



**VEDIKA CREDIT CAPITAL LTD**  
PARTNER IN THE GROWTH OF MICRO ENTREPRENEURS

# INDIVIDUAL LOAN CREDIT POLICY

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## **SECURED BUSINESS LOAN**

### **Target Customers**

- Dairy Farm and Counter Business with stable structure

Note: Negative profile attached in **Annexure 1**

### **Purpose**

- Working capital, Expansion & Capital expenditure for existing business.

### **Eligibility**

- Minimum Age: 18,
- Maximum Age: 60 years (Including Loan Tenure)
- Either Resident/Business should be in the name of the applicant or co-applicant or any family relative.

Note: Relationship proof required if House/Business is in the name of Family Member.

### **Tenure of loan**

- Minimum: 36 Months,
- Maximum: 90 Months

### **Quantum of loan**

- Minimum: 2,00,001,
- Maximum: 10,00,000

### **Fees & Charges**

- Processing Fee: 1.00% Plus Applicable Taxes
- Rate of interest: As per Applicable rates (Minimum 16.80%, Maximum 25.65%)
- Insurance Fees: As per actual subject to the age, loan tenure & loan Amount.
- Other Charges (if any)

### **Credit Information Report (CIR)**

### **Applicant**

Applicant Credit score must be at least 650

### **Co-Applicant**

Co-applicant Credit score must be at least 650

### **Note:**

- New to credit (NTC) will be considered
- If Both Applicant and Co-applicant are NTC then the case will not be considered.
- Score and credit report must be captured from TU CIBIL
- Proposal may be considered where score is more than 575 and less than 650, subject to fulfillment of all the conditions as under:
  - Day past due (DPD) as on date should be NIL.
  - Default outstanding should be zero
    - Default in Credit card is exempted

### **Documentation**

- **KYCs**
  - Unique Identification numbers (UID), Permanent Account Number (Pan) Card and other RBI approved documents
- **Own House Proof**
  - Electricity Bill (Original Copy/ Xerox) not more than 6-month-old. If the Electricity Bill is not in the customer's name, the customer has to give proof of the relationship.
  - Sale deed/Property purchase agreement (owner), property or Municipal tax receipt.
  - Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings containing the address of the borrower.
  - Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed

companies and leave and license agreements with such employers allotting official accommodation.

- **Banking Documents**

- NACH,
- 5 PDC.

Note: Banking Documents not required if E-Mandate is available

- **Other Banking Documents**

- Bank Passbook copy and 3 Months bank statements.

- **Other Documents**

- Udyam Registration (In case of Punjab National Bank MSME loan product following documents is mandatory)
- GST Registration (In case of Punjab National Bank MSME loan product following documents is mandatory)
- Balance sheet (In case of Punjab National Bank MSME loan product following documents is mandatory)
- Original Land property documents (i.e., Sale deed, Current Revenue Receipt & Mutation Paper all three documents) is required as security

### **Co-Applicant Norms**

- If borrower is male, then spouse or mother should be the co-applicant.
- If borrower is female, then spouse/son/father-in-law should be the co-applicant

### **Business Stability**

- At least 2 years - Verified and captured through Personal Discussion (PD) process (PD process so as described under credit appraisal point as mentioned below)

### **Residence Stability**

- At least 2 Years. - Verified and captured through Personal Discussion (PD) process (PD process so as described under credit appraisal point as mentioned below)

### **Credit Appraisal**

- Physical Verification at Business Premise & Residence of the Borrower & Co - borrowers.



- 4 Pictures of each house, business with stock is mandatory (2 interior and 2 exterior)
- PD officer has to check sale and purchase from customer and supplier
- PD officer must verify from 2 Trade Reference Check (TRC)
- In case of Loan amount less than Rs. 1 Lakhs PD will be done by Branch Manager
- In case of Loan amount above Rs. 1 Lakhs two PD is mandatory
  - 1st PD to be done by Branch manger
  - 2nd PD to be done Area Manger and above

### **Cash Flow Analysis**

- Agriculture and Seasonal income will not be considered as part of income
- 50% of income will be considered as FOIR to be deducted for repayment ability calculation
- Sanction amount will be decided as per expenditure, outstanding, savings & cash flow.
- Minimum disposable income post EMI to be 3000 per month
- No loan is sanctioned if there is insufficient balance after deducting expenditure from the income

### **Repayment**

- Repayment will be monthly through NACH on the 7th day of the month.

### **Security Cheques**

- 1 Dated one - One EMI Amount
- 1 Undated cheque - full Loan Amount
- 1 Undated Cheque - Half Loan Amount
- 1 Undated cheque - EMI \* 6
- 1 Cancel cheque

### **Loan Utilization Check (LUC)**

- LUC must be done within 45 days of disbursement.



**Note:** If it is found that the money has not been utilized, then pressure must be put on the customer to do so immediately or return the loan.

- **Responsibility of LUC**

- Branch Manager is primarily responsible for conducting LUC. However, Vedika management can authorize any other team, person or 3rd party agencies to conduct LUC
- Sample selection for LUC is based on the delinquency profile of the branch and center is performed by Audit Team.
- LUC feedback is being captured through software and shared with Risk, Credit, and Sales for taking suitable measures.

### **Voluntary Prepayment**

- Prepayment required written approval form Vedika Credit Capital Limited and is subject to the charges of (5%) of the POS & applicable Taxes

**Note:** The interest of broken period between last EMI paid and foreclosure date





## **UNSECURED BUSINESS LOAN (RS. 30,000 TO 2,00,000)**

### **Target Customers**

- Dairy Farm and Counter Business with stable structure
- Hawker business (Loan Amount Up-To 50K)

**Note:** Negative profile attached in **Annexure 1**

### **Purpose**

- Working capital, Expansion & Capital expenditure for existing business.

### **Eligibility**

- Minimum Age: 18,
- Maximum Age: 60 years (Including Loan Tenure)
- Either Resident/Business should be in the name of the applicant or co-applicant or any family relative.

Note: Relationship proof required if House/Business is in the name of Family Member.

### **Tenure of loan**

- Minimum: 18 Months,
- Maximum: 48 Months

### **Quantum of loan**

- Minimum: 30,000
- Maximum: 2,00,000

### **Fees & Charges**

- Processing Fee: 1.00% Plus Applicable Taxes
- Rate of interest: As per Applicable rates (Minimum 16.80%, Maximum 25.65%)
- Insurance Fees: As per actual subject to the age, loan tenure & loan Amount.
- Other Charges (if any)



## **Credit Information Report (CIR)**

### **Applicant**

Applicant Credit score must be at least 650

### **Co-Applicant**

Co-applicant Credit score must be at least 650(Not mandatory in case of State bank of India loan product)

### **Note:**

- New to credit (NTC) will be considered in case of Punjab National Bank & Indian Overseas Bank loan product
- If Both Applicant and Co-applicant are NTC then the case will not be considered.
- In case of State Bank of India Loan product, score and credit report must be captured from HIGHMARK CRIF, but in case of Punjab National Bank & Indian Overseas Bank loan product score and credit report must be captured from TU CIBIL
- In case of Punjab National Bank & Indian Overseas Bank loan product proposal may be considered where score is more than 575 and less than 650, subject to fulfillment of all the conditions as under:
  - Day past due (DPD) as on date should be NIL.
  - Default outstanding should be zero
    - Default in Credit card is exempted

## **Documentation**

- **KYCs**
  - Unique Identification numbers (UID), Permanent Account Number (Pan) Card and other RBI approved documents
- **Own House Proof**
  - Electricity Bill (Original Copy/ Xerox) not more than 6-month-old. If the Electricity Bill is not in the customer's name, the customer has to give proof of the relationship.
  - Sale deed/Property purchase agreement (owner), property or Municipal tax receipt.



- Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings containing the address of the borrower.
- Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.

- **Banking Documents**

- NACH,
- 5 PDC.

Note: Banking Documents not required if E-Mandate is available

- **Other Banking Documents**

- Bank Passbook copy and 3 Months bank statements. (In case of State Bank of India Loan product State bank of India bank account is **mandatory**)

**Note:** New bank account allowed in case of State Bank of India Loan product

- **Other Documents**

- Udyam Registration is mandatory in case of Punjab National Bank MSME loan product

### Co-Applicant Norms

- If borrower is male, then spouse or mother should be the co-applicant.
- If borrower is female, then spouse/son/father-in-law should be the co-applicant

**Note:** Unmarried Female allowed with Father as co-applicant up-to loan amount of 1 Lakh.

### Business Stability

- At least 2 years - Verified and captured through Personal Discussion (PD) process (PD process so as described under credit appraisal point as mentioned below)

### Residence Stability

- At least 2 Years. - Verified and captured through Personal Discussion (PD) process (PD process so as described under credit appraisal point as mentioned below)



### **Credit Appraisal**

- Physical Verification at Business Premise & Residence of the Borrower & Co - borrowers.
- 4 Pictures of each house, business with stock is mandatory (2 interior and 2 exterior)
- PD officer has to check sale and purchase from customer and supplier
- PD officer must verify from 2 Trade Reference Check (TRC)
- In case of Loan amount less than Rs. 1 Lakhs PD will be done by Branch Manager
- In case of Loan amount above Rs. 1 Lakhs two PD is mandatory
  - 1st PD to be done by Branch manger
  - 2nd PD to be done Area Manger and above

### **Cash Flow Analysis**

- Agriculture and Seasonal income will not be considered as part of income
- 50% of income will be considered as FOIR to be deducted for repayment ability calculation
- Sanction amount will be decided as per expenditure, outstanding, savings & cash flow.
- Minimum disposable income post EMI to be 3000 per month
- No loan is sanctioned if there is insufficient balance after deducting expenditure from the income

### **Repayment**

- Repayment will be monthly through NACH on the 7th day of the month.

### **Security Cheques**

- 1 Dated one - One EMI Amount
- 1 Undated cheque - full Loan Amount
- 1 Undated Cheque - Half Loan Amount
- 1 Undated cheque - EMI \* 6
- 1 Cancel cheque



### **Loan Utilization Check (LUC)**

- LUC must be done within 45 days of disbursement.

**Note:** If it is found that the money has not been utilized, then pressure must be put on the customer to do so immediately or return the loan.

- **Responsibility of LUC**

- Branch Manager is primarily responsible for conducting LUC. However, Vedika management can authorize any other team, person or 3rd party agencies to conduct LUC
- Sample selection for LUC is based on the delinquency profile of the branch and center is performed by Audit Team.
- LUC feedback is being captured through software and shared with Risk, Credit, and Sales for taking suitable measures.

### **Voluntary Prepayment**

- Prepayment required written approval form Vedika Credit Capital Limited and is subject to the charges of (5%) of the POS & applicable Taxes

**Note:** The interest of broken period between last EMI paid and foreclosure date



## **UNSECURED BUSINESS LOAN (RS. 2,00,001 TO 10,00,000)**

### **Target Customers**

- Individuals/ Proprietorship firms

Note: Negative profile attached in **Annexure 1**

### **Purpose**

- Working capital, Expansion & Capital expenditure for existing business.

### **Eligibility**

- Minimum Age: 25,
- Maximum Age: 60 years (Including Loan Tenure)
- Either Resident/Business should be in the name of the applicant or co-applicant or any family relative.

Note: Relationship proof required if House/Business is in the name of Family Member.

### **Tenure of loan**

- Minimum: 36 Months,
- Maximum: 90 Months

### **Quantum of loan**

- Minimum: 2,00,001
- Maximum: 10,00,000

### **Fees & Charges**

- Processing Fee: 1.00% Plus Applicable Taxes
- Rate of interest: As per Applicable rates (Minimum 16.80%, Maximum 25.65%)
- Insurance Fees: As per actual subject to the age, loan tenure & loan Amount.
- Other Charges (if any)

### **Credit Information Report (CIR)**

### **Applicant**

Applicant Credit score must be at least 720

### **Co-Applicant**

Co-applicant Credit score must be at least 650

Note:

- Total outstanding should not be more than 20% for traders & 25% for manufacturers as per GST latest return
- Loan with residual tenure of less than 3 months, would be excluded (Subject to submission of statement of loan account reflecting the same)
- There is no EMI Bounce history in last 12 Months.

### **Documentation**

- **KYCs**
  - Unique Identification numbers (UID), Permanent Account Number (Pan) Card and other RBI approved documents

Note: Pan card is mandatory for Applicant/Earning Person

- **Own House Proof**
  - Electricity Bill (Original Copy/ Xerox) not more than 6-month-old. If the Electricity Bill is not in the customer's name, the customer has to give proof of the relationship.
  - Sale deed/Property purchase agreement (owner), property or Municipal tax receipt.
  - Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings containing the address of the borrower.
  - Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.
- **Banking Documents**



- Current Account and Saving Bank Account details with Last 6-month bank statements.

- **Other Documents**

- Udyam Registration/Trade Reference
- ITR & Computation of income
- P&L and B/S (Audited Report)
- 24 Months of GST filling history

### **Co-Applicant Norms**

- If borrower is male, then spouse or mother should be the co-applicant.
- If borrower is female, then spouse/son/father-in-law should be the co-applicant

### **Business Stability**

- At least 3 years - Verified through any certificate/Report issued by govt bodies/local corporation/trade association.

### **Residence Stability**

- At least 3 Years. - Verified and captured through Personal Discussion (PD) process (PD process so as described under credit appraisal point as mentioned below)

### **Credit Appraisal**

- **Business Stability & Residence Stability**

- Physical Verification at Business Premise & Residence of the Borrower & Co - borrowers.
- 4 Pictures of each house, business with stock is mandatory (2 interior and 2 exterior)
- PD officer has to check sale and purchase from customer and supplier
- PD officer must verify from 2 Trade Reference Check (TRC)
- Two PD is mandatory
  - 1st PD to be done by Branch manger
  - 2nd PD to be done Business Head and above



- **Bank Statement Analysis**

- Bank account must be at least 1 year old
- There must be at least 6 transactions of minimum amount of Rs. 30000 initiated by applicant/Co-applicant
- Minimum Average Bank Balance (ABB) to EMI ratio must be at least 2 times.
- End of Day (EOD) Balance for 6 days of last 6 months to be captured the dates are 1st, 5th, 10th, 15th, 20th, 25<sup>th</sup> ABB to be calculated based on 36 days EOD Balances
- Inward cheque return < 3% or 2 whichever is higher

Inward cheque return means Applicant issued a cheque which got returned due to insufficient fund in his account

- Outward cheque return < 10%

Outward cheque return means, a person deposited a cheque received from a third person which bounced

### Quantum of Loan Amount

- Adjusted Net Worth and Profit After Tax should be positive as per declared financial for the latest financial year
- Business Turnover

Loan Amount	Min. Annual Business Turnover
<b>2 Lakhs to 5 Lakhs</b>	25 Lakhs
<b>5 Lakhs to 7 Lakhs</b>	50 Lakhs
<b>7 Lakhs to 10 Lakhs</b>	75 Lakhs

- Maximum Leverage ratio is 4 times (Total Business Borrowings by Adjusted Net Worth)

**Net Worth:** As per declared financial for the last financial year preceding of loan application.

**Business Borrowings:** Principal outstanding of all current Long-Term loans, CC/OD at time of loan application.

1. Max.Loan Amount = Turnover as per latest GST return \* 20%

Note - Final approval of loan sanction and loan amount are taken by Managing director (Written or Mail) on the recommendation of Business Head (BH).

### Repayment



- Repayment will be monthly through NACH on the 7th day of the month.
- Repayment for all customers must be from the Current Account.

Note: Savings account can be considered for loan amount between 3 lakhs to 5 lakhs.

- E-Mandate is mandatory

### **Loan Utilization Check**

- LUC must be done within 45 days of disbursement.

Note: If it is found that the money has not been utilized, then pressure must be put on the customer to do so immediately or return the loan.

- **Responsibility of LUC**
  - AM is primarily responsible for conducting LUC. However, Vedika management can authorize any other team, person or 3rd party agencies to conduct LUC
  - Sample selection for LUC is based on the delinquency profile of the branch and center is performed by Audit Team.
  - LUC feedback is being captured through software and shared with Risk, Credit, and Sales for taking suitable measures.

### **Voluntary Prepayment**

- Prepayment required written approval form Vedika Credit Capital Limited and is subject to the charges of (5%) of the POS & applicable Taxes

Note: The interest of broken period between last EMI paid and foreclosure date



## **ANNEXURES**

### **Annexure 1: Prohibited Profiles**

- Chit fund operators/Nidhi companies/Private money lenders
- Collection/Recovery agency
- Trust, NGO and credit society
- Plantation companies & Nursery
- Hatchery & Poultry Farm, Fishery
- Antique dealers (KYC high risk)
- Library operators
- Gambling business
- Lottery business (KYC High risk)
- Pornography goods/stores
- Defense equipment – Manufacture/Trader/Dealer (KYC).
- Recreation facilities such as video games, computer zones/parlors
- House of worship, religious organizations and charities
- Equipment hires for film industry
- Construction civil contractors/Building contractors
- Diamond industry/ Gems merchants
- Quacks & Medical practitioner (non-qualified)
- Security services companies
- Wine shop owner/Bar owners/Wine merchants
- Cable operators
- Arms dealer
- Trading in endangered species or illegal products
- Meat shop and all other business related non-vegetarian products