7.5

7. Environmental Risks (10)

a. Social Acceptability	4
b. Hazardous Nature	3
c. Political Horizons	3

Credit Concentration (10)

Security

Primary (10)

Collateral (10)

Nature of property

a) Land with Building

b) Industrial property

c) Agricultural Land

Tenor (10)

Geographic Location (10)

NB:1. Maximum scores 150

Low risk > 110

Medium risk > 70 to 110

High risk between 40 and 70

Avoid : less than 40

For each sub traits marks will be assigned with brief explanatory note for the assessors