GEO VPL FINANCE LIMITED

Gold Loan Policy

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Introduction

The Company's business focuses mainly in Gold loan. Hence, the Gold Loan Policy of the Company is the foundation for maintaining a sound asset quality of its portfolios. The policy lays down broad guidelines for acceptable risk tolerances and provides key controls to manage credit risks. The policy in essence is the Company's approach to underwriting, managing and monitoring credit.

The policy shall be guiding document for lending operations. Terms and conditions of this policy shall be in force until such time till the same reviewed / revised by the Board and the policy is subject to changes accordance with guidelines, directions issued by Reserve Bank of India (RBI) from time to time.

Objectives

- To establish a transparent, efficient and effective mechanism for lending against collateral of gold jewellery.
- To protect and supply accurate and correct information to all the stakeholders at all times.
- To protect the rights of customers.
- Comply with the regulatory requirements/directives such as Capital Adequacy, LTV etc.
- Lay down controls for assumption and monitoring of large exposures.
- Lay down proper system & procedures, appraisal standards at various levels in the organization with sturdy internal controls.
- Adequately protect the collaterals from any possible loss.
- Improve the capabilities of the employees and officers connected with loan portfolio at various levels.

Nature, Type and Tenor of Gold Loans

- The Company will normally accept household used jewellery as security, since such jewellery is presumed to carry invaluable emotional attachment for the owner.
- In addition to household used jewellery, the Company may accept gold coins in accordance with the provisions of the Reserve Bank of India (Non-Banking Financial Companies - Credit Facilities) Directions, 2025, as amended from time to time.
- Loan schemes shall be devised in conformity with the Loan Policy of the Company and the regulatory directives issued by the Reserve Bank of India, as applicable.
- The tenure of the loans shall be decided based on market practices and applicable regulatory directives. Tenor of consumption loans in the nature of bullet repayment loans shall be capped at 12 months, which may be renewed in terms of Reserve Bank of India (Non-Banking Financial Companies - Credit Facilities) Directions, 2025.
- Loans against pledge of gold ornaments shall ordinarily be sanctioned immediately upon acceptance of the gold ornaments as security. Accordingly, all loans shall be sanctioned and disbursed within a reasonable time, preferably on the same day, keeping in view the due diligence requirements, number and nature of items pledged, quantum of loan, and other relevant factors.

- Interest rates and other charges on loans shall be governed by the Interest Rate Policy of the Company and applicable regulatory directives.
- In accordance with the Reserve Bank of India (Non-Banking Financial Companies - Credit Facilities) Directions, 2025, as amended from time to time, gold loans shall be classified into the following categories:
    a) Consumption Loans; and
    b) Income Generating Loans.

Prohibition on Lending to Certain Categories of Customers.

- Loans may be extended to staff members on the same terms and conditions as applicable to the general public. However, such loans shall be subject to prior approval from the superior of the staff member. Additionally, an intimation regarding the loan sanction must be submitted to the HR Department for their records.
- Loans to borrowers having a history of pledging spurious / low quality ornaments or stolen gold ornaments or those who have earlier deliberately put the company to material loss of any kind should not be entertained. The Company has set a system block for customers who caused material loss to it and it will be periodically reviewed.

Know Your Customer

- In compliance with RBI directions, all customers availing loan facility from the Company shall be required to submit suitable and acceptable evidences of Identity and Address qualifying for "Officially Valid Documents". Documents in support of KYC compliance need be submitted at the time of the first loan when the "Customer ID" is created in the system and a Unique Customer Identification Code shall be allotted to the customer, which shall be used for identification of the borrower irrespective of any facilities availed by them. Thereafter, periodic updation of the OVDs and shall be done based on the requirements.
- Loans should be sanctioned only after full compliance with the KYC policy as laid down by the Company.
- Clear and visible photograph of the borrower using the web camera should be captured and stored in the system.
- Adequate due diligence shall be ensured, to the extent feasible and desirable, before the loan is sanctioned. There should be no prima facie circumstances to indicate that the prospective borrower's title to the gold ornaments could be defective.

Verification of the Ownership of Gold

The Company shall not extend a loan where ownership of the collateral is doubtful. The 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 declaration shall be obtained from the borrower in all cases to the effect that the borrower is the rightful owner of the eligible collateral. Branches shall ensure the ownership and take declaration from borrowers regarding the bona fide ownership.

Loan Application Forms, Loan Sanction Letter

- Loans shall be disbursed only against fully completed and properly signed loan application form, which will be pre-printed in the relevant local language. Separate loan application

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form must be obtained for each disbursal. Loan application forms and documentation requirements should comply with the Fair Practice Code and KYC Policy of the Company.

- The various loan schemes (loan per gram, interest rate structure, penal charges, compounding if any, other charges etc.) should be explained to the prospective borrower and an appropriate scheme offered based on the borrower's needs / preference.
- Immediately upon sanction, the loan sanction letter (pawn ticket) in duplicate should be given to the borrower for acceptance. The pawn ticket issued shall contain a certificate to the borrower for having assayed the gold and should state the purity (in terms of carats) and the weight of the gold pledged. The pawn ticket, issued under the name and address of the the Company branch, serves as a receipt for the gold ornaments delivered by the borrower and will also operate as a loan sanction letter incorporating the terms & conditions of the loan. The acknowledged copy of the pawn ticket, which also tantamount to a loan agreement, should be carefully retained along with the loan application form for future verification and reference.
- The photograph of the customer and the pledged ornaments shall be captured at the time of loan sanction and maintained in the Company's system records for identification, verification, monitoring and audit purposes.
- The Company shall ensure that the loan disbursals are made to the borrower's account and not to a third-party account.

Appraisal of Gold

- Gold ornaments shall be accepted as security for loans only after proper appraisal by the gold smiths(Staff) before the loans are sanctioned. In cases where purity is less than 22 carats, collateral shall be translated to 22 carats for determining LTV & loan amount and shall state the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately. The pawn ticket issued shall contain a certificate to the borrower for having assayed the gold and should state the purity (in terms of carats) and the weight of the gold pledged.
- As per the current RBI guidelines, gold ornaments for determination of LTV shall be valued by taking into account of the preceding 30 days' average of the closing price of 22 carat gold as per the rate as quoted by India Bullion and Jewellers Association Ltd (IBJA).
- The assaying procedure shall be carried out by traditional gold smiths with expertise in their field of operation.

Loan to Value (LTV)

- The maximum LTV ratio in respect of consumption loans against the eligible collateral shall not exceed LTV ratios as provided in the table below:

Total consumption loan amount (per borrower)	**Maximum LTV ratio**
≤₹2.5 lakh	85 per cent
> ₹2.5 lakh & ≤ ₹5 lakh	80 per cent
> ₹5 lakh	75 per cent

- In case of Bullet repayment loans, the loan amount shall be the total amount payable at maturity.

- The LTV ratio shall be maintained on an ongoing basis throughout the tenor of the loan. Towards this end the following procedures shall be in place,

- Monitoring of the LTV position of loans breaching the LTV norm on a daily basis based on a report generated from the system.
- To advise customers by way of SMS in respect of loans that have crossed beyond 85% LTV.
- In case of customers where the LTV has been crossed beyond 90%, the following actions shall be initiated.

    - Intimation by SMS shall be sent to borrowers
    - In the event the beach persisting with no response from borrowers for 30 days and more new advices shall be issued asking for depositing margin to bring down the LTV
    - In spite of all the above, the customer is still not regularising the loan account or settling the loan account, auction of gold ornaments shall be carried out, after following the due process. So that the gold ornaments can be auctioned in the above circumstances even before expiry of the period of the loan.

Restrictions and Ceilings

- The Company shall adhere to prudential exposure norms and maintain appropriate borrower concentration controls in respect of loans sanctioned against the security of gold. In order to mitigate concentration risk and ensure effective monitoring of exposures:

    - The Company shall not prescribe any specific monetary ceiling for loans granted to an individual borrower, subject to compliance with applicable regulatory norms and internal assessment parameters.
    - Any gold loan exposure exceeding ₹10,00,000 (Rupees Ten Lakhs only) to a single borrower shall require prior approval of the Managing Director.
    - The maximum number of active gold loan accounts permitted to an individual borrower at any point of time shall be restricted to 30 loan accounts.

- The Company shall not grant any advance or loan

    - For purchase of gold in any form including primary gold, ornaments, jewellery, or coins, or for purchase of financial assets backed by gold, e.g., units of Exchange-traded funds (ETFs) or units of Mutual Funds; and
    - against primary gold or silver or financial assets backed by primary gold or silver.

- Loans against ornaments and coins shall be subject to the following

    - The aggregate weight of ornaments pledged for all loans to a borrower shall not exceed 1 kilogram for gold ornaments.
    - The aggregate weight of coin(s) pledged for all loans to a borrower shall not exceed 50 grams in case of gold coins.

- The Company shall not:

    - Avail loans by re-pledging gold or silver pledged to it by the borrowers.
    - Extend loans to other lenders, entities or individuals by accepting gold or silver collateral pledged to such lenders, entities, or individuals by their borrowers as collateral.

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- Multiple or frequent sanction of loans against eligible collateral to the same borrower, aggregating to Rs.1 Crore, must be examined closely by the Internal Audit team as part of the transaction monitoring under the anti-money laundering (AML) framework.

- Detailed credit assessment, including assessment of borrower's repayment capacity shall be undertaken in case the total loan amount against eligible collateral is above ₹2.5 lakh to a borrower. In case of Bullet repayment loans, the threshold loan amount for detailed credit assessment shall be the total amount payable at maturity.

- In compliance with the provisions of the Income-tax Act, gold loan amounts exceeding ₹20,000 shall be disbursed only through banking channels by credit to the borrower's bank account. Loan amounts up to ₹20,000 may be disbursed in cash, subject to compliance with applicable regulatory and internal policy requirements.

Renewal of existing loan and sanction a top-up loan

The Company may renew an existing loan or sanction a top-up loan upon a formal request from the borrower and subject to a credit assessment in accordance with the above. Such renewal or top-up shall be permitted only within the permissible LTV, and provided the loan is classified as standard. Further, renewal of bullet repayment loan shall be allowed only after payment of accrued interest, if any.

Auction

The Company has formulated an auction policy and disclose in the annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

- Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction inclusive of group companies and related entities.
- The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in a national daily newspaper,
- The Company itself shall not participate in the auctions held.
- Gold pledged shall be auctioned only through auctioneers approved by the Board of Directors.

Safety and security measures

The 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.

No new branch/es shall be opened without suitable arrangements for security and for storage of gold jewellery, including safe deposit vault.

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Insurance

Jewellery accepted as collateral shall be appropriately insured.

Training

Adequate training is given to the concerned staff also the employees at the branch/ operational level are updated with all the policies/directions to be adhered to from the corporate office. The Company has put in place a system to ensure that the employees are properly screened and updated about all the RBI directives and ethical code of conduct to be followed at all levels of operations.

Documentation

The Company shall keep all the records as prescribed by Reserve Bank of India for a period of 10 years. Documentation across all branches are standardized.

Misleading advertisement

The Company shall not issue misleading advertisements such as claiming the availability of loans in a matter of 2-3 minutes etc.

Review

This policy shall be reviewed annually or earlier if required by regulatory changes.

For Geo VPL Finance Limited

Pradeesh Lawrence
Managing Director
DIN : 00152313

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