

GOLD LOAN POLICY

Gold Loan Credit Policy approved by the Board 10th August 2026

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Approved by: Board of Directors

Review Frequency: At least annually

1) PURPOSE

This Credit Policy (hereinafter referred to as "the Policy") has been formulated in accordance with the requirement of Board approved policies for Non Banking Financial Companies (NBFCs). The Policy outlines the framework for extending loans against collateral in the form of gold jewellery, ornaments, or coins. It establishes appropriate single borrower limits, aggregate portfolio limits, and the maximum Loan to Value (LTV) ratio permissible for such loans. It also specifies the course of action in the event of a breach of the LTV ratio, valuation standards and norms, and standards for assessing gold purity.

The Policy further prescribes the documentation requirements for loans proposed to be categorized under priority sector lending, ensuring compliance with applicable regulatory guidelines issued by the Reserve Bank of India (RBI) from time to time.

The purpose of this document is to define the Company's approach to processing loans against gold collateral. Eligibility for such loans will be evaluated based on the purity of the ornaments. The sanctioned loan amount for each customer shall remain subject to RBI regulations. These loans are intended to meet short term funding needs such as working capital for business establishment or expansion, personal liquidity requirements, or domestic needs including medical expenses.

Loans under this Policy shall not be utilized for speculative, illegal, or unlawful purposes that contravene the laws of the country. This Policy document is a living framework and will be reviewed and updated regularly to ensure continued compliance and relevance.

2) INTRODUCTION

A Gold Loan (also referred to as a loan against gold) is a secured loan extended to a borrower by pledging gold ornaments of **22 carats maximum and 18 carats minimum purity** as collateral. The loan amount sanctioned is typically up to **85% of the total maturity**, determined by the current market price and purity of the pledged gold. Such loans are classified as demand loans.

Gold Loans shall **not** include advances against bullion, primary gold, or loans granted for the purchase of gold, bullion, jewellery, exchange traded funds (ETFs), or gold mutual funds.

Dhanalakshmi Hire Purchase & Leasing Ltd has designed its Gold Loan Schemes to meet the diverse financial needs of customers. Loan eligibility is assessed based on the purity of the ornaments, and

the sanctioned amount is subject to all applicable regulations issued by the **Reserve Bank of India (RBI)** from time to time.

Loan Period:

Similar to the Loan to Value (LTV) ratio and Rate of Interest (ROI), the loan period also varies depending on the scheme. A longer loan tenure increases the risk of security dilution; therefore,

the interest rate is set slightly higher to account for this increased exposure. Tenor of consumption loans in the nature of bullet repayment loans shall be capped at 12 months, The NBFC 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. 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. The NBFC shall ensure that such renewals and top-ups are clearly identifiable in its Core Banking System or Loan Processing System.

3) SCHEMES AND QUANTUM OF FINANCE

The Company will formulate various loan schemes for lending against gold ornaments to suit the requirements of customers. The quantum of finance will be determined based on the **net weight** of gold ornaments of **22carat (maximum) and 18carat (minimum)** purity tendered as security, subject to RBI guidelines on Loan to Value (LTV).

- **Minimum Loan Amount per Pledge:** Rs.5,000 (Rupees Five Thousand only) , may vary depends on Scheme. Maximum Gold Loan amount per borrower shall be Rs. 20 Lakh. Total outstanding balance of gold loan of the Company is limited to Rs. 100 Crore at any point of time. The Board of Directors can enhance these limits.

Quantum and Purity of Gold – Eligibility Criteria

- A. The minimum net weight of gold jewellery eligible for pledge is **1 gram**.
- B. The ornaments must have a minimum purity of **18 carats**.
- C. The weight of pearls, corals, or any other stones or foreign materials forming part of the ornament, irrespective of their value, shall be **deducted from the gross weight** to arrive at the net weight for calculating loan eligibility.

4) Benefits of Our Gold Loan Schemes

Quick Disbursement – Loans are processed and released promptly.

Minimal Documentation – Simple and hassle-free paperwork.

No Hidden Charges – No documentation/ foreclosure charges (subject to state specific regulations). **No Advance Interest Collection** – Interest is charged only on actual usage.

Proper Appraisal & Assessment – Loans are granted after thorough appraisal and accurate weight assessment of ornaments.

Diminishing Interest Method – Interest is charged on the reducing balance.

Competitive Interest Rates – Among the lowest in the market.

Transparency – All terms and conditions are clearly printed on the gold loan receipt.

Enhanced Security – All branches are under 24hour CCTV surveillance, ensuring the safety of

pledged ornaments.

Regular **Internal Audits** – Continuous monitoring to safeguard customer assets.

Comprehensive **Insurance** – All branches are insured against theft and unforeseen calamities.

5) Credit Assessment

When total loan amount that repayable at maturity to a particular borrower is exceeded Rs. 250000, detailed credit assessment including repayment capacity of the customers shall be undertaken.

6) LTV

LTV% FIXATION POLICY

The ceiling rate for granting the loan will conform to the guidelines issued by RBI from time to time as also the rates per gram under each scheme shall be updated in the system and advised to Branches periodically. As of the date of approval of this gold loan Policy, the Master Direction of RBI requires to interest.

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

Explanation: 'Loan to Value (LTV) ratio' on a day in this context means the ratio of the outstanding loan amount to the value of the pledged collateral or security, as the case may be, on that day. Being bullet repayment loans the LTV calculation, and the amount, shall take into account the total amount repayable at maturity.

Maintain a Loan-to-Value (LTV) ratio not exceeding 85% based on total maturity for loans granted against the collateral of gold jewelry, in accordance with the prescribed limits. The value of the gold jewelry shall determine the maximum permissible loan amount, which shall be based solely on the intrinsic value of the gold content as explained in the valuation process; no other cost elements shall be included. Any changes in the rate of interest or loan schemes will be communicated to the branches periodically by the Head Office.

7) Interest Rates and Other Charges

A) The interest rate of Gold Loan shall be fixed in accordance with interest rate policy approved by the Board.

B) Penal Charges

If the loan amount is not repaid within loan tenure, penal charges shall be applied to ensure adherence by the borrower to the terms and conditions of loan tenure and also to compensate for the extra effort to be taken on recovery. The penal charges shall be specifically mentioned in the KFS and loan document. The Company may introduce gold loan schemes with upfront interest or schemes with a minimum amount of interest and a specified lock-in maturity period, duly acknowledged by the customer.

8) OTHER INFORMATION

The loan agreement shall contain the rate of interest due, additional charges for default in repayment, and the rate of penal charges for payment overdue for more than loan tenure. A copy of the loan agreement containing DPN, terms and conditions will be handed over to the customer at the time of granting the loan.

Interest rate structure on loan accounts containing all details actual rate, additional discounts based on earlier payments and penal charges, approach for gradation of risks etc. shall be displayed on the website of the company. Changes in these rates/details will be updated from time to time.

9) OWNERSHIP OF GOLD ORNAMENTS PLEDGED

1. Declaration of Ownership

- The invoice of gold ornaments/coins can be produced as proof of ownership. If invoice is not available, an ownership declaration can be obtained which may inter-alia include following information.
 - Name and address of the customer
 - Description of the ornaments pledged (item name, gross and net weight)
 - Details of how the ornaments were acquired
 - Name of the jeweller or person from whom they were acquired
 - Period of ownership

2. Liability & Fraud Prevention

- The applicant is solely responsible for the accuracy of the ownership declaration.
- Any misrepresentation or fraudulent pledge of ornaments not legally owned by the applicant will be treated as a violation of policy and may lead to legal action.

10) Insurance : The gold ornaments pledged with the Company shall be securely stored in strong rooms or safes under joint custodianship at the respective branches where the pledges are made. Recognizing the inherent risks associated with custody of such assets, the Company will maintain adequate insurance coverage against burglary, fire, and other specified perils. Insurance arrangements will be reviewed periodically, and coverage will be enhanced as required to safeguard assets in line with the growth of business operations. In addition, the Company shall maintain appropriate insurance policies to cover gold and cash in transit, as well as fidelity insurance to protect against employee-related risks.

11) KYC Verification and Risk Categorization The fundamental objective of this policy is to safeguard the Company from being misused, whether intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The major objectives are as follows:

- To define clear criteria for customer acceptance
- To establish procedures for verifying customer identification
- To implement processes for monitoring high-value and suspicious transactions
- To conduct appropriate due diligence on customers and report transactions wherever necessary

12) VALUATION

The gold jewelry accepted as collateral shall be valued by the following method:

A) Gold accepted as collateral shall be valued based on the reference price corresponding to its actual purity (caratage). For this purpose, the lower of (a) the average closing price for gold, as the case may be, of that specific purity over the preceding 30 days, or (b) the closing price for gold, as the case may be, of that specific purity on the preceding day, as published either by the India Bullion and Jewellers Association Ltd. (IBJA).

B) If the purity of the gold is less than 22 carats, shall translate the collateral into 22 carats and state the exact grams of the collateral. In other words, jewelry of lower purity of gold shall be valued proportionately.

C) The certified purity shall be applied both for determining the maximum permissible loan and the reserve price for the auction.

13) JEWELLERY HANDLING

A) Gross weight of the jewelry to be taken and appraised for assessing the purity. A purity Check shall be conducted as per the various methods prescribed by the Company to make sure that the jewellery offered for the pledge is of an acceptable level of purity.

B) Net weight of the jewellery to be arrived at after deducting the weight of stones embedded in the ornament. Appraiser is to sign the application form as proof of having done the appraisal.

C) Jewellery to be packed securely along with the weight mark and kept in the strong room/ safe.

D) Separate packets to be prepared for each loan.

14) ISSUANCE OF CERTIFICATE OF PURITY

A certificate of purity of the gold jewellery pledged as security for the loan will be incorporated in the pawn ticket given to the borrower for the limited purpose of determining the maximum permissible loan and arriving at the reserve price for the auction.

15) 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 in place in all the Branches.

A) Strong rooms or FBR safes.

B) Burglar alarms, Closed Circuit Cameras and such other devices as deemed necessary shall be installed
in vulnerable Branches.

C) Insurance covers against burglary/ fire/ natural calamities or such other risks the Company may decide
to insure against.

D) The adequacy of the safety measures put in place as also the insurance coverage shall be reviewed on
an ongoing basis.

Note: -

E) No new branch/es shall be opened without suitable arrangements for the security and storage

of gold jewellery, including a safe deposit vault.

F) Shall obtain prior approval of the RBI to open branches exceeding 999.

16) ITEMS NOT TO BE CONSIDERED FOR ACCEPTING AS SECURITY FOR THE LOAN

A) Melted gold bar, pieces or other gold pieces, gold spoons, gold medals, knife vessels, idols etc.

B) Rudraksha, Tulasi , Karimani , Muthu mala in which Pearls are filled with wax/lead

C) Polla Thara Chains (Very low purity)

D) Kasumala without hall marking

E) Bangles with full wax/lead inside

F) Bangles with Lion's/Tiger's heads

G) Gents Bangle (Punjabi kada) above 40 grams

H) Locket (if with filling inside)

I) Jewellery of a temple/ church or any religious institutions.

J) Items having stone percentage of 50% and above from its gross weight.

K) Items which are used by traditional villagers fitted in clothes or similar things.

L) Item specified by the Company in the negative list updated from time to time.

M) Items where the borrower is unable to give a proof or declaration of ownership.

N) Items which are not permitted to be taken as security by RBI

17) ITEMS WHICH CAN CONSIDERED AS PLEDGE WITH SOME CONDITIONS

A) Weight of 4 grams and above Baby bangles be treated as normal bangles

B) Baby Bangle and Baby ring can accepted along with set of ornaments belonging to him/her but there should be mandatory deduction of 0.5 gram for each bangle/ring.

D) The minimum eligibility for a pledge is 1 Gram

18) RELEASE OF JEWELLERY

- **Standard Release:** Jewellery pledged shall be released only to the original customer upon receipt of all dues, including principal, interest, penal charges, and any other applicable fees.
- **Verification Requirements:** Release shall be affected only after due verification of the customer's signature, original KYC documents, and submission of the customer copy of the original pawn ticket
- **Lost Pawn Ticket:** In the event of loss of the pawn ticket, the release process shall be carried out strictly in accordance with Company Circular No. 56 – *Release of Gold Ornaments Against Lost Token*.
- **Deceased Customer** In the event of the customer's demise, the pledged ornaments shall be released to the legal heirs in accordance with Company Circular No. 58 – *Release of Gold Ornaments to Legal Heirs upon Customer's Death*.

19) DEFINITION OF CUSTOMER

Definition of Customer A "Customer" shall mean any person or entity who maintains a Loan

/Liability account, establishes a business relationship, or avails any financial service, including loan facilities, from the Company. This definition includes applicants, borrowers, and their authorized representatives.

All customers are subject to identification and verification in accordance with the Reserve Bank of India (RBI) Know Your Customer (KYC) Directions, 2025, issued under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA) and related rules.

For customer onboarding, the Company shall obtain Aadhaar or any other Officially Valid Document (OVD) as prescribed under RBI's KYC Directions. In addition, Permanent Account Number (PAN) or Form 60 (where PAN is not available) shall be collected along with Aadhaar/OVD to ensure compliance with statutory requirements.

❖ **CUSTOMER ACCEPTANCE POLICY ("CAP")**

- No account shall be opened in anonymous or fictitious names.
- Risk-based categorization of customers (low, medium, high).

❖ **CUSTOMER IDENTIFICATION PROCEDURES ("CIP")**

- Mandatory collection of KYC documents (PAN, Aadhaar, proof of address, photograph).
- Verification of identity and address at the time of loan sanction.

❖ **Customer Due Diligence (CDD)**

- Enhanced due diligence for high-risk customers.
- Ongoing monitoring of transactions to detect suspicious activity.

❖ **Central KYC Registry (CKYCR)**

- Uploading customer KYC records to CKYCR.
- Downloading and verifying records from CKYCR when available.

❖ **Record Management**

- Maintain KYC records and transaction data for at least **five years** after the end of the relationship.

❖ **Compliance & Audit**

- Periodic internal audits to ensure adherence.
- Appointment of a Principal Officer for AML/KYC compliance.

20) MONITORING AND REPORTING OF TRANSACTIONS:

❖ **Reporting Obligations**

- Report suspicious transactions to the **Financial Intelligence Unit – India (FIU-IND)**.

Monitoring of transactions will be conducted taking into consideration the risk profile of the account. Special attention will be paid to complex/unusual transactions and transactions falling outside the regular/pattern of activity. The background of the customer, sources of funds and risk factors will be

monitored. Higher-risk accounts shall be subjected to close and detailed monitoring. After due diligence, transactions of suspicious nature will be reported by the principal officer to the Director of, the Financial Intelligence Unit- India (FIU_IND). The role and responsibilities of the Principal Officer for KYC/ AML/ CFT (s) should include overseeing and ensuring overall compliance with regulatory guidelines KYC/AML/CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, rules and regulations made there under, as amended from time to time.

21) RISK MANAGEMENT:

All customers would be included under this policy. Customers will be categorized based on perceived risk, into three categories - A, B & C for High, Medium and Low risk. None of the entities will be exempted from the KYC procedure, irrespective of the status and relationship with the Company or promoter. The above requirement may be moderated according to the risk perception.

- High Risk

- A) Partnership Firms with sleeping partners
- B) Non-face-to-face customers and
- C) Persons with a dubious reputation

- Medium Risk

- A) HNIs
- B) NRIs
- C) NGOs, Trusts, Charitable Organizations, Organizations receiving donations

- Low Risk

- A) Salaried employees whose salary structures are well-defined,
- B) People belonging to lower economic strata of the society whose accounts show small balances and low turnover
- C) Government departments & Government owned companies, regulators and statutory bodies etc.

22) TRAINING

The company regularly trains its employees so that the employees are adequately trained in KYC/ AML/ CFT procedures. Training requirements shall have different focuses for frontline staff, compliance staff and officer/staff dealing with new customers. It is crucial that all staff fully understand the rationale behind the KYC policies and implement them. CMD/CEO will be authorized

to amend/modify the KYC/ AML/ CFT Policy or such other related guidance notes of the Company, to be in line with RBI or such other statutory authority's requirements/updates/ amendments from time to time.

23) GENERAL

Information collected from the Customer shall be treated as confidential and details thereof are not to be divulged for cross-selling or any other like purposes. These details shall be properly retained and preserved for each customer. Profile of customer may be prepared for quick reference as and when required.

24) AUCTION OF THE ORNAMENTS PLEDGED IN OVERDUE GOLD LOANS

Pledged ornaments may be considered for auction in the event of loan default, non-payment of dues, or breach of the prescribed Loan-to-Value (LTV) ratio, which may otherwise result in financial loss to the Company.

1. Customer Notification

- Prior to initiating auction proceedings, the Company shall issue a registered letter to the customer, advising closure of the loan account.
- If the customer fails to respond, an auction notice shall be sent, followed by publication in newspapers and on the Company's official website.

2. Opportunity for Settlement

- The Company shall make diligent efforts to facilitate release of pledged ornaments before placing them on the auction list.
- Even after inclusion in the auction list, customers shall be provided a final opportunity to redeem their ornaments through settlement of dues by all permissible means.
- Newspaper advertisement: Release in two dailies (one in national and one in vernacular language) having sufficient circulation shall be made well in advance before the auction. The auction list shall also be displayed at the respective branch office(s).

3. Compliance & Transparency

- All auction proceedings shall be conducted in accordance with applicable RBI guidelines and internal company circulars.
- Adequate records of notifications, advertisements, and customer communications shall be maintained to ensure transparency and accountability.

A) Auction Procedure

Registration: The company shall obtain registration under respective rules and regulations in force, particularly under GST rules. All the terms and conditions prescribed under such rules/regulations shall be complied with.

Auctioneers: The gold ornaments pledged will be auctioned only through auctioneers approved by the board.

Venue of auction. The auction shall be conducted in the same town or taluka in which the branch that has extended the loan is located. NBFCs can however pool gold jewellery from different branches in a district and auction it at any location within the district, subject to meeting the following conditions:

- (i) The first auction has failed.
- (ii) The NBFC shall ensure that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met. Non adherence to the above conditions will attract strict enforcement action.

Other Terms and Conditions.

Size of Lot-For convenience, the company shall auction various ornaments in convenient lots. The auction shall be on an “as is where is basis”.

Inspection-The bidders shall have the right to inspect the ornaments before the auction in the presence of the authorized officer of the company.

Minimum price-

While auctioning the gold the NBFC must declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments shall not be less than 85 percent of the lower of

(a) the average closing price for gold or silver, as the case may be, of that specific purity over the preceding 30 days, or

(b) the closing price for gold or silver, as the case may be, of that specific purity on the preceding day, as published either by the India Bullion and Jewellers Association Ltd. (IBJA) or by a commodity exchange regulated by the Securities and Exchange Board of India (SEBI) shall be used.

Proof of identity-The bidders shall produce proof of their identity to be eligible to participate in the public auction. Any one of the documents prescribed by RBI under KYC guidelines shall be accepted by the company towards Id proof. Such proof of identity shall be handed over to the auctioneer of the company. A pass will be issued by the company duly signed by the auctioneer to each bidder, who alone will be permitted to enter the auction hall.

Note: - As a policy, the NBFC themselves shall not participate in the auction.

Security deposit

An amount of Rs 25000/- is prescribed as a security deposit (EMD) by those who wish to bid at the auction. This amount.

can be paid by cash/DD drawn in favor of the company and is refundable to the unsuccessful bidders.

The minimum payment on the bid

During the auction, the security deposit paid will be offset against the Bid amount. **The balance is to be**

settled within 7 working days.

Pledge of gold

If the successful bidder is not able to raise sufficient money to settle the auction dues within 7 days, he can opt to pledge the gold ornaments bid by him as per the gold loan policy of the company and arrange money for payment of the amount. For availing of the loan, the bidder shall have to pledge the entire lot bid by him.

Surplus/deficit on auction.

Any amount realized on auctioning of the gold which is more than the amount receivable from the borrower shall be treated as auction surplus. This amount shall be paid to the borrower by cheque /DD or electronic transfer within a maximum period of 30 days. The Cheque/DD shall be dispatched via registered post, and an acknowledgment shall be obtained and filed for future reference. After this period, the amount will be transferred to an escrow account and thereafter, the amount will be paid through the escrow account. Any deficit portion on auction shall be borne by the company. The company reserves the right to initiate appropriate legal action for recovering the deficit amount from the borrower.

25) FRAUD PREVENTION

The company is dealing mainly in granting gold loans after accepting gold ornaments from the customers for the pledge. Gold being an asset liquidity of which is high, the chances for fraud are comparatively more than other articles received as security. Hence a system should be in place to take preventive measures to check fraud as well as measures to deal with the fraud once happened. The frauds can be of the following categories:

- A) Frauds Committed by borrowers.
- B) Frauds committed by the staff members.
- C) Frauds committed by the staff in connivance with the customers or outsiders.

The company will take the following measures to detect/ prevent fraud:

- A) All kinds of fraudulent activities or attempt to defraud, whether it is by the employees or outsiders, must be brought to the knowledge of the Management as soon as it is detected for proper action as per company guidelines.
- B) Attempt by any suspicious customer trying to pledge stolen/ spurious Jewellery should immediately be reported to the COO/Head Audit/Internal Auditor/Any other officer deputed by the management and to the police.
- C) Internal Audit/Inspection: All Branches will be periodically inspected and audited by internal audit department. Appraisal of gold ornaments and documentation shall be covered in the Internal Audit.
- D) NBFC experienced staff who are trained in gold appraisal shall be given preference while recruiting.
- E) The staff who are new to the field will be given adequate on-the-job training before entrusting the work of appraisal.
- F) The duties such as cash handling, gold appraisal, system entry and loan sanction will be handled by different staff.
- G) The gold ornaments accepted for pledging will be additionally appraised by the Branch Manager.

- H) The ornaments pledged will be kept under the joint custody of the branch Manager and the joint custodian of each branch and the strong room will be operated by them jointly.
- I) The gold ornaments pledged will be inspected by the gold inspectors at periodical intervals and there will also be surprise checks in between the regular gold inspections.
- J) The correctness of the physical cash maintained at the branch will be checked by the gold inspectors, internal auditors as well as by the Area and Zonal Managers on their visits to the branch.
- K) Periodical branch audit by the internal auditors is arranged to verify adherence to the systems and procedures as also the instructions given by the corporate office to the branches by circulars and other communications.
- L) The vigilance officers will initiate legal actions and take steps to recover our dues in cases of fraud detected.

26) PROCESSING OF GOLD LOAN APPLICATION

- The gold loan is one of our prime loan products where the risk factor is comparatively low and liquidity is very high in case of any interest default or failure to redeem the gold ornaments.
- The gold loan customer is to be attended by the Branch Manager in his cabin, ID creation is to be a smooth interface with Branch Manager and Loan Customer to start a strong customer relationship.
- When customer ID creation is in process, the Branch Manager ascertains the loan requirement and the ornament is to be passed on to the Assistant Branch Manager for appraisal.
- Meanwhile, the customer ID creation is done, and the process of gold appraisal is to be completed wherein the loan document is to be got printed by the Assistant Branch Manager, to be handed over to the Branch Manager for getting the signature from the customer and to sanction the loan.
- Once the process is over, the pawn ticket portion is handed over to the customer requesting him to collect the cash from the cashier.
- Meanwhile, the Branch Manager verifying the gold ornaments to ensure their quality and to be packed and sealed with joint signatures of the Branch Manager and Assistant Branch Manager/CRE.
- There may be occasions when the Branch Manager may go out for sourcing business. Then, on such occasions, the Assistant Branch Manager takes the lead and the Junior Assistant/CRE does the process of first appraisal and repetition to be done by the Assistant Branch Manager.
- When the Branch Manager comes back, to re-appraise the gold ornament and pack the same as mentioned above.
- The pledged gold ornaments shall be kept in a transparent plastic cover, which will be used by the auditors during regular audits. Any breaking and resealing of the cover may be carried out for additional audits if required.

27) APPRAISAL PROCESS

Ensure that the appraisal process is conducted by two staff members, one of whom shall be the BIC/Branch Manager. The details of the appraiser and the BIC/Branch Manager must be recorded. The signatures of the custodian and joint custodians shall be obtained in the presence of the customer immediately after sealing, and the customer shall also sign. Ensure that the application forms are duly

completed by the customer in compliance with RBI KYC policies.

- The Gold ornaments are to be rubbed on the test stone without causing any damage to the ornament, and the nitric acid supplied is to be applied to the golden marks on the test stone.
- On application of the nitric acid on the gold particles on the test stone there should not be any reactions in the case of quality gold ornaments.
- In case the colour of the gold particles changes in reaction, the purity of the gold is in doubt.
- As a second step, the acid is to be drained from the stone and the salt water is to be applied to the gold particles, in case of no reaction the quality of the gold is ensured, in case of any reaction points out to the poor quality of the ornaments.

28) SPURIOUS ORNAMENTS

With the advancement in technology, the manufacturers use high-quality electroplating machines of one-gram gold-plated ornaments that look original and cannot be identified easily on a single touch. These types of ornaments are gold-plated ornaments.

Also, ornaments are made out of hollow gold pipes with copper and other alloys where the ornament preface looks like gold, known as a covered ornament which is to be identified out of the sound it produces when put on the glass surface, assessment of the weight putting in our hands. As already mentioned, it is on the integrity of the client other than the value of the ornament to be looked into while processing the loan.

29) STAMP DUTY

Stamp duty applicable in respective States as per the Govt regulations shall be applied.,