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PLANS

Product Handbook

TRAINING HANDBOOK
BUSINESS LOAN

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What is Business Loan?

- An unsecured business loan is a loan provided to businessmen, business women, self employed professionals and SMEs without any collateral or security. It's important to be aware that if a borrower defaults on an unsecured loan, it is still possible for a lender to seize assets to recover their losses.
- Although unsecured business loans are riskier for the lender, the approval time can actually be shorter than it is for secured loans. When a loan is secured by collateral, the asset needs to be appraised to determine its value, but there's no need for that step when collateral is not involved.
- Business loan depends on financial profile, credit reputation, the purpose of borrowing the loan and loan repayment ability. Lenders evaluate these factors to consider what the amount of a Unsecured Business Loan should be.
- All lenders have their own criteria they look for, but they typically consider things like how long a business has been operating for, business revenue, credit score, and your business plan.
- Unsecured Business Loan is similar to a personal loan, but is specifically designed for business use. With Unsecured Business Loan, you are lent a certain sum of money over a period of years, and the interest rate and monthly payments are fixed over the term.
- Unsecured Business Loans can help with cash flow, and help to tide you over when times are tough by offering access to short-term finance.

Features

- Easier to obtain
- No collateral required
- Quickly processed
- Availability of funds on short notice whenever you might need additional cash due to unexpected bills or expenses

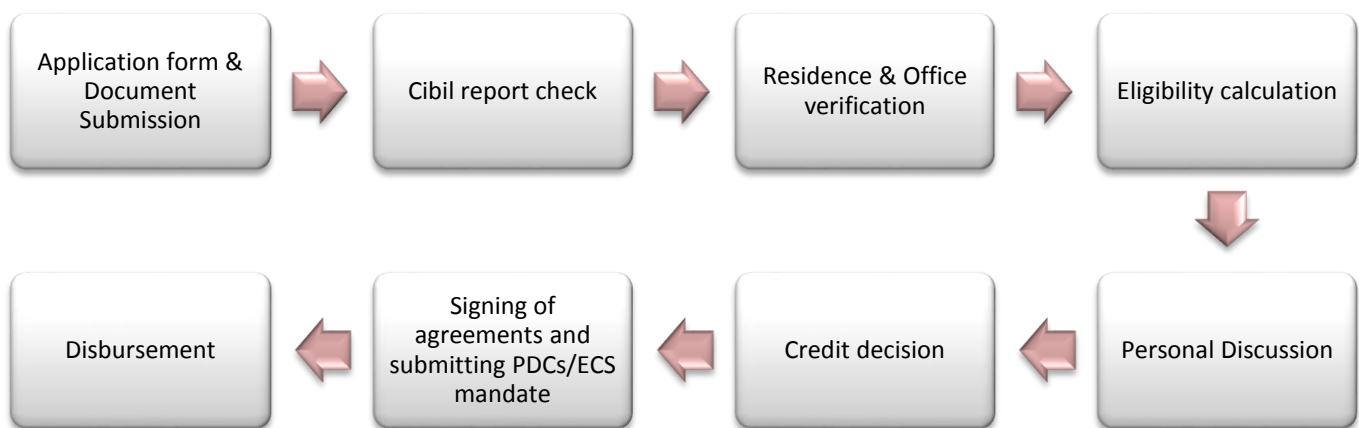
Benefits

- ❖ Business Expansion
- ❖ Short term working capital requirement or Inventory purpose
- ❖ Small equipment purchase
- ❖ Renovation of Office
- ❖ To cover cash flow shortfall

When should you opt for unsecured business loan and not loan against property?

- You are unable to or not willing to provide a collateral or security such as property or deposit
- You need money for a relatively shorter period of time
- You need the money real fast and with minimal documentation within 3 - 15 days
- You need flexible eligibility norms based on annual turnover or cash profits as opposed to reported income or profits

Process



Documentation

Proprietorship Firm

Individual KYC

PAN Card (Borrower and Co-Borrower)

Address Proof (Utility bill, Passport, Aadhar Card, Driving License)

Ownership proof (Electricity bill in name of company or Individual)
Company KYC
Office Proof (Shop and Establishment Cert /Gumasta or other registered document)
Office Utility bill in the name of office (Phone or Elec bill)
Other Documents (VAT, Service Tax, Sales/Purchase)
Business Profile & Latest Form 26 AS
Latest 3 Years Financials (FY 15-16, 14-15, 13-14)
ITR Saral Page and Computation of Income -gap should be more than 6 months between 2 year ITR filing
Tax Audit Report (Form 3CB and 3CD) (42 Points)
Last 3 years Balance sheet and Schedules attested by CA
Last 3 years Profit and Loss and Schedules attested by CA
Latest 6 Months or 1 year Banking for all accounts
Sanction Letters (CC sanction letter Mandatory) and running loan SOA
Contact Details (Mobile no, Landline no, Email ID)
Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across
Cheque for processing fee

Partnership Firm
Company Pan Card
Company Utility bill in the name of office (Phone or Elec bill)
Partnership Deed

PAN Card (All the Partners compulsory)
Address Proof (Utility bill, Passport, Aadhar Card, Driving License)
Ownership proof (Electricity bill in name of company or Individual)
Other Documents (VAT, Service Tax, Sales/Purchase)
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Last 3 years Profit and Loss and Schedules attested by CA
Latest 6 Months or 1 year Banking for all accounts
Sanction Letters (CC sanction letter Mandatory) and running loan SOA
Contact Details (Mobile no, Landline no, Email ID)
Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across
Cheque for processing fee

Private Limited
Company Pan Card
Company Utility bill in the name of company (Phone or Elec bill)
Memorandum and Articles of Association of the Company
List of Directors and Shareholders with their individual shareholding certified by a CA / CS

PAN Card of shareholders having minimum 51% required
Address Proof (Utility bill, Passport, Aadhar Card, Driving License)
Ownership proof (Electricity bill in name of company or Individual)
Other Documents (VAT, Service Tax, Sales/Purchase)
Business Profile & Latest Form 26 AS
Latest 3 Years Financials (Fy 15-16, 14-15, 13-14)
ITR Saral Page and Computation of Income
Tax Audit Report (Form 3CB and 3CD) (42 Points)
Auditors Report and Annexure to Auditors report
Directors report
Last 3 years Balance sheet and Schedules attested by CA
Last 3 years Profit and Loss and Schedules attested by CA
Latest 6 Months or 1 year Banking for all accounts
Sanction Letters (CC sanction letter Mandatory) and running loan SOA
Contact Details (Mobile no, Landline no, Email ID)
Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across
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Latest 6 Months or 1 year Banking for all accounts
Sanction Letters (CC sanction letter Mandatory) and running loan SOA
Contact Details (Mobile no, Landline no, Email ID)
Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across
Cheque for processing fee

Self Employed Professionals
Individual KYC
PAN Card (Borrower and Co-Borrower)
Address Proof (Utility bill, Passport, Aadhar Card, Driving License)
Ownership proof (Electricity bill in name of company or Individual)
Education qualification certificate
certificate of practice
Latest 6 Months or 1 year Banking for all accounts
Cash/Income Receipts of a year
Sanction Letters (CC sanction letter Mandatory) and running loan SOA
Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across
Cheque for processing fee

Customer segment

Self Employed Non Professional	Self Employed Professional
Proprietorship	Doctors
Partnership/LLP	Architects
Private Limited	Chartered Accountants
Deemed Limited	

Conditions Apply**

- At least 3-5 years business continuity in same line of business
- Net profit and Turnover should be on growth trend in the last 3 months
- In banking program only business credits considered for income calculation
- Not more than 3 unsecured business loan active at the time of login

Eligibility Calculating methods

Debt servicing coverage ratio

DSCR =Net Operating Income/Debt service

Net Operating Income – *Net income+ Amortization & depreciation+ Interest Expense+ Non-cash items*

Debt Service – *Principal repayment + Interest payments+ Lease payments*

The debt service coverage ratio measures a firm's ability to maintain its current debt levels. This is why a higher ratio is always more favourable than a lower ratio. A higher ratio indicates that there is more income available to pay for debt servicing.

- For example, if a company had a ratio of 1, that would mean that the company's net operating profits equals its debt service obligations. In other words, the company generates just enough revenues to pay for its debt servicing. A ratio of less than one means that the company doesn't generate enough operating profits to pay its debt service and must use some of its savings.

Generally, companies with higher service ratios tend to have more cash and are better able to pay their debt obligations on time.

Income eligibility

Income based program (Cash Profit method)

Profit After Tax

Turnover Program

+Depreciation	Turnover* Industrial Margin compare with
+Remuneration to Directors/Partners	Gross profit(whichever is lower)
+Interest on paid bank loans	=Yearly Income/12
=Yearly Income/12	=Monthly income*DBR
Monthly income	(-)Monthly obligation
(-)Monthly obligation	=EMI paying capacity/Per lac
=EMI paying capacity/Per lac	=Loan amount
=Loan amount	

Surrogate Programs

- Banking Program
- Auto loan - 12 months served
- HL RTR - 18 months served
- LAP RTR - months served
- Liquid Income Profile

General overview

Exposure

- 10 Lacs to 3 Cr

Collateral

- No Collateral

Tenure

- upto 3 years

Rate of Interest

- 15.50% to 24%*

Processing fees

- 1% to 2%*

Partners

BANKS	NBFCs
AXIS BANK	ADITYA BIRLA
DEUTSCHE BANK	BAJAJ FINANCE
HDFC BANK	CAPITAL FIRST
ICICI BANK	CAPITAL FLOAT
INDUSIND BANK	DHFL
KOTAK MAHINDRA BANK	EDELWEISS FINANCE LIMITED
RBL	FULLERTON INDIA CREDIT COMPANY LIMITED
STANDARD CHARTERED BANK	INTELECASH
IDFC BANK	L&T FINANCE
	LENDING-KART
	MAGMA FINCORP
	NEOGROWTH
	SHRIRAM FINANCE
	TATA CAPITAL
	TRIBE
	UPF KAPITAL TECH

