

LEASEINDEX INDIA LIMITED.

Head office, Thrissur

CREDIT POLICY

Loan against gold ornaments:

Principal officers of branches are authorised to grant advances of gold jewellery of 22 ct.

At present, branch managers are permitted to grant loans maximum @75% of the market value. Advances shall be granted only to bonafide owners of the jewels offered as security, after complying the KYC norms. Advances should not be granted if the ownership of the ornaments are doubtful or suspicious. Those items having an admixture of wax, lac, copper dars, copper wires, should be avoided.

In case of ornaments predominantly of Gold and a very small portion thereof consists of precious stones, wax filled trinkets etc the weight of wax, strings, stones etc should be liberally deducted from their gross weight and the advance should be based on the net weight of ornaments.

The maximum period of loan is 12 months.

With the new gold loan policy envisaged by RBI in June 2025, the LOAN TO VALUE (LTV) has been raised to :

Total consumption loan amount per borrower	Maximum LTV ratio
Upto 2.50 lakhs	85%
➤ RS,2.5 lacs to Rs. 5 lakhs	80%
➤ 5.00 lakhs	75%

Precautions :

Branch should know the fluctuations in the market

Touch stone and nitric acid test should be used to test fineness.

The pledge form should be complete and in order and properly stamped.

The weight of the ornaments should be verified twice and confirmed.

The signature of the borrower should be obtained in the appropriate places.

Gold loan accounts should be serially numbered.

The pledge forms which itself serve the purpose of register should be arranged serially and filed in the special binder.

Jewels relating to each loan account shall be packed in separate covers with distinctive numbers showing the name of the borrower, weight of Gold and amount of loan written on the face of the cover.

Rate of interest :

1 month 12% , after 1 month 15%, >2 M TO 6 M 18% > 6 MONTHS 24%

Joint custody:

Gold ornaments pledged should be retained under joint custody of the other staff member. In safe custody

He should verify the ornaments & weight before placing under joint custody and both will be responsible for the value, genuineness and quantity of Gold pledged. Strict dual control of Gold and other valuables and securities should be observed. Periodical balancing of accounts with the number of Gold packets outstanding in the safe will ensure any missing or wrong delivery of pledged items.

Head office will be sending a Gold appraiser to branches for verification of the genuineness and outstandings in a periodic way. .

Closure of account:

borrowers themselves should call at the branch to redeem the ornaments with the token issued to them. The borrower should sign on the reverse of the pledge form "Received the ornaments Pledged" and the signatures viz; one at the time of pledge and the other one at the time of release should tally

Part payments to the loan account are permissible but partial release not allowed .Branch should ask the customers to remit the monthly interest as when due.

Delivery of ornaments to third party are allowed on genuine reasons against issue of a letter of authority with signature of the authorised person duly attested by the pledger absolving and indemnifying the company from all liabilities in the event of any dispute.

Gold Loan follow up:

Gold ornaments shall be repaid within 12 months or on demand. When there is a declining trend in the market price of Gold, the present dues under each account should be calculated and compared with the realisable value .If the margin on security is narrow ,immediate recovery steps to be initiated. The account should be recalled by issuing registered notice giving 7 days notice period for closure from the date of delivery of the letter. Auction proceedings can be initiated in

consultation with the Head Office and time and venue can be fixed and the same to be intimated to the customer by a registered letter with acknowledge due to clear the dues before the date of auction. **The notice of auction be given in two newspapers and the publication should be in vernacular/local news paper. If the number of items to be auctioned is less, Board may in such instances give permission to allow by private sale which is beneficial to the customer.** The notice of auction be conspicuously displayed in the Notice Board at HO and the relevant branches, The same may be incorporated in the notice as well. In case the bid amount in public auction does not fetch the amount required for closure, alternate channel by private sale should be permitted by adding the clause in the application form and the notice of intended sale. **Employees of the company are not permitted to participate in the bidding.**

With the new RBI policy on gold, there should be reserve price for Gold collateral auction amount cannot go below 90% of the current market value. If nobody is coming forward for bidding >90%, the auction need not be conducted and postpone for another date and still cannot fetch 90%, a reserve price not less than 85% to be adopted. The first auction shall be conducted physically in the same district In case of failure of auction, it can be conducted in adjoining district or go online auction

Returned notices should not be re-opened and kept intact with the pledge form as evidence for having served the notices. If any borrower is reported dead, the legal heirs may be permitted to redeem the gold after producing legal proof . such instances should always be reported to HO for further guidance.

In sale by auction, the sale proceeds will be applied for closure of the loan account in the first instance and surplus if any, credited to Gold loan auction excess a/c . The excess amount so received should be intimated to the borrower by a registered notice for claiming the amount. An auction sale register shall be maintained with the following particulars:

GLNo., name & address, amount advanced, ornaments particulars, date of sale, name & address of the person to whom the ornaments are sold, amount received, Amount due at the time of sale, excess or deficit. Signature of buyer, manager initial, date of disposal, signature of borrower to whom refunded and managers initials.

A full record of the sale proceedings signed by two witnesses should be preserved.

The amount that will be realised by private sale shall not be less than the final bid amount raised by the final bidder in the public auction.

Criminal procedure code

If it is suspected or alleged that the pledged gold ornaments are stolen, it will become the subject matter of criminal case. Police have the authority to make a search for such items or

even issue an order for seizure. In such instance, a requisition for seizure may be obtained from the police and proper receipt be obtained and kept in proper custody. A declaration from the borrower that the Ornaments pledged is his/her own property to be kept with all the Gold loan application.

Registers to be maintained:

A personal register for each loan account is to be maintained and the same has to be closed with ACCOUNT CLOSED seal on the date of closure. Any part payments received should reflect in the said register. WE have a personal edger in the software module as well

Gold verification register should also be maintained when the appraiser comes for verification and his remarks stating the number of gold loans verified from GL No.. to GL No... and any defects noted should be noted against his signature.

Gold loan business is highly competitive, we require all our staff members to bestow proper care in handling customers to feel a homely atmosphere to attract more business and clientele base.

Branch Manager is permitted to sanction the Loans after complying RBI stipulations with regard to disbursement of such Loans. It is decided to conduct an inspection/verification of the pledged items by a Gold smith as appraiser on a three/six months periodicity and his report be submitted after verification to Head Office. One more appraiser may also be appointed and rotation of branches be considered.

Motor vehicle Loans

Loans against hypothecation of motor vehicle may be granted to parties of high integrity willing to furnish additional security by way of immovable property and/or acceptable guarantee with prior sanction of Head Office. These loans are secured loans and granted only to registered owners. This loan is granted usually for purchase of brand new motor vehicle/second hands . However in special cases, loans are granted for purchase of second hand vehicles. The maximum amount of the advance shall ordinarily not exceed the following rates less 15% per annum

1. On new vehicle : 80% of the invoice value./on Road
2. On vehicles 1 year & Above : 60% of valuation (vehicle condit
3. On vehicles model 2018 year old : 50% of the market value.(**vehicles with 7 years old**)

Or the value as ascertained by independent valuation whichever is less. Margin may be increased or lowered by head office from time to time. SO also the interest rates

A vehicle loan proposal should be compiled in the prescribed form signed by the borrower and guarantors along with proforma invoice /valuation reports in the case of old vehicles. It should contain relevant information like the purpose for which the vehicle will be used , the repayment capacity of the borrower, his experience in the line etc.

In the case of small transport operators, financial statements are to be obtained for assessing the profitability, cash generation etc. If the applicant intends to drive the vehicle himself, and intends to ply it as a public transport vehicle, it should be ensured that he has obtained valid driving licence applicable to that category of vehicle.

Insurance

The vehicle secured to the company must be covered by comprehensive insurance, with hypothecation clause. Due date of insurance to be diarised and advance information be given to the borrower and ensure to renew it before the due date. Party may be advised to remit the amount in our account so that we can directly renew the policy for our safety.

Disbursal:

The loan amount after obtaining the margin from the customer, should be paid to the dealer/seller by demand draft in his favour or by NEFT transfer to the account of the dealer/seller. In the case of old vehicles against which the customer requires finance, loan may be given after ascertaining the loan amount comparing the prevailing present market value of the proposed vehicle. Payment should be made by cheque or NEFT transfer only.

Rate of interest : For brand new vehicles, the interest rate charged is 11% flat rate and for second hand vehicles, the rate of interest is 13% (flat rate). Additional interest @24% for delayed days after the grace period of three days from the due date,

Registration:

New vehicles financed by us should be registered with the Regional transport authority on the very same day. Usually, in the case of new vehicles, the dealers undertake the responsibility of getting the vehicle registered and we should ensure that the hire purchase/hypothecation clause endorsement in our favour is made in the R C Book.

A copy of the RC book should be obtained for our records after verifying with the original.

The duplicate keys and original bills should be kept with us as part of the document.

It should be ensured that the vehicles should carry the words "financed by LeaseIndex India Ltd" and the same noted in the inspection register. A quarterly inspection of vehicle to be done while coming for monthly remittance and recorded in the inspection register.

Follow up.

Immediately after disbursal, the due date of monthly instalment, due date of insurance, date of time bar of documents be diarised. When two consecutive instalments are defaulted or even after repeated reminders, if the borrower fails to produce the vehicle for inspection, steps should be taken to recall the loan and seize the vehicle under report to HO. Penal interest to be charged for delayed payment. No objection certificate should not be issued if the instalments are in default. Steps should also be taken to obtain details of properties in the name of either borrower or guarantor while filing suit to avoid any loss to the company.

Registers to be maintained:

1. Individual personal register.
2. Vehicle loan inspection register
3. Insurance register.
4. Time Bar register (Many of the motor vehicle loans are for 36 months and above)

All our branches should show keen interest to increase the vehicle loan business for which the office in charge should have a local feel and through constant contacts, new proposals can be generated with the support of the dealers.

Prior Sanction of Loan from Head Office to be taken before disbursement . Branches are also authorised to disburse the vehicle loans after sanction from Head Office.

Branches should ensure that the insurance policy is current for all the loans and for Auroriskshaws, the permit to be renewed every 5 years.

Pronote Loan .

In order to cater to the demand of the business community and also to support our existing customers, Most of the branches have showed the expected vigour in promoting the scheme and hence it is all the more important that the scheme should have a strict policy frame work to bring the same in a uniform structure.

The following guidelines may strictly be complied for successful implementation and future follow up.

1. KYC instructions like obtention of adhaar Card/ voters id and photograph of the applicant is compulsory. And it should be self attested. A copy of the bank passbook to be obtained for payment of loan to the borrowers account. Please ensure that the place of residence of the borrower is within the purview of the branch.
2. Ration card copy may also be obtained for our records.
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3. The purpose of the loan and their repayment capacity to be ascertained while ensuring that the fund used is for productive purpose.
4. The tenure of the loan is for three years. And repayable in lumpsum within three years.
5. The interest rate charged for this type of loan is 24% on diminishing balance)
6. Close follow up by branches is essential for successful completion of the scheme.
7. The documentation is to be done individually with two guarantors
8. .Sanctioning of the loans be done by the branch after obtaining oral permission from HO.

Follow up:

When a customer defaults in repayment, a letter is to be issued to the customer to remit the default amount and even after sufficient notice, the default continues, we may issue a

registered notice to the borrower and guarantors . Frequent contacts in person with the borrower and guarantors also to be continued to get back the amount. If all the avenues for recovery are exhausted, and a legal remedy is the only solution, we may give the application and document details to our advocate/Arbitrator for recalling the advance and later filing suit against the customer. Meanwhile, an enquiry may be conducted to confirm whether the borrower/guarantors have any assets that can be charged to the company to strengthen our recovery process. Any such assets known to have with the borrower/guarantors, the same may be reported to the legal advisor for attachment in court.

Time Bar of documents: A pronote is **valid for three years**. In order to revalidate the pronote, a revival letter has to be taken well in advance, may be immediately after 30 months from the date of execution of the pronote to save from time bar. Once, **the pronote is time barred, we cannot proceed legally**. Hence, utmost care is to be taken to ensure receipt of revival letter from the borrower and guarantors. (Co-obligants)

Death of a customer: In such cases, immediately Head office may be contacted and branch may also take initiative to get the loan closed by immediate legal heirs of the borrower. The guarantors also have the liability to clear the dues and hence they may also be taken into confidence while discussing the matter with family members.

Sanction of the loans should be from Head Office and branches are permitted to disburse the loan after obtaining sanction from HO.

Documents to be obtained for PRONOTE LOAN:

1	ORIGINAL DOCUMENT OF TITLE DEED/COPY
2	PRIOR DEED (ORIGINAL/PHOTOSTAT)
3	Encumbrance certificate covering 15 years
4	Latest tax paid receipt
5	Adhaar Card with photo of borrower/guarantor
6	PANCARD OF THE BORROWER /GUARANTORS
7	PHOTO OF BORROWER/GUARANTORS
8	Memorandum of deposit of title deed from the property owner...IF ORIGINAL TITLEDEED
9	Valuation report of the property.

An equitable mortgage may be created by a simple deposit of title deed with intent to create a security. For additional safety, .

Time Bar of the documents should be diarised and wherever applicable, revival letter should be obtained well in advance. **With regard to repayment of loans, if the loan amount exceeds Rs.2 lakhs, the repayment by cash remittance is restricted to less than Rs.2 lakhs per financial year. If the amount exceeds Rs.2 lakhs, the repayment should only be accepted by cheque or NEFT/RTGS transfers.**

Follow up .

Recovery of loans and timely servicing of interest are of prime importance. Once the loan is disbursed, a register showing the name, address of the borrower/guarantors, their mobile numbers, due date of collection, whether received in time etc should be diarised in a separate register for this purpose. If the party defaults on due date call the customer directly and enquire with them. Still no positive action is seen, the branch may issue a notice to the borrower/guarantors for payment of dues. If the party defaults more than 2 instalments, the branch must issue registered notice to the parties with acknowledgement due. The returned registered letter with acknowledgement should be kept intact with the documents(This returned letter should not be opened). Proper personal follow up should be parallelly done . Unserved regd letters with ack. Due should be kept with the documents. The letter should not be opened. While filing suit, all the formalities before filing a suit to be complied and the related documents should be given to the advocate/Arbitrator retaining a copy of all the papers for future records. After obtaining the OS number and plaint copy, the loan may be transferred to our suit filed account.

Registers to be maintained:

1. Individual personal ledger.
2. Register for memorandum of deposit of title deeds.
3. Document register/time bar register.

LOANS AGAINST FIXED DEPOSIT

We may permit to allow upto 75% of the deposit amount against discharge of the deposit receipt. The interest charged should be 2% above the deposit interest.. In order to be secured, we may collect the monthly interest to the Loan account.

All branch managers and staff members should go through the norms prescribed herein and strictly follow the instructions above mentioned in toto.

**CHAIRMAN
LEASEINDEX INDIA LTD**