



INCENTIVE POLICY

STAR HFL

VERSION 1.1

Incentive Policy

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Incentive Policy

1. Introduction

Direct Selling Agents (DSAs), Relationship Officers / Relationship Managers / Sales Managers (ROs / RMs / SMs) are major sourcing channels through which the business for STAR HFL is originated. Association of DSAs with the Company is voluntary through requisition from DSA, subsequent approval from STAR HFL and post that formal agreement between both. The terms and conditions and responsibilities of DSAs are specified in the agreement and are update from time to time through revisions to incentive policy and guidelines. This is duly communicated to all DSAs. It is primary responsibility of Branch Manager to meet and update DSAs regularly on developments.

ROs / RMs / SMs are the sales staff and are on the rolls of the Company. They are recruited through a HR driven process and are bound to be exclusively associated with the Company as per the terms of employment. The terms of employment are clearly provided in the offer letter and ROs / RMs / SMs are bound to the terms till they are employed by STAR HFL. ROs / RMs / SMs are entitled to fixed salary which is communicated to them in the offer letter and is revised based on their performance as per the decision of senior management. ROs / RMs / SMs report to the Branch Manager and are given business targets on monthly / quarterly / semi-annual / annual basis based on budgeting exercise. Any revision in business targets during the course of the year are communicated to them as and when the same comes into effect,

STAR HFL releases the payout to DSAs and ROs / RMs / SMs against the business done. The payout structure has been approved by STAR HFL senior management. STAR HFL senior management reviews the payout structure time to time and reserves the right to change / modify the payout structure. The payout structure is discussed in detail as follows.

2. DSA Payout Structure

The DSA payout structure is linked to the disbursement amount and is calculated as a % of the processing fees collected.

Disbursement Slab	Min Avg PF % of Sanctioned Amount to be Maintained	Payout as a % of disbursed Amount*
up to Rs. 50.00 lakhs	2.00%	0.50%
Rs.50.01 lakhs and above	2.00%	0.75%

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Payout will be released subject to the following conditions:

- i. Payout will be released against clearance of disbursement cheque
- ii. If borrower account becomes overdue within 3 months from date of first disbursement (non-starter) /incentive paid will be fully recovered against that particular case
- iii. The payout slab will be calculated on total amount disbursed. The full payout of incentive will be released on 1st disbursement itself, subject to collection of entire processing fees.
- iv. Files disbursed under any special scheme will be counted in calculation of disbursement slab but would be excluded in calculation of weighted average processing fees and weighted average rate of interest
- v. In order to qualify for the incentive, DSA needs to maintain a minimum weighted average processing fee of 2.00% and weighted average rate of interest of 15.50% p.a.
- vi. While calculating total processing fees collected during the month, consider processing fees collected against cases of first disbursement during the month only. In case a DSA does not maintain either of the above, a penalty of 10% will be imposed (payout as a % age of Processing Fees as per slab - 10%) and the reduced payout will be released accordingly. In case a DSA does not maintain both, a penalty of 20% will be imposed (payout as a % age of Processing Fees as per slab - 20%) and the reduced payout will be released accordingly.

3. Examples

A. DSA Mr. Ram Sharan has disbursed a total of Rs. 35 lakhs in a month collecting processing fees of 2.00% on the sanctioned amount of Rs. 55 lakhs. Weighted Average ROI maintained at 15.50%

- Disbursement Slab: Up to Rs.50.00 lakhs
- PF Collected: $55,00,000 \times 2.00\% = \text{Rs.}1,10,000$
- Payout earned for the month: $35,00,000 \times 0.50\% = \text{Rs.} 17,500 /-$

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B. DSA Mr. Raju Shetty has disbursed a total of Rs. 85 lakhs in a month collecting processing fees of 1.50% on the sanctioned amount of Rs. 125 lakhs. Weighted Average ROI maintained at 15.50%

- Disbursement Slab: Rs.50.00 lakhs & above
- PF Collected: $1,25,00,000 \times 1.50\% = \text{Rs.}1,87,500$
- Penalty for not maintaining average processing fees – 0.10%
- Payout earned for the month: $85,00,000 \times 0.40\% = \text{Rs.} 34,000 /-$

C. DSA Mr. Anwar Khan has disbursed a total of Rs. 45 lakhs in a month collecting processing fees of 1.50% on the sanctioned amount of Rs. 70 lakhs. Weighted Average ROI maintained at 14.75%

- Disbursement Slab: up to Rs. 50 lakhs
- PF Collected: $70,00,000 \times 1.50\% = \text{Rs.}1,05,000$
- Penalty for not maintaining average processing fees – 0.10%
- Penalty for not maintaining average ROI – 0.10%
- Payout earned for the month: $45,00,000 \times 0.30\% = \text{Rs.} 13,500 /-$

4. Minimum expectations from DSA are as follows:

Pre-Sanction

- Must submit completely filled in application form
- No overwriting on the application form
- All requisite (Income and KYC) documents to be provided at the time of log in of the application
- Must support complete the eKYC formalities

Post Sanction

- Balance processing fees must be collected from the borrower at the time of handing over the sanction letter i.e. before processing of disbursement.
- Has to ensure that the customer provides property details, once the purchase has been finalized.
- Important conditions, such as interest rate, tenure, penalties, etc. are to be communicated to the customer and educate customer on any other special condition and help customer fulfil these conditions.
- The Loan will be disbursed, if all papers are as per the company norm.

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Post disbursement

- Provide required support in collection of PEMI and EMI cheques from the borrower and in getting the ECS/ACH mandate.

5. RO / RM / SM Payout Structure

The payout structure of RO / RM / SM is linked to the disbursement amount and is calculated as a % of the processing fees collected. Following are the minimum business slab according to the CTC and below are the range of the same.

Disbursement Slab	Average PF % of Sanctioned Amount to be Maintained	Payout as a % of Disbursed Amount
Up to Rs. 10.00 lakhs (minimum threshold)	2.00%	Nil
Rs. 10.01 – Rs. 20.00 lakhs	2.00%	0.15%
Rs. 20.01 – Rs. 40.00 lakhs	2.00%	0.25%
Rs. 40.01 – Rs. 60.00 lakhs	2.00%	0.35%
Rs. 60.01 – Rs. 85.00 lakhs	2.00%	0.45%
Rs. 85.01 lakhs and above	2.00%	0.55%

The payout slab will be calculated on the monthly amount disbursed - minimum threshold. The full payout of the incentive will be submitted by the respective branch team by 10th of every month and post validation by HO team would be released along with the next month salary.

6. Examples

A. RO / RM / SM Mr. Sunil Kumar has disbursed a total of Rs.60 lakhs in a month collecting processing fees of 2.00% on the sanctioned amount of Rs.110 lakhs. Weighted Average ROI maintained at 15.50%

- Disbursement Slab: Rs. 40.01-60.00 lakhs
- Processing Fee Collected: $1,10,00,000 \times 2\% = \text{Rs.}2,20,000$
- Incentive Payout during the month = $(60,00,000 - 10,00,000) \times 0.35\% = \text{Rs.}17,500$

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B. RO / RM / SM Mr. Keval Thakur has disbursed a total of Rs.75 lakhs in a month collecting processing fees of 1.50% on the sanctioned amount of Rs.105 lakhs. Weighted Average ROI maintained at 15.50%

- Disbursement Slab: Rs. 60.01-85.00 lakhs
- Processing Fee Collected: $1,05,00,000 \times 1.50\% = \text{Rs.}1,57,500$
- Penalty for not maintaining average processing fees – 0.10%
- Incentive Payout during the month = $(75,00,000 - 10,00,000) \times 0.35\% = \text{Rs.}22,750$

C. RO / RM / SM Mr. Arif Sheikh has disbursed a total of Rs. 55 lakhs in a month collecting processing fees of 1.50% on the sanctioned amount of Rs.96 lakhs. Weighted Average ROI maintained at 14.50%

- Disbursement Slab: Rs. 40.01-60.01 lakhs
- Processing Fee Collected: $96,00,000 \times 1.50\% = \text{Rs.}1,44,000$
- Penalty for not maintaining average processing fees – 0.10%
- Penalty for not maintaining average ROI – 0.10%
- Incentive Payout during the month = $(55,00,000 - 10,00,000) \times 0.15\% = \text{Rs.}6,750$

7. Minimum expectations from a RO / RM / SM are as follows:

Pre-Sanction

- All lead as well as inward must be captured digitally
- Must submit completely filled in application form
- No overwriting on the application form
- Must educate the borrower on STAR HFL policies and processes
- All requisite (Income and KYC) documents to be provided at the time of log in of the application.

Post Sanction

- Balance processing fees must be collected from the borrower at the time of handing over the sanction letter.
- The Customer has to provide the property details, once the purchase has been finalized.
- Important condition, such as interest rate, tenure, penalties, etc. are to be communicated to the customer and educate customer on any other special condition and help customer fulfil these conditions.
- The Loan is disbursed, if all papers are as per the company norm.

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Post disbursement

- Ensure PDD documents are collected and handed over to operations team.
- Educate borrower on collection policy in clear and transparent manner
- Provide required support in collection of PEMI and EMI cheques from the borrower and in getting the ACH mandate
- The RO / RM would be responsible for PEMI / EMI collection from the borrower in the first year of the loan. Any cheque bounce case during this period would negatively impact his / her performance
- Provide all necessary support to the borrower in loan life cycle