

GOLD LOAN POLICY

Product: GOLD LOAN

To provide loans to customers against gold jewellery.

1. Nomenclature and Tenure of the Loan

➤ Nomenclature

The loan is given as a demand loan.

➤ Tenure of the loan

All gold loan are sanctioned for a maximum tenor of 3 months unless otherwise specified under a particular scheme.

2. Eligible Customer

Any individual who is the lawful owner of the gold jewellery offered as security as per the declaration of ownership submitted by him and fulfilling the KYC norms as per RBI guidelines.

3. Purpose

The loan can be extended to anyone who is having short term fund requirements like working capital for establishment/expansion of business activity or meeting personal liquidity requirements or domestic needs including medical expenses etc. Loan shall not be used for any speculative or illegal or unlawful purposes violating the laws of the Country.

4. Quantum of Finance

Quantum of finance will be decided on the basis of net weight of gold of 22 carat ornaments, tendered as security, its purity and subject to RBI guidelines regarding loan to value.

➤ **Quantum and purity of gold that can be pledged and deductions to be considered.**

The minimum net weight of gold jewellery that can be considered for pledge is 2 grams. The ornaments shall be of minimum 22 carat purity. The weight of pearl, coral or any other stone or foreign material other than gold contained or forming part of the ornament irrespective of its value shall be deducted from the gross weight of the ornaments to arrive at the net weight for calculating the eligibility for the loan.

The purity determined shall be rounded off to the lowest integer . No gold ornaments below the purity of 20 carat or having net weight less than 90% of its gross weight shall not be accepted for gold loan. In the case of 20 carat gold ornament the per gram rate will be fixed reckon with the rate available for 22 carat gold ornament.

➤ **Interest and Charges**

Interest and other charges to be levied shall be governed by the interest rate policy adopted by the Board. The Board or a committee headed by CEO as empowered by the Board shall review the interest rates and other changes periodically and make necessary variations as per the business requirements. Any revision in interest shall only be with prospective effect.

Interest and other charges to be levied on the loan shall be as per the schemes formulated and amended from time to time. The interest rates shall be decided based on gradation of risk, the underlying principle being higher the risk higher the interest, with in the ceiling rate decided by the Company.

The interest shall be calculated for the actual number of days the loan remains outstanding including the date of loan disbursement. However, if the borrower closes the loan within 7 days from the date of disbursement, then a minimum interest for 7 days shall be payable.

For the purpose of calculation of interest a year will be reckoned as 365 days. Interest is calculated on monthly compounding basis.

➤ **Other Charges**

In addition to the interest the Company may levy other charges as below. The rate at which such charges are to be levied shall be decided by the Board or a committee empowered by the Board for fixing interest rates and other charges.

- 1) Notice charges
- 2) Charge for lost token
- 3) Auction expenses
- 4) Advertisement charges
- 5) Any other charges as decided by the Board or the committee empowered by the Board.

➤ **Documentation**

1. Loan application
2. Demand Promissory Note for loan amount above Rs. 25,000/.
3. Terms and Conditions Letter, ownership declarations and undertakings by the borrower and acknowledgement by the borrower and any other documents that may be specified by the Company.
4. KYC documents.

Any one or more of the following Documents specified by RBI as address/ID proof for completing the KYC of the customer.

Identity Proof: Passport/PAN card/Driving License/Voters ID card/Ration Card/Aadhaar Card or any other identity card issued by a government authority, PSU or nationalized bank containing the photograph of the customer.

Address proof: If any of the documents taken as identity proof also contains the address of the borrower, no separate address proof is insisted upon. In other cases, the following documents can be taken towards address Proof:

Ration card/latest electricity bill/latest landline telephone bill/bank pass book/Aadhaar card or any other documents issued by a government authority PSU or nationalized bank, containing the address of the customer.

5. Jewellery Handling

1. Gross weight of the jewellery to be taken and appraised for assessing the purity: Purity check shall be conducted as per the various methods prescribed by the company to make sure that the jewellery offered for pledge is of an acceptable level of purity.
2. Net weight of the jewellery to be arrived at after deducting the weight of stone embedded in the ornament.
3. Jewellery to be packed securely and kept in the strong room/safe.
4. Separate packet to be prepared for each loan.
5. Joint custodian arrangements by the joint custodians should be strictly followed in keeping gold ornaments in the safe/strong room, releasing from the safe/strong room and other operations.

6. Ownership of Gold

Before disbursement of the loan, Branch Manager/ Executives should enquire with the customers about the ownership of the jewellery being pledged for loan and the loan should be granted only after they are convinced about the genuineness of the borrower and his capacity to own that much quantity of gold. In addition to the above, customers are also required to sign a declaration of ownership of jewellery offered as security for the loan.

In case where the weight of the gold jewellery pledged by a borrower at any one time or cumulatively on various loans outstanding is more than 20 grams, the declaration should also contain an explanation specifically as to how the ownership was vested with the customer (for eg: inherited received as gift, purchased etc)

7. Loan to Value

The ceiling rate for granting the loan conforming to the guidelines issued by RBI from time to time as also the rate per gram under each scheme shall be updated in the CBS and advised to Branches periodically.

Change in rate of interest and schemes will also be updated in the CBS and intimated to branches periodically from corporate office.

8. Safety Measures

Utmost care is to be taken to ensure the safety of the ornaments pledged by the customer. With this in view the following arrangements shall be on place in all the Branches.

- 1.Strong rooms or FBR/TRTR or equivalent safes.
- 2.Night security guards/watchman at vulnerable Branches as decided by the company.
- 3.Burguler alarm, closed circuit cameras and such other devices as deemed necessary shall be installed in vulnerable Branches.
- 4.Insurance cover against burglary/fire/natural calamities or such other risks the company may decide to insure against.

9. Items Not to be Considered for Accepting as Security for the Loan.

- 1.Melted bar/Primary gold.
- 2.Jewellery of a temple/church or any religious institutions.
- 3.Item specified by the company in the negative list updated from time to time.
- 4.Items where the borrower is unable to give a proof or declaration of ownership.
- 5.Items which are not permitted to be taken as security by RBI.

10. Release of Jewellery

Jewellery shall be released to the same customer on receipt of full dues including the principal, interest and other charges, if any. Release, whether partial or in full can be done only after verification of signature, original KYC documents & customer copy of the original acknowledgement card/pledge receipts (Token). If token is lost indemnity in stamp paper of required value to be obtained before release of jewellery. In case the customer is deceased, the ornament will be delivered to the legal heirs as per the procedure stipulated by the company for settlement of Deceased loan accounts.

11. Fraud Prevention

All kind of fraudulent activities or attempt to defraud, whether it is by the employees or outsider, must be brought to the knowledge of the Management as soon as it is detected for proper action as per Company guidelines.

12. Spurious Gold/Stolen Gold

On finding spurious/stolen gold pledge attempt, following steps shall be taken by the branch. Attempt by any suspicious customer trying to pledge stolen/spurious jewellery should immediately be reported to the Vigilance Officer at the Regional Office/Head Office and to the local police.

13. Inspection

All branches will be periodically inspected and audited by internal audit staff at intervals specified by the Company. The audit department will at random, verify the quality and purity of gold ornaments accepted by branches for pledge. They will ensure that the circular instructions issued by the Company from time to time are strictly being adhered to.

14. Auction

If the loan account is not closed on completion of tenure even after sending reminders through SMS, notices/Registered notices at frequencies stipulated by the Company, the ornaments will be auctioned after giving a minimum of 14 day's prior notice by way of an auction notice sent by an authorized auctioneer. The auction will be announced to the public through advertisements published in at least 2 newspapers, one in vernacular language and other in a national daily. Agro Indus Credits Ltd and its other related entities will not be allowed to take part as a bidder in auction to ensure that there is an arm's length relationship in all transactions during an auction process. The borrower, if he chooses, can participate in the auction process complying with the conditions stipulated by the Company/auctioneer.

The proceeds of auction, net of auction related expenses and incidental charges shall be appropriated towards the loan outstanding. The Company may decide to recover the shortfall, if any, after such appropriation by resorting to various steps including legal action. Excess, if any, shall be refunded to the customer, GST as applicable will be recovered.

15. Auction Procedure

Procedure as outlined in the auction policy approved by the Board to be followed.

16. Staff Training

All the employees, as soon as they are inducted into the Company shall be trained on methods of assessing the purity of the ornaments. Refresher programme will be conducted to keep them update.

