

MUTHOOT MERCANTILE LIMITED

GOLD LOAN POLICY

Muthoot Mercantile Limited, on its Board Meeting Held on 4th June 2020, has adopted the renewed Gold Loan Policy while dealing with the Customers.

Key Areas

Products

Gold Loan: To provide short tenure loans to the customers against gold Jewellery as collateral. Gold Items to be accepted as per RBI guidelines.

Eligibility:

Any individual who is the owner of Gold Jewellery and fulfilling the KYC norms as per RBI guidelines.

APPRAISAL:

Documents to be submitted:

- a) Prescribed application
- b) KYC documents

Eligibility/Rejection:

Rejection of application will be on the following grounds.

- a) Ownership of ornaments pledged as security (suspicion regarding ownership)
- b) Purity of the Gold (Lack of purity of the gold)
- c) Loan amount applied in excess to the eligibility
- d) Deficiencies in the documents to be submitted
- e) Repaying Capacity (incapacity for repayment)

Loan amount:

Determination of loan amount will be based on the following:-

- 1) **Net weight:**

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

- a) The minimum net weight of gold which can be considered for pledges is 1 gram.
- b) The weight of stones, pearls, corals or any other foreign material contained in the ornament shall be deducted to estimate the net weight. (If the stone weight



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is more than 25% of the total weight of the ornaments, such ornaments will not be accepted as pledge).

- c) Weight by 200 mgs shall be deducted upto 25 gms and for every 25 gms thereafter of gold ornaments accepted to compensate for the weight of dust, dirt and sediments on the ornaments, before finalizing the net weight.

2) Loan Amount:

The minimum loan amount for a pledge should be ` 500/- and with maximum no limit.

The rate per gram will be decided from time to time based on the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the Indian Bullion and Jewellery Association Ltd. If the gold is of purity less than 22 carats, the Company should translate the collateral into an equivalent weight of 916 Hall Mark gold and value the exact grams of the collateral. In other words, jewellery of lower purity shall be valued proportionately. Gold ornaments of less than 18 carat purity will not be accepted as pledge.

Rate of Interest:

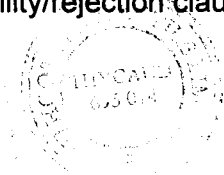
Rate of Interest will be decided by the board from time to time based on the cost of funds, risk premium, administrative and establishment expenses, operating expenses and margin. Fixations of different interest rates are linked to the risk factors like per gram rate difference, term of loan etc. The principle aim shall be to evidence a transparent and fair approach to the customers in the matter of interest rate chargeable on Gold Loans. Interest to be charged upon the loan shall be as per the schemes circulated from time to time. The interest shall be calculated for the number of days the loan remains outstanding, including the date of disbursement of loan and excluding the date of repayment. 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. Changing different rate of interest to the different categories of loans will be disclosed to the borrower in the pawn ticket. The rate of interest quoted will be in an annualised basis.

Interest will be calculated on the loan amount from the date of disbursement of loan and the due date for the payment of loan and the interest shall also run from the date of disbursement.

Service charge will be levied for each pledge @Rs. 5/-

Delegation of powers to Branches:

Branch Managers are empowered to reject any applications not coming under the norms fixed under eligibility/rejection clause.



Copy of PAN Card must be obtained from customers availing gold loan value of above Rs.5,00,000/-.

Documentation:

All relevant information pertaining to the loan has been made available in the relevant loan application form(s) in vernacular language including the necessary loan information and documents required, to be submitted together with the duly completed application form. An acknowledgement for receipt of duly completed loan application forms will be given to the customer in all cases.

Anyone or more of the following are acceptable as KYC Documents:

a) **Identity Proof:** Passport/PAN/Driving License/Voter ID card/Ration Card/any other identity card issued by a Government authority, PSU or Nationalized bank, containing the photograph of the customer.

b) **Address proof:** if any of the documents taken as identity proof also contains the address of the borrower, no separate address proof is mandatory. In other cases, the following documents can be taken towards address proof.

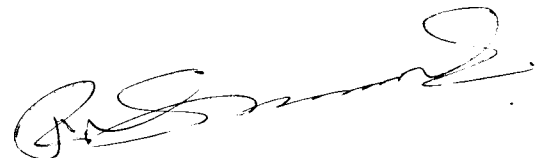
Ration card/latest electricity/landline telephone bills/house tax receipt/valid rent agreement/gas connection allotment letter/bank passbook or any other documents issued by a Government authority, PSU or Nationalized Bank, containing the address of the customer. The KYC documents should be produced in original for verification with the Xerox copy which should be submitted for our records.

Jewellery Handling :

1. Proper weight of the Jewellery shall be taken and appraised.
2. Purity Check shall be conducted by the branch officials.
3. Both the Customer & Manager/Appraiser/Joint Custodian/Cashier shall put signature on the pawn ticket.
4. Jewellery shall be packed securely and the pledge number, name of the pawner, amount of loan etc. shall be noted on the packet which should be sealed with high security sticker and kept in the locker.

Rate fixation:-

Rate per gm. of gold for sanction of loan will be announced from the Administrative Office. Rate of Interest, business Scheme & Disbursement Matrix etc. shall be announced from the Administrative office only.



Safety Measures:-

Utmost precaution shall be taken to ensure safety of the Branches and the Pledged Assets. Security measures shall be taken by the Branches as per the company direction. Whenever pledges are taken to the strong room for safe-custody or taken out from the locker, there should invariably be the physical presence of the custodian and the Joint Custodian.

Items not to be considered for Pledging.

- Melted bar/Primary Gold
- Gold Coins/gold biscuits of 24 carat.
- Jewellery of a temple/church/public clubs/societies etc.
- Gold/Gold ornaments suspected to be stolen property.
- Certain forbidden items like Karimani Mala etc. which has some stone presence.

Release of Jewellery:

Jewellery shall be released only to the selfsame customer who pledged the Gold on receipt of full dues including the principal and interest.

Fraud Control

All kinds of fraudulent activities or attempts thereof by any of the Branch staff or by anybody from outside must be brought to the knowledge of the management as soon as it is detected for proper action as per company guidelines.

Spurious Gold:

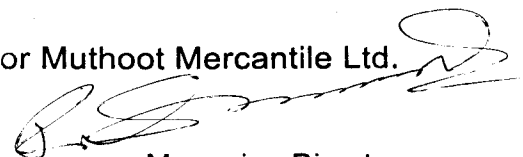
If any individual approaches a branch with gold suspected to be stolen/fake or spurious, the matter should be informed then and there to the local police and the Head Office in view of taking further course of legal steps.

Stock Auction:

If the loan account is not settled even after expiry of the tenure specified on the pawn-ticket, Registered Notices shall be sent to the customer after expiry of the tenure before commencing the auction procedures.

The proceeds of auction, net of auction related expenses and incidental charges shall be adjusted the loan account. Any shortfall after such adjustment shall be recovered through legal action, and any excess shall be refunded to the customer.

For Muthoot Mercantile Ltd.



Managing Director