

Srajan Capital Limited

Lending Policy

1. PREFACE:

Srajan Capital Limited (hereinafter “SCL”) is a Non-Bank Finance Company provides secured, structured loans. The main target customer segment is in the Retail and Small Enterprises. SCCL aspires to help Retail and Small Enterprises, which are potentially one of the key pillars of a strong economy, grow.

In pursuing its business, SCL operates according to the highest ethical and compliance standards and constantly seeks to follow best practices in the industry. Under no circumstances will contravention of laws and relevant regulations be tolerated.

SCL has engaged in customer acquisition through Loan to MSME, Home loan, Land Purchase and construction loan, Home improvement loan, Udhyam loans, balance transfer, Small Ticket Size Loan, loan against Property, Vehicle loans etc in conformity with the extant outsourcing guidelines issued by the Reserve Bank of India.

2. POLICY FRAMEWORK:

1. Policy Coverage

The policy is designed to provide some fundamental guidance on lending, exposure norms, Restrictions for financing, pre-sanction appraisal and post sanction monitoring which includes NPA management.

The provisions of this policy will be applicable to the entire credit portfolio of the SCL including Loan to MSME, Home loan, Land Purchase and construction loan, Home improvement loan, Udhyam loans, balance transfer, Small Ticket Size Loan, loan against Property, Vehicle loans too.

The policy provides broad guidelines for lending business of the SCL. The detailed instructions/lending norm, etc. will be governed by the guidelines on each product approved by the competent authorities from time to time.

The Lending policy helps the SCL to ensure the following –

- a. Ensure balanced growth and maintenance of a healthy credit portfolio with risk management culture and prudent practices.
- b. Ensure diversified loan portfolio spread across various products, industry/sector, customer segment and geography.
- d. Strengthen the credit delivery system and ensure discipline in adhering to laid down process.

- e. Ensure effective post disbursement monitoring of loans.
- f. Comply with all regulatory requirements such as capital adequacy, prudential norms, asset classification guidelines, Risk management guidelines, etc.

This lending policy will be updated as and when the SCL rolls out new products. The amendments in the policy will be made from time to time to meet the market realities and business priorities to help all functionaries of the SCL in discharging their responsibilities for a healthy growth in credit portfolio.

2. Deployment of Credit / Thrust Areas

a. Business plan

The SCL will deploy the credit as per approved annual business plan / loan disbursement budgets.

b. Customer Segment

The SCL will endeavor to increase the credit exposure to all types of customer segments in particularly will strive to cater the credit needs of small sector and hitherto neglected sectors.

d. Loan Types

Microfinance loans, Lending under Self Help Group formats, Lending under Joint Liability Groups, Agriculture, Micro and SME finance, Housing and Mortgage finance, Business Loans, Loans with and without security, Loans to individuals, small businessmen, agriculturists and small and mid-corporates will remain the focus areas of the SCL. Lending of these nature will be guided by the product specific guidelines issued from time to time.

f. Loan Tenure

The loan tenure will be determined based on individual products, the cash flow of the applicants, the nature of underlying security and its durability etc. Details of tenure for each product will be covered under respective product note. The ALM position of the SCL will be monitored continuously to ensure that the ALM gaps are within defined levels.

3. General Lending Guidelines

1. Pre Sanction Scrutiny and Credit Appraisals

- a. Customers meeting KYC norms defined by the SCL from time to time will only be eligible for loan
- b. Subject to meeting the KYC norms, the SCL will carry out diligence as outline below wherever applicable, as part of Pre sanction scrutiny –
 - i. Internal dedupe
 - ii. Credit Information Report.

- iii. Visit of Business place, unit, residence, collateral security, borrower/guarantor place as applicable.
- iv. Personal Discussion (PD) by SCL Employee.
- v. Income & Repayment capability assessment for loans other than joint liability group.
- vi. Scrutiny of financial statements.
- vii. Proposed end use of funds.
- viii. Market or Trade reference / Neighborhood check.

c. The detailed activity to be carried out as part of above pre sanction scrutiny will be as per respective product guidelines.

d. The credit facilities will be made available to the constituent only after ensuring complete documentation and compliance with the terms of sanction as stipulated by the approving 6 authority. The field functionaries are prohibited from disbursement of credit limits without complying with terms and conditions of sanction.

e. All credit sanction will be valid for maximum period of 90 days from the date of sanction. If not availed within this period, it requires revalidation by the concerned sanctioning authority.

f. Towards completion of documents at pre-sanctioning and post sanctioning stages, the following formalities will be observed –

- i. Collection of credit information report / opinion about the applicants and guarantor
- ii. Searches at the office of the sub-registrar of assurances or land registry to check the existence or otherwise of prior charge over the immovable property offered as security
- iii. Searches at the office of Registrar of Companies.
- iv. Searches at RTO offices
- v. Visit and Verification of the Security/activity.
- vi. Confidential reports / Credit Opinion Report will be as per the Board approved Take Over Policy.

2. Documentation Standards

a. The SCL reserves its unilateral and unconditional right to cancel the sanction / credit limits in whole or in part without assigning any reason any time. However, reasons for cancellation of limits will be kept on record for internal purpose.

b. The SCL will have defined systems and procedure for obtaining/completion of documentation formalities in respect of all type of credit facilities to ensure that –

i. All documentation will be binding on all parties and legally enforceable in all relevant jurisdictions.

ii. The debt taken by the borrower is clearly established by the documents.

iii. The charge created on the asset (security) against the debt is maintained and enforceable.

iv. The SCL's right to enforce the security for recovery is exercised before the documents become time barred as per limitation Act.

c. Execution of proper documents, appropriate stamping and compliance as per terms of sanction will be ensured. In case where prescribed documents are not available or amendments are required in the prescribed formats of SCL's documents, the same will be validated by the SCL's legal officer / empaneled lawyer.

d. The formalities in respect of registration of charge with Registrar of Companies / Sub-registrar of Assurances / RTO wherever applicable will be complied within the stipulated timeline.

e. If the formalities are not completed within the stipulated time, SCL will charge penalty as per terms and condition of sanction.

f. All mortgage charges will be registered with Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI).

3. Types of Credit Facilities and Products

Types of Products

a. The SCL will offer such products as will be approved from time to time to the targeted customer segments. An illustrative list are:

- i. Loan Against Property to SMEs/MSMEs
- ii. Loan Against Property to Individuals
- iii. Housing Loans
- iv. Unsecured Business Loans
- v. Small Ticket Size Unsecured Loans
- vi. Vehicle Loans including tractor Loans

b. The detailed product credit norms and processes covering product features & variants, loan eligibility norms, income assessment, margin requirements, loan tenure, repayment terms, collateral security, purpose of the loan, credit approval delegation, deviation matrix, pre and post sanction documentation, post disbursement documents, etc. will be governed by the respective product guidelines duly approved by the competent authority. The instruction relating to margin requirement, collateral, etc. mentioned in this policy will be strictly followed in the respective product policy too.

Any new product will be launched by the SCL only after obtaining approval from the Management and respective Committee.

The Lending policy details the minimum eligibility criteria and lending parameters for acquisition and underwriting of the eligible salaried customers.

Product parameters

Parameter	Loan against property to Individuals	Loan against property to SME/MSME	Unsecured Business Loan
Definition of product type	Type of secured loan facility availed against the mortgage of a commercial or residential property.	Type of secured loan facility where an SME or MSME can pledge their commercial or residential property as collateral to avail funds.	Type of unsecured business loan which can be quickly accessed by businesses during a liquidity crunch.
Product Type	Loan Against Property	Loan Against Property	Unsecured Loan
End Use	Home construction, Home improvement, Plot purchase etc	Working Capital, Business Expansion	Working Capital, Business Expansion
Borrower Type	Individual Salaried or Business person	Business person	SME / MSMEs or any self-employed person
Locations	All approved locations (India)	All approved locations (India)	All approved locations (India)
Facility type	Secured Loan	Secured Loan	Unsecured Loan
Repayment date	7th of every month	7th of every month	7th of every month
ECS/ Auto debit/NACH Bounce charges	Rs. 500/- for every ECS/Auto Debit/NACH bounce. Inclusive of all applicable taxes	Rs. 500/- for every ECS/Auto Debit/NACH bounce. Inclusive of all applicable taxes	Rs. 500/- for every ECS/Auto Debit/NACH bounce. Inclusive of all applicable taxes
Late payment charges and fees	Applicable as per sanction letter.	Applicable as per sanction letter.	Applicable as per sanction letter.
Cooling off/Free look up period	Within 3 days from the Sanction of the facility, by paying the principal and proportionate APR Cooling off/Look up period penalty- NIL		
Prepayment/Foreclosure conditions	Anytime during the term of the facility, subject to repayment of the outstanding facility amount and outstanding Late payment fees and charges (if applicable). Prepayment/Foreclosure penalty as per sanction letter.		

Minimum Eligibility Criteria

Parameter	Loan against property to Individuals	Loan against property to SME/MSME	Unsecured Loan-Business
Minimum Age Application	21 years	25 years	25 years
Maximum age loan maturity	65 years	65 years	65 years
Nationality	Indian		
Primary mobile number	Mandatory		
Minimum monthly salary	INR 15,000/-	INR 15,000/-	INR 15,000/-
Email ID	At-least 1 email ID – Employment/Personal		
Identity proof	Mandatory		
Permanent Address proof	Mandatory		
Current Address proof	Only required, where the current address is different from the permanent address. ** (In Phase 1, where current address is not equal to permanent address, we reject)		
Salary/Income in Bank account	Mandatory (Salary or Income to be verified in Bank Statement)		
Alternate phone numbers	Customer to provide 2 alternate numbers family/friends/colleagues, to improve contact ability and serviceability		

Credit Policy parameters

Parameter	Loan against property to Individuals	Loan against property to SME/MSME	Unsecured Loan-Business
Maximum facility limit (INR)	5,00,00,000	5,00,00,000	75,00,000
Facility based on FOIR on debt and other personal expenses	50%	50%	40%
Maximum Agreement term	15 years subject to extension/renewal	15 years subject to extension/renewal	3 years subject to extension/renewal
Address proof document	Aadhar Card (**List to be extended) <ul style="list-style-type: none"> ● Passport ● Voter ID card 		

	<ul style="list-style-type: none"> ● Driving License ● Latest 3 months ● bank statement/bank passbook ● Latest landline/postpaid mobile bill ● Latest Gas bill ● Latest Electricity bill 		
Identity proof Document	Pan Card, Aadhar card		
Income Proof document	Salary in Bank via Bank statements check or Salary SMS. Business Income verified similarly.		
Photograph	Selfie		
Customer Consent	Mandatory. For all verifications, data collection/storage, data submission and loan terms and conditions.		
Sanction letter and Facility agreement	Customer has to accept the facility terms and conditions as per Sanction letter and Loan agreement.		
Disbursement	Post Credit approval, customer's bank account is verified through Penny drop and money is disbursed to customer bank account from the Lender's account.		
Repayment	<p>Primary Enach/ECS setup- Standing instructions for repayment on a specific date, directly from customer's bank.</p> <p>Alternate Payment gateway- Where the repayment fails through deduction model, a payment link would be sent through SMS on the verified mobile and/or Registered Email of the customer, to pay immediately</p>		
Collateral	Yes, applicable to legal and valuation checks.	Yes, applicable to legal and valuation checks.	N/A

Exceptions Management:

Any exception to the policy/process shall be discussed and approved via Credit bulletins by the relevant authority of the Lender.

Write Off/Non-accrual guidelines and provisioning

An account will be moved to non-accrual in the month in which the account reaches 90 dpd. Since accrual process typically runs at month end, the system will stop accruing interest in the month in which the account reaches 90 dpd.

Interest accrued but not earned will be reversed in the month in which the account reaches 90 dpd. As of now, there is no interest charged for the EWA product, hence non-accrual and reversal of interest accrued, is not applicable.

An account will move to Write Off status in the month in which it reaches 90+DPD. The principal amount would be fully charged off, at the month-end in which the account reaches 90+DPD.

Approved by Board of Directors