

IREP Credit Capital Private Limited
Secured Business Loan (SBL) Policy - Summary

Product Norms

Product Name: Secured Business Loans

☐ **Product description:**

Loan extended to the owners of Micro and small enterprises against prescribed collateral. The loan is essentially given based on the cash flow of the business owner. The loan is intended to enhance their business prospects by providing adequate and timely working capital.

☐ **Key features:**

- Quick processing
- Minimum documentation
- Income assessment through non-traditional documents
- Reference checks - supply chain players, neighbours
- Collateral taken for moral persuasion
- Continuous refinement of product and credit methodology

☐ **Eligibility criteria for applicant & Business unit:**

Gender	Male /Female
Age	21-60 Years
Marital Status	For men married / unmarried For women : Married only
Residential status	Own house/ Own business premises/Joint family residence/ Rented but owns a property on self or family members. If rented, minimum 3 years of living in the current location is mandatory.
Current business experience	Above 2 years
Business ownership	Sole Proprietorship/Partnership
In case of partnership business	<ul style="list-style-type: none">• Atleast 2 (two) partners• Registration Certificate• Deed of Partnership• Individual POI/POA of the partners• resolution for availing of loan• Any other document which is deemed necessary at the time of loan approval
In case of funding to closely held society.	<ul style="list-style-type: none">• List of members• Registration certificate of society.• Society resolution for availing of loan.• Any other document which is deemed necessary at the time of loan approval.
Business legality	Licensed and legally approved
Type of business	Trading, Manufacturing and Service
Co-app	For all cases one immediate family member to be on loan structure, the same to be spouse, mother, father, son.

☐ **Co-Applicant / Co-Borrower:**

Co-Applicant or Co-Borrower is a person, who undertakes the entire responsibility of the Loan repayment in the event of a default of loan payment by the client/ borrower. He/ she shall be bound by all the terms & conditions of the loan agreement as applicable to the client/borrower.

In case the property is registered in the name of spouse/ other family members of the applicant; the document Holder shall become the co-applicant. The credit reserves right to include any person as a co-applicant in the loan proposal based on the strength of the proposal and the collateral.

Eligibility for Co-Applicant:

- Age : 19 – 65 Years
- Marital status : Married / Un-married
- Relation : Spouse/Any family member/property document holder

❑ Pre-sanction requirements:

The applicant must provide the following documents in order to process the loan application.

a. Application cum appraisal:

The applicant must provide requested information regarding his/her personal details and the business details such as sales, cash flows, assets and liabilities in the prescribed application cum appraisal format.

b. KYC documents:

Applicant and the Co-applicant must produce self-attested photo copies from the following list as identity proofs and address proofs:

Identity Proof:

The applicant/Co-applicant must produce at least two IDs from the following list in which one must be PAN card.

1. Ration card/ Family card with photograph
2. Voter identity card
3. Aadhar card is a voluntary document
4. PAN card
5. Passport
6. Driving license

c. Address Proof:

1. Latest house tax/Property tax payment receipt
2. Latest electricity bill (on the name of applicant / his/her family members)
3. Landline telephone bill (latest)
4. Gas connection bond and Service slip
5. Rent agreement
6. Bank statement
7. Aadhar card with updated address

d. Business licence copy:

Applicant has to provide valid business license copy that has been obtained from local registering authorities such as Municipal Corporation etc.

e. Rent agreement (If available):

If the applicant runs the business in rented premises and has entered into a rent agreement with the landlord/owner of the premises, then he/she has to provide the photo copy of the rental agreement. (Valid)

f. Bank statement:

Applicant should provide recent 6 months bank statement relating to the active bank account. In case of submission of the photocopies of bank passbook, banker's seal is mandatory on photo copies.

Note: Manually updated passbooks are not accepted

Note: The borrower to provide a declaration if there is any Signature mismatch/signature in vernacular language wherever required

❑ Loan Security:

Security requirements are mandatory and must be completely satisfied to avail the loan. The following can be accepted as a loan security:

- a. **Cheques: Cheques from any Scheduled bank, Regional rural banks and Government Cooperative banks are mandatory for all loans.**

- **For IREP own bookcases:**

3 (Three) account payee cheques to be collected as SPDCs.

- **For Partner bookcases(co-lending/BC):**

SPDCs shall be collected based on the mutually agreed requirement with the respective partners as per the service level agreement/any subsequent approved parameters.

In case the NACH-Debit registration is delayed due to any reason, the borrower is bound to submit PDCs to satisfy the repayment of the loan.

NACH:

From every customer E-Nach/ Physical NACH mandate to be collected and registered with the respective NACH provider. The NACH has to be collected/registered from the assessed and regularly operating account.

Note: NACH and physical cheques can be collected from different accounts both need not to be the same.

b. **Collateral Documents:**

- Registered title documents pertaining to open plots or residential house or flats or any other structure such as mulgi or shop etc. will be accepted as collateral.
- Agriculture land passbooks, Pattas, B-Forms etc will not be accepted as collateral.
- 3rd Party Documents: Not acceptable.

c. **Maximum eligibility of Loan:**

The maximum loan eligibility of an applicant is calculated based on the monthly net cash flows and repayment capacity of the customer.

d. **Personal Guarantee:**

- Personal Guarantors are those, who take the responsibility of loan repayment and indemnify the company in the event of default by the borrower.
- One guarantor is mandatory for all cases.
- The guarantor has to enter into a guarantee deed in order to stand as a guarantor for the Loan transaction.
- The proposed guarantor must not be a worker or subordinate to the Applicant/ Borrower.
- Employees from Police Dept., Para Military and Army, Legal practitioners such as advocates or employees in courts and legal councils shall not be accepted as guarantors.

☐ **Risk Measurement:**

I. **Credit Bureau Reports:**

Credit Bureau reports from at least 2 bureaus are mandatory of which one to be cibil to ascertain complete credit history and credit score of the applicant and Co-applicant. The credit executive at Credit Process Center (CPC) verifies the application and KYC information to generate the credit bureau reports of the applicant and co-applicant.

If the applicant's score is below threshold limit or there are any active or closed accounts with Past due/Written off history, then CPC can reject the loan application at this stage. If any discrepancies observed in the credit bureau reports, the file shall be referred to the Credit Head/Manager for review and additional information is sought on such discrepancies to take a suitable decision on collection/non collection of financial appraisals.

However, credit can recommend to consider the proposals on a case to case basis with the low credit scoring / history; in case the factual information collected from applicant seemed to be genuine and substantiated with proper documents. And in such cases, the recommendation has to be approved in the credit committee.

II. Internal Credit Rating:

The Credit Team generates internal credit score card for the applicant to explore risk levels involved in the client profile based on the parameters and sub-parameters set up by the Company. For this, the company uses Internal Credit Rating to process loan proposals and rating of loan proposals received from branches fulfilling certain criteria.

III. Tele-verification Report:

The Credit team makes a telephonic call to the applicant directly to cross verify the information collected by the branch staff is accurate or not.

☐ Loan Documentation:

▪ Pre-sanctioning documentation:

- a. Application cum appraisal
- b. Business verification report
- c. Inspection of immovable property report
- d. Legal and valuation report from external vendors

▪ Post Sanctioning documentation:

- a. Loan sanction letter
- b. Loan agreement
- c. Demand promissory note
- d. Cheque/NACH agreement
- e. Memorandum of deposit of title deed
- f. Guarantor deed
- g. Repayment schedule with terms & conditions

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