

Gold Lending Policy

In exercise of the powers of the board of directors conferred by the Articles of Association of the company and pursuant to the guidelines issued by the Reserve Bank of India, the board hereby notifies the guidelines to be while sanctioning gold loan products and services of the company.

Name

These guidelines may be called The Gold Lending Policy

Applicability

This policy is applicable to all Gold loan products sanctioned by the company

The company shall maintain a Loan to Value (LTV) Ratio not exceeding 75 per cent for loans granted against the collateral security of gold jewellery. The management reserves the right to determine the LTV based on the existing marketing conditions of the state. The head office shall provide the LTV ratio on day to day basis to branches.

Determination of Value of Gold

The intrinsic value of the gold is only considered for determining loan amount. The following are the guidelines of Reserve Bank of India, adopted by the company for the purpose of determination of value of gold:

- a) The gold jewellery accepted as collateral by the Company shall be valued by taking into account the preceding 30 days' average of the closing price of 22 carat gold as per the rate as quoted by the Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.
- b) If the purity of the gold is less than 22 carats, the company shall translate the collateral into 22 carat and state the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately.
- c) Company, while accepting gold as collateral, shall give a certificate to the borrower on their letterhead, of having assayed the gold and state the purity (in terms of carats) and the weight of the gold pledged.

Prohibited forms of Gold as Collateral Security

The lending on the following forms of gold prohibited:

1. bullion / primary gold and
2. gold coins & offerings to a temple.

The company shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

Verification of Ownership of Collateral Security

Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, company shall keep a record of the verification of the ownership of the jewellery. The ownership verification need not necessarily be through original receipts for the jewellery pledged but a suitable document shall be prepared to explain how the ownership of the jewellery has been determined, particularly in each and every case where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams.

Safety and security measures to be followed by company lending against collateral of gold jewellery

Company shall ensure that necessary infrastructure and facilities are put in place, including safe deposit vault and appropriate security measures for operating the vault, in each of its branches where gold jewellery is accepted as collateral. This is required to safeguard the gold jewellery accepted as collateral and to ensure convenience of borrowers.

The duties and responsibilities of Branch Managers in lending against collateral of gold jewellery.

- I. Compliance of KYC (Know Your Customer) guidelines issued by the Reserve Bank of India. i.e., the applicant shall submit the following documents along with loan application
 - a) Color Photo
 - b) Self-Attested Copy of Permanent Account Number (PAN) Card
 - c) Self-Attested Copy of Aadhar/Passport/Voters ID
 - d) Verified Mobile Number 2(Nos)
 - e) Verified E-mail Id

II. Compliance of assaying procedures issued by the company for determining value/quality of the jewellery received.

1. Verification of KYC of the Customer
2. The branch shall sanction loan only to those customers who are belonging to the permitted areas of operation of branch by the head office.
3. The Branch shall take the photo of the customer with date & time through our software.
4. No loan shall be renewed without the presence of customer in Branch
5. Verification (weight, purity etc.) of gold jewellery by the Branch Manager and in his absence Assistant Branch Manager/Executive, who have relevant experience in verification of gold jewellery with the prior approval of management.
6. Determining the value of the gold by using the electronic weighing machine by the branch executive/assistant branch manager.
7. Finalization of scheme of loan with customer.
8. Recommending & forwarding the of loan application of customer for the approval of branch manager.
9. Verification of documents and sanctioning of loan to the customer by the Branch Manager.
10. Disbursement of loan amount to the customer along with the acknowledgment.
11. If the loan amount exceeds Rs. 3 Lacs (Rupees Three Lakhs) the prior approval of the Head office shall be taken.
12. If the loan amount exceeds Rs. 3 Lacs (Rupees Three Lakhs), the collective photos of gold jewellery and photo of weight information's shall be shared with Head office- Accounts Department

III. Declaration

Declaration from the customers to satisfy ownership of the gold jewellery

- IV.** Ensure that, there is always Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff. Obtain the periodic report from internal auditors that, procedures are strictly adhered to.
- V.** Periodically audit by a qualified/experienced gold appraiser (Purity, weight, amount disbursed etc.)
- VI.** Ensure that, the jewellery accepted as collateral shall be appropriately insured.

VII. Fraudulent Transactions

Any fraudulent transactions noticed/found by the branch employees;

- a) They shall inform the Internal Auditor & Administration Manager via e-mail within 24hrs of event.
- b) The administration manager shall initiate the procedure for verification of details of transaction. The report should be submitted to the Legal Department for further process within 48hrs of mail.
- c) The legal Department should make necessary arrangements for safeguarding the interest of the company within 48hrs receipt of report from Administration Manager and report should be submitted to the Managing Director within Next 48hrs.
- d) Allow appropriate time limit to settle the Fraud.
- e) If the fraud is not settled, the legal department shall take appropriate legal action against staffs who were involved in the fraud.
- f) Proceed with legal action, whether Civil or Criminal, up to the settlement of Fraud or up to the final Judgement of legal action.

BY THE ORDER OF THE BOARD
For VIKAS MONEY LIMITED

MANAGING DIRECTOR

CC:

- 1. Legal Department**
 - 2. Administration Department**
 - 3. HR Department**
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