

# **Loan Policy**

## **\_\_\_\_(Revised)\_\_\_\_**

# **Sital Leasing & Finance Limited**

---

**Duly approved by the Board of Directors vide resolution  
dated 29<sup>th</sup> June, 2021**

**S I T A L**  
**Leasing & Finance Ltd.**

## Index

Chapter	
<b>I</b>	<b>Preamble</b>
<b>II</b>	<b>Company Profile</b>
<b>III</b>	<b>Approach to Lending</b>
<b>IV</b>	<b>Types of Loan</b>
<b>V</b>	<b>Policy on KYC / AML Standards</b>
<b>VI</b>	<b>Pricing of Credit Facilities</b>
	<i>Interest Rates</i>
	<i>Other Charges</i>
<b>VII</b>	<b>Sanction Committee/Delegated Powers</b>
<b>VIII</b>	<b>Sanctioning Authority</b>
<b>IX</b>	<b>Review and Renewal of Loans</b>
<b>X</b>	<b>Documentation and Security creation</b>
<b>XI</b>	<b>Restrictions on Funding</b>
<b>XII</b>	<b>Assets Classification</b>
<b>XIII</b>	<b>Amendments</b>

## Chapter-I

---

### Preamble

The Reserve Bank of India (RBI) vide Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Updated as on February 17, 2020) and vide Master Direction DNBR.PD.008/03.10.119/2016-17 dated February 17, 2020 has advised the Boards of NBFCs to frame a appropriate Loan policy for the company and implement the same.

**Accordingly** we have formulated the loan policy and duly amended it time to time. Currently the existing loan policy which was earlier amended vide the resolution dated 15/03/2019 , which is being reviewed by the Board of directors dated on 29/06/2021 and has been duly decided to totally revamped it, by inserting some more important aspects in respect to Credit, Sanction & Appraisal, Collaterals for loan, KYC documentation, Differential rate of interest, judicious exercise, parameter of sanction and appraisal sanction power & reporting to higher authority, power vested with the Board in respect to sanction of loans and delegation of powers etc.

This policy document on Loans & Advances outlines the guiding principles in respect of formulation of various products offered by "SLFL", the terms and conditions governing the conduct of account, the delegated power to the committee/officials and other terms & conditions applicable to such loans. It is expected that this document will impart greater transparency in dealing with individual/corporate customer and create awareness among customers. The Company will apply best industry practices so long as such practice does not conflict or violate RBI guidelines in this regard.

## Chapter-II Company Profile

### **Sital Leasing & Finance Limited** (Hereinafter referred to as "SLFL" or / "the Company")

The company is incorporated under the Companies Act, 1956 having Corporate Identification Number (CIN) L65910HR1983PLC050169. The registered office of the company is located at 322, 3<sup>rd</sup> Floor, SS Plaza Commercial Complex, Mayfield, Garden, Sector-47, Gurgaon, Haryana -122001 and the Corporate office located at 16/121-122, Jain Bhawan, Faiz Road, Karol Bagh, New Delhi-110005.

The company has been incorporated on 10/10/1983. "SLFL" is a listed entity and duly listed on Metropolitan Stock Exchange of India Ltd (MSEI).

"SLFL" is a registered as Non-Banking Financial Institution having a valid license Registration No. B-14.02131 dated 21<sup>st</sup> Dec, 2001.

"SLFL" is categorized as Non-Deposit Taking Systematically Importance (NDSI) Non-Banking Financial Company. At Present, the RBI has classified as NBFC-ICC category. (\*As per RBIs notification, three categories of NBFC has been merged, these three categories of NBFC are Asset Finance Company (AFC), Loan Company and Investment Company. These three categories are merged into a new category called **NBFC-Investment and Credit Company (NBFC-ICC).**)

"SLFL" being a registered NBFC with RBI has been primarily engaged into (a) Investing in equity/securities of listed and unlisted companies and (b) Lending activities.

The Policy guidelines governing the lending activity of "SLFL" are brought out in the following chapters. The policy guidelines would be reviewed annually delineating the focus areas of the Company.

"SLFL" gives loans against shares / liquid securities, promoter funding, short/medium/long term corporate loans to SME and Mid-size corporate with or without security.

"SLFL" lending culture would be guided by the 'Fair Practice Code' as approved by the Board of Directors as also the approved Risk Policy and Know Your Customer (KYC) Policy.

Lending policy in other word we can say that credit policy or policy for loans and advances. Lending means loans and advances which are the important operation of every lending company/bank whether it is Nationalized or private bank or any NBFC's. Lending is also known as source of income in form of interest. Lending captures the high percentage in company's profitability. Lending includes the fund base as well as non -fund base lending or loans and advances. Lending policy gives guidelines for the lending operations. The information is gathered and personally experienced the lending operation is through consult and communication. The aim of the project is to focus on how the lending policy operations to perform better and effectively and an overview and detailed understanding of each and every aspect of lending policy.

One of the important functions of the Banking System is to lend money to the needful to achieve economic objectives. The Reserve Bank of India is empowered to issue licenses to Non -Banking Finance Companies (NBFC's) and further to issue directives/advices on loans and advances and other aspects regarding conduct of loan accounts from time to time. With liberalization in the financial system and deregulation of interest rates, NBFCs are now free to formulate loan products within the broad guidelines issued by RBI.

RBI directives can be studied in detail in various Master Circulars issued from time to time by the institute. This policy document on loans and advances outlines the guiding principles in respect of formulation of various products offered and terms and conditions governing the conduct of the account. It is expected that this document will impart greater transparency in dealing with the individual and corporate customers and create awareness among customers. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

## **COMPANY PROFILE AND LOANS & ADVANCES FINANCING ACTIVITIES**

The "SLFL" is presently engaged in the business of finance. The company majorly deals in sale/ purchase of equity shares and investments. Presently the company has few products in which it dealt. The company provides different types of loans which include, Personal Loans, Corporate loans, Loan against Property, Loan against Shares etc. to its various customers. Such credit facilities are extended to different types of customers, which include Individuals, Partnership Firms, Companies and other Legal entities. "S"SLFL" has not dealt in Gold Loan activities since its inception. The "S"SLFL" has endeavor is to build a

sustainable finance model that not only delivers high standards of service and value to our customer but is also rewarding to all our stakeholders.

“S”SLFL”” has created cost effective and efficient value chain for its customer’s financial needs. The services provided by the Company can be divided under 2 major categories:

1. Financing Unsecured Loan
2. Advances

Though, the Company can finance & provides above mentioned loan portfolio majorly comprise of:

### **LOAN FINANCING**

As per distinct of RBI guidelines, “S”SLFL”” can finance its money as loans & Advances activities in supporting productive/economic activity, to any company/ firms/ organizations/individual customers etc. The prescribed rate of interest shall be varying at the time of disbursement of loan customer to customer. The company has sanctioned its loans to the prospective borrowers, on the basis of their creditworthiness & existing transactions. The company generally finance to any company only through known person. We check all the relevant documents related to KYC before sanctioning/granting the loan to the customers, firms, company, etc.

### **REASONS FOR PURSUING AN UNSECURED LOAN**

Unsecured loans are used primarily for small, short-term expenses, such as medical crises or wedding or funeral costs, Business miscellaneous expenses, expansion for business etc. The purpose of the loan does not affect the terms & conditions of the loan. The loan is usually intended to be repaid within a period of 5 years, though the terms can vary depending on the amount at issue and the relationship between the lender and the borrower.

Simplicity is another reason to seek an unsecured loan. When only small amounts of money are at issue, it is not usually worth the hassle of transferring property titles and establishing a collateral relationship. A simple contract can often be the best way to proceed. There is no limit in law on the interest that the lender charges. We have provided for a greater rate of interest if the borrower falls behind with repayments.

### **KNOW YOUR CUSTOMER (‘KYC’) AND ANTI-MONEY LAUNDERING (‘AML’) GUIDELINES**

The Company has formulated its KYC and AML policy and accordingly the same is to following during the disbursements of the loans and advances. The standard KYC documents such as identity proof, address proof, MOA, Balance sheet, ITR etc are to be collected from borrowers and guarantors of loans accordance with the said agreement.

### **RESTRICTIONS ON FUNDING**

- There are no specific restrictions on the funding of loans and advances with regard to the customer profile, area/address/type of the borrower or guarantor, etc. But general prudence is to be observed during the field investigation and enquiry about

the customer.

- The Company shall insist on, but not stick to, lower funding and lower repayment tenure for loans and advances.

#### **INTEREST RATES**

- The management understands that considering the higher cost of borrowing and the risk profile of the customer, it has to maintain adequate margins to cover the operational and delinquency risk.
- Thus, it is decided to fund the loans and advances between 8% to 30% P.A to be charged on flat rate basis for the entire tenure. Further, at their own sole discretion, Directors can approve the interest rate for any loan/advance outside the range above, and these may vary at the time of disbursement of the loan.

#### **OTHER CHARGES AND REBATES**

- The Company does not levy any charges on its loans. Further, at their sole discretion, the management of the Company can reduce or waive all or any of the charges (if any).
- The pricing of loan does not involve any charges.

#### **TRANSPARENT LOAN/CREDIT APPRAISAL AND TERMS/CONDITIONS**

- The company would convey in writing to the borrower in the vernacular language as understood by the borrowers, by means of sanction letter, loan agreement (including all other documents)
- The amount of loan sanction along with the terms and conditions including the annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on record.
- The company will provide a copy of loan agreements/files (included all relevant document) preferably in vernacular language along with a copy of each enclosures quoted in the loan files to all the borrowers at the time of sanction/ disbursement of loan.
- The company will mention the penal interest charged (if applicable) for late repayment in bold in loan agreement for individual loans wherever applicable. However, late repayment and prepayment charges are not applicable for loans granted by the company.

#### **IMPORTANT ASPECTS PERTAINING TO CREDIT**

- The company would give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, services charges,

prepayment charges (if applicable) etc.

- The company would also ensure that changes in interest rates and charges are affected prospectively.
- There will be No any collateral security deposit is being collected.
- The company would also ensure not resort to undue harassment for recovery of loans.
- The company would form a separate Grievance Redressal System.

#### **LOAN SANCTION & DELEGATION AUTHORITY**

The company has separate Loan Sanction Authority. The board of the Directors of the company has duly appointed & delegated Mr. Surendra Kumar Jain (Managing Director) of the company to sanction and process the loan applications. The loan application itself sanctioned in the observation of the Managing Director of the company.

#### **DISCREIONARY POWERS TO TAKE ACTIONS**

The Board of Directors and a person whom the Board authorized will be able to take any actions. The powers are reserved with the Board of Directors of the company.

#### **CIBIL**

The Company has obtained all the required 4 companies membership from Credit Information companies i.e. CIBIL, EQUIFAX, CRIF IGH, EXPERIAN. This would help the company to find out the defaulters borrower if (any).

#### **EXPOSURE LIMIT**

The Company has been operating in mainly major two activities i.e. loans & advances, sale/ purchase of shares/ investments. The management truly understands the risk of funded over the permissible limit. So the company has funded its loans & investment within the permissible limit as prescribed by the RBI Guidelines on **CEILINGS ON CONCENTRATION OF CREDIT/ INVESTMENT**. RBI prescribes the following credit/ investment concentration thresholds for systematically important Non Banking Financial Companies (“NBFCs”) as tabulated below:

<b>Sr. No.</b>	<b>Nature of Business</b>	<b>Mandatory Ceiling Limit</b>
1	Lending to any single customer	15% of its Owned Fund
2	Lending to any single group of customer’s	25% of its Owned Fund
3	Investing in the shares of another Company	15% of its Owned Fund
4	Investing in the shares of single group of Companies	25% of its Owned Fund

5	Lending and investing to a Single Party (Loans / Investment taken together)	25% of its Owned Fund
6	Lending and investing to a Single group of parties	40% of its Owned Fund

However, there are certain exceptions, exemptions and allowances prescribed in the RBI directions with regard to the above limits, which are set out below:

- The above ceiling on the investment in shares of another Company shall not be applicable to "S"SLFL" in respect of investment in the equity capital of an insurance company up to the extent specifically permitted, in writing, by the Reserve Bank.
- The company has not invested in debentures.
- The above ceilings on credit/ investments shall be applicable to the own group of "S"SLFL" as well as to the other group of customers/ investee companies.
- For determining the limits, off balance sheet exposures shall be converted into credit risk by applying the conversion factors as explained by RBI through various circular.

#### **COLLECTION PROCEDURE**

The Company has the proper monitoring over its loan accounts to recover its outstanding loans from its customers/borrowers. Mostly the loans funded to the known clients so the ratio of unrecovered (NPA's) of the loan principal & interest is very low.

#### **OVERRIDING POWERS OF THE DIRECTORS AND MANAGING DIRECTOR**

The Company has been operating in very close vigilance and supervision of its higher management consisting of its Directors. Thus, Directors are given overriding powers to approve or disapprove, add or modify any of the provisions of this policy to the best interest of the Company.

#### **GRIEVANCES / COMPLAINTS**

All customers & borrowers or guarantors, current or past, can and should contact the company's Nodal officer for any grievances or complaints (including complaints against any policy, employee or representative, etc.) by following means:

Grievance Redressal Officer	:	Mr. Surendra Kumar Jain
Designation	:	Managing Director
Corp. Office	:	16/121-122, Jain Bhawan, Faiz Road, Karol Bagh, New Delhi-110005
Contact No.	:	9891709895
Email	:	sitalleasing83@gmail.com sitalleasing@gmail.com
Website	:	www.sitalleasingfinance.com

**For and On Behalf of  
SITAL LEASING AND FINANCE LIMITED**

**Surendra Kumar Jain  
Managing Director  
DIN: 00530035  
Address: 555, Double Storey,  
New Rajendra Nagar,  
New Delhi-110060**

**Date: 15<sup>th</sup> March, 2019  
Place: New Delhi**

## **LOAN POLICY**

### **MEANING OF FINANCE**

Finance may be defined as the provision of money at the time when it is required. Finance refers to managing the flow money through an organization. It concerns with application of skills in the manipulation, use and control of money. Different authorities have interpreted the "Finance" differently.

### **DEFINITION OF FINANCE**

"Finance is that part of business activity which is concerned with organization and conservation of capital funds in meeting the financial needs and overall of business enterprise".

**Wheeler"**

**"By**

### **SCOPE OF FINANCE**

The main objective of financial management is to arrange sufficient finance for meeting short-term and long term needs. These funds are procured at minimum costs so that profitability of business is maximized. With these things in mind, a financial manager will have to concentrate on the following areas of finance functions. It helps in decision making for investment it helps in solving their problems and attaining wealth maximization goals. It helps in allocation of earnings between payments to shareholders and retains earnings. It helps the management in choosing the most viable projects with maximum returns.

## **OBJECTIVES**

1. Profitable deployment of resources in line with ALM requirements.
2. To aim at a common approach in credit appraisal and monitoring standards to meet genuine credit needs of existing clients and to enlarge client base through client acquisition besides facilitating quick and prompt credit decisions.
3. To set up standard and uniform credit evaluation system and procedures to monitor portfolio performance and set up guideposts to augment income from non- fund exposures.
4. Strengthen the credit delivery system and to clearly lay down the preferred deployment area of credit keeping in view the socio-economic obligations profitability, past experience of asset impairment and with greater focus on retail banking.
5. To address issues of credit concentration and to set up prudential credit exposure norms.
6. To build and maintain a well diversified portfolio for an orderly asset growth.
7. To provide reports & Review on Loans and advances
8. To provide for dissemination of information to enable informed credit decision making at all levels and to facilitate proper training of field staff on credit appraisal and Monitoring.
9. To provide for adequate delegation of discretionary authority at all levels consistent with the cannons of this Policy Documenter's.
10. To improve market share in identified areas of business through Maintaining Continuous contacts with the existing clients to meet their credit requirements for their business and expansion plans etc.
  - i) Obtaining reference from existing clients for increasing the customer base.
  - ii) Such references may also be obtained from various associations of merchants/industries/traders etc
  - iii) Acquiring new clients, by identifying potential non customers, establishing contacts for bringing them to our fold, adhering to take over codes and policy guidelines
  - iv) By leveraging the technological advantages of the Bank

## **REGULATORY COMPLIANCE**

## Fair Practices Code (FPC)

In compliance to Reserve Bank of India's directives the Company has formulated its Fair Practice Code for Lenders. The basic tenets of the Code are as under:

- To be fair and honest in disclosures, dissemination of information and presentation while releasing information to public and marketing of Loan Products.
- If sought, to render necessary assistance to customers applying for loans.
- Not to discriminate on the basis of religion, caste, sex, descent etc.
- To provide professional, efficient, courteous, diligent and speedy services in the matter of retail Lending.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- To attempt with good faith to resolve any disputes or differences with customers by setting up complaint redressal cells within the organizations.