



CREDIT POLICY

Zeal Holdings Pvt. Ltd.



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23rd of August 2024

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Zeal Holdings Pvt. Ltd.

“CREDIT POLICY”

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1. OBJECTIVE AND SCOPE OF THE POLICY:

i. Purpose

Zeal Holdings Pvt. Ltd. (the "Company") is registered with the Reserve Bank of India (RBI) as a non-deposit accepting Non-Banking Financial Company (NBFC). This Credit Policy outlines the principles governing the Company's lending operations, focusing on extending credit facilities to MSMEs and corporate clients' merchants. The Policy ensures compliance with RBI guidelines and legal requirements and will be reviewed and updated periodically to reflect changes in regulations or business operations.

ii. Objectives

The objectives of this Policy are to:

- Standardize lending procedures and policies for consistent and efficient operations.
- Implement due diligence practices to mitigate credit risks and enhance credit quality.
- Define the Company's risk appetite and establish underwriting frameworks, including credit limits and risk parameters.
- Ensure comprehensive credit appraisal and effective monitoring and recovery of outstanding credits.
- Provide a detailed framework for all stages of the lending process tailored to MSMEs and corporate clients.

iii. Ethical Standards

The Company is committed to upholding the highest standards of ethics and compliance, adhering strictly to legal and regulatory requirements.

2. BUSINESS STRATEGY AND OPERATIONS

i. Financial Sustainability

Zeal Holdings Pvt. Ltd. will ensure financial sustainability by generating income through interest on credit extended to MSMEs, investments, and service fees. Credit will be provided to MSMEs and corporate clients or merchants.

ii. Business Segments

- **Lending to Businesses:** Focuses on providing credit to Micro, Small, and Medium Enterprises and corporate clients to support their operational and growth needs. This includes working capital loans, equipment financing, and other business-related credit facilities.

iii. Sanctioning Authority

The Board of Directors is the primary sanctioning authority for credit approvals. Credit officers are authorized to approve loans on a case-by-case basis, considering all relevant aspects such as purpose, size, interest rate, term, repayment, and security. The Board may directly approve specific credits or policy features.

3. PURPOSE OF CREDIT

i. Business Objectives

The company aims to meet the diverse financing needs of MSMEs and corporate clients, including operational expenses, capital expenditures, and growth initiatives. The credit facilities are designed to support the financial health and expansion of MSMEs and corporate clients within the regulatory framework and risk appetite.

4. CUSTOMER SELECTION

i. Eligibility Criteria

Credit facilities will be extended to:

- Micro, Small, and Medium Enterprises (MSMEs) and corporate clients engaged in various sectors and industries
- Merchants requiring financial support for operational and growth purposes.

5. CREDIT UNDERWRITING

i. Approval Process

- **Application:** Clients must submit a credit application through the Company's mobile app, web portal, or fintech platform.
- **KYC Verification:** Submitted documents will be verified using technological or manual resources.
- **Credit Appraisal:** The appraisal process includes assessing the clients' financial health, business model, and repayment capacity, requiring additional documents such as financial statements and business plans.

ii. Sanction Decision

The final credit approval will be made by Zeal Holdings Pvt. Ltd. sanctioning authorities based on a comprehensive evaluation of the clients' creditworthiness.

iii. Processing Fee and Charges

A processing fee will be charged as applicable, with revisions communicated prospectively. Additional charges may include platform/tech fees, prepayment

charges, late payment fees, and legal charges.

iv. **Unsecured Credits**

Unsecured credits will be provided only if the clients' financial stability and repayment capacity are sufficiently demonstrated. For higher-risk profiles, collateral or guarantees may be required.

6. TENOR

Credit facilities will be provided for a maximum tenor of 12 to 60 months.

7. DETERMINATION OF INTEREST RATES

i. **Base Rate Calculation**

The base interest rate will include the cost of funds, operational costs, risk factors, and minimum return expectations. Rates will be adjusted based on the clients' creditworthiness and risk profile.

ii. **Factors Influencing Rates**

- **Company Factors:** Cost of funds, operational and technology costs, and return on equity/asset targets.
- **Customer Factors:** Credit history, financial stability, business performance, and requested amount/tenor.
- **External Factors:** Benchmark rates and competitive rates within the MSME and corporate clients lending market.
- **Other Considerations:** Interest rates will be annualized, transparent, and communicated clearly in the sanction letter and published online.

iii. **Repayment and Security**

Credits may be repayable in installments as per agreed terms. Extensions beyond due dates require specific written reasons. Secured credits will involve appropriate security and collateral if necessary.

8. CUSTOMER JOURNEY

Clients can access credit services by:

Independently Online: Via mobile app or web portal.

Assisted: Through online, offline modes, or affiliated stores/branches.

9. PRE-APPROVED CUSTOMERS

Zeal Holdings Pvt. Ltd. may offer pre-approved credits to clients based on data from credit bureaus and alternative sources. Acceptance of such offers may be independent or assisted.

10. GENERAL INFORMATION

- i. **Disclosure:** Clientss will be informed about credit terms, conditions, and charges before application processing. Written consent is required for online or telephonic applications.
- ii. **Non-discrimination:** The Company will not discriminate based on any characteristics but may develop specific schemes for different sectors or business sizes.
- iii. **Post-sanction Documentation:** Credit terms, conditions, and repayment schedules will be communicated and explained to the clients.
- iv. **NPA Status:** Efforts will be made to notify clients by Emails, phone calls and send notice before their account becomes a non-performing asset (NPA).

11. REPORTING TO CICs

Zeal Holdings Pvt. Ltd. will regularly report and update credit information to all Credit Information Companies (CICs) on a monthly basis or as required.

12. PERIODIC REVIEW

This Credit Policy will be reviewed annually or as necessary to ensure its relevance and compliance.