

GEV FOCUS CAPITAL PRIVATE LIMITED

POLICY ON GOLD LOAN

GEV FOCUS CAPITAL PRIVATE LIMITED

Version Control

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GEV FOCUS CAPITAL PRIVATE LIMITED

(i) Introduction:

GEV Focus Capital Private Limited (hereinafter referred as “the Company” or “GEV Focus Capital”) a Non-Banking Financial Company (‘NBFC’) is holding a valid Certificate of Registration (“CoR”) from Reserve Bank of India (‘RBI’) vide registration no. N-07-00917 dated 20th Jun 2025 under current RBI classification norms as Type II, NBFC - Investment and Credit Company (NBFC-ICC) – Non Deposit taking Non-Systemically Important (‘ICC-ND-NSI’) under the provisions of Section 45 IA of Reserve Bank of India Act 1934.

The company aims to provide accessible, transparent, and responsible lending services. It is focused on offering financing to MSME & Loan against property segment.

The company intends to provide loan against Gold, as one of the products. Lending on the security of Gold is one of the most secured and quickest way of financing particularly to tide over the tight liquidity concerns of a borrower and at the same time addressing the risk management challenges of a lender. In terms of RBI guidelines, NBFCs extending loans against the collateral of gold, shall put in place Board approved policy for lending against gold.

(ii) Objective

The policy aims to:

- Provide a structured framework for offering secured loans against gold jewellery, ornaments, and coins to meet short-term financing needs of borrowers.
- Ensure compliance with RBI’s prudential and conduct-related regulations, including Loan-to-Value (LTV) ratios, standardized valuation, and transparency.
- Mitigate risks related to gold valuation, storage, default, and regulatory non-compliance.
- Promote fair practices and borrower protection in line with RBI’s 2025 guidelines.

(iii) Scope

- The policy applies to loans against gold jewellery, ornaments, and gold coins (up to 50 grams per borrower) for consumption or income-generating purposes (including agriculture and MSME loans).
- Excludes lending against primary gold (e.g., bullion, bars, ETFs, or mutual funds) due to speculative and non-productive concerns

(iv) Definitions:

Unless the context otherwise requires, the terms herein shall bear the meanings assigned to them as given below:

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- (a) "Bullet Repayment Loans" means loans where both principal and interest are due for payment at the maturity of the loan. (
- b) "Collateral Security" or "Collateral" means an existing asset of the borrower pledged to the lender for availing and securing a credit facility extended by the lender to the borrower.
- (c) "Consumption Loan" means any permissible loan that does not fit the definition of income generating loan as defined in paragraph (f) below.
- (d) "Eligible Collateral" means the collateral of jewellery, ornaments or coins made of gold .
- (e) "Loan to Value (LTV) ratio" on a day means the ratio of the outstanding loan amount to the value of the pledged eligible collateral as on that day. In case of bullet repayment loans, however, the LTV calculation shall take into account the total amount repayable at maturity.
- (f) "Income Generating Loan" means loans extended for the purpose of productive economic activities, such as farm credit, loans for business or commercial purposes, loans for creation or acquisition of productive assets etc.
- (g) "Jewellery" means items that are designed to be worn as personal adornments.
- (h) "Lender" means GEV Focus Capital Private Limited, or in short, "GEV Focus Capital"
- (i) "Ornaments" means items meant for use as adornment of any object, decorative items, excluding those items that fall under the definition of jewellery as defined under (g) above.
- (h) "Primary Gold" means gold in any form other than in the form of a jewellery, ornaments and coins.
- (i) "Top-up Loan" means an additional loan sanctioned over and above an outstanding loan, during the tenor of the original loan, based on the strength of the collateral already pledged for the existing loan.

(v) Restrictions and Ceilings

- a) GEV Focus Capital shall not grant any advance or loan against primary gold or financial assets backed by primary gold, e.g., units of Exchange-traded funds (ETFs) or units of Mutual Funds.
- b) GEV Focus Capital shall not extend a loan where ownership of the collateral is doubtful. A suitable document or declaration shall be obtained from the borrower in all cases to the effect that the borrower is the rightful owner of the eligible collateral.
- c) Multiple or frequent sanction of loans against eligible collateral to the same borrower, aggregating to a value in excess of a threshold to be decided by the GEV Focus Capital, shall be examined closely as part of the transaction monitoring under the anti-money laundering (AML) framework.
- d) GEV Focus Capital shall not: (i) Avail loans by re-pledging gold pledged to it by its borrowers. (ii) Extend loans to other lenders, entities or individuals by accepting gold collateral pledged to such lenders, entities, or individuals by their borrowers as collateral.
- e) Tenor of consumption loans in the nature of bullet repayment loans shall be capped at 12 months, which may be renewed subject to (i) Such renewal or top-up shall be permitted only within the permissible LTV, and provided the loan is classified as standard. (ii) renewal of bullet repayment loan shall be allowed only after payment of accrued interest, if any.

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The GEV Focus Capital shall ensure that such renewals and top-ups are clearly identifiable in its Core Banking System or Loan Processing System.

- f) Loans against ornaments and coins shall be subject to the following: (i) the aggregate weight of ornaments pledged for all loans to a borrower shall not exceed 1 kilogram for gold ornament. (ii) the aggregate weight of coin(s) pledged for all loans to a borrower shall not exceed 50 grams in case of gold coins.

(vi) Exposure Cap:

The company will have an exposure cap of 30% of the

(vii) Eligibility Criteria

Borrowers: Individuals (including salaried, self-employed, farmers, and MSME borrowers including Proprietorship firm, Business owners, Women Entrepreneurs, Self-employed professionals) who own gold jewellery, ornaments, or coins. Branch shall satisfy that the intending borrowers have complied with KYC norms and ownership of the security is in line with their profile

Collateral: Gold Jewellery, Ornaments, and Gold Coins (22 carat purity for valuation)

Maximum weight: 1 kg of gold ornaments including a maximum of 50 grams of gold coins per borrower.

Ownership proof: Borrowers must provide a signed declaration or purchase receipt confirming rightful ownership. Frequent or high-value loans trigger AML checks.

Pawnbrokers, Jewellers & Jewellery shop-owners, Domestic Jewellery manufacturers / Exporters of Gold Jewellery are not eligible for Gold Loan

Purpose: No end-use restrictions for consumption loans. For income-generating loans (e.g., agriculture, MSME), proof of usage may be required.

Maximum aggregate Loan amount per borrower: Rs.50 lacs

Maximum number of Loans per borrower: 5 (Five)

(viii) Loan-to-Value (LTV) Ratio

Tiered LTV Caps (for consumption loans):

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(in case of bullet loans, the loan amount shall be the total amount payable at maturity)	Maximum LTV ratio
≤₹2.5 lakh	85%

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₹2.5 lakh & ≤ ₹5 lakh	80%
> ₹5 lakh	75%

LTV Maintenance: The LTV ratio must be maintained throughout the loan tenure other than for bullet repayment loans, wherein LTV is calculated based on the total repayable amount (principal + interest).

Breach of LTV: If LTV exceeds the cap due to gold price fluctuations, GEV Focus Capital will require additional collateral or partial repayment to restore compliance, with a 1% additional provisioning for breaches.

Trigger LTV: For effective monitoring and to maintain the stipulated LTV ratio during the tenure of the loan, GEV Focus Capital has set a “trigger LTV”, (the point where the monitoring will commence) for all the Gold loan schemes. This trigger LTV will help branches to prevent loans from breaching the Regulatory LTV based on a data warehouse report of accounts, which have breached trigger LTV and Regulatory LTV value

When a loan account breaches trigger LTV, Branch should send notices to borrower with an advice to maintain the LTV by paying the amount in excess of stipulated percentage of LTV or to offer additional gold as security.

LTV in respect of Gold Loan for the purpose of Income Generating Activities;

In case of gold Loans for income generating activities, other than consumption loan, Loan amount assessed based on Credit requirements like MSME, other Priority Sector as the case may be, will be considered, subject to the eligibility based on the value of Gold ensuring an LTV of 75% at all times. The maximum period of repayment shall be restricted to 12 months.

(ix) Gold Valuation and Assaying

Valuation Method:

Gold will be valued at the lower of:

- The average closing price of 22-carat gold for the preceding 30 days, or
- The previous day's closing price, as published by the India Bullion and Jewellers Association (IBJA) or SEBI-regulated exchanges.
- Only the intrinsic value of gold will be considered; no value for gemstones or designer components.

Assaying Process:

- Conducted in the borrower's presence by a trained assayer, with whom the Company has entered into an agreement, at the company premises, to determine purity and net weight (excluding stones, fastenings, etc.).
- The deductions relating to stone weight, fastenings, etc., as part of the assaying procedure shall be explained to the borrower(s)
- A certificate detailing purity, weight, deductions, and valuation is issued to the borrower at loan sanctioning.

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- Valuation methodology is publicly disclosed on the GEV Focus Capital's website.

Standardization: Uniform assaying procedures will be followed across all branches to ensure fairness and transparency.

Hall marking and purity standards:

Hallmarking gives credibility to the company as it makes easier to identify and verify the fineness of gold. Hallmarking of gold jewellery has become mandatory from June 16 2021. Further vide subsequent notification dt.01.04.2023, Central Government has issued instructions not to sell gold jewellery without having 6 digit HUID (Hallmark Unique Identification Digit) number. The hallmark on gold jewellery will be shown as 24karat 995, 22karat 916 and 18karat 750.

S.No.	Hall Mark Code	Purity %
1	24 carat	Contains 99.5%
2	22 carat	Contains 91.6%
3	18 Carat	Contains 75%

While we will not restrict our loans to Hall marked jewellery only, the same may be preferred.

Different Methods / Tests to Identify the Purity of Gold:

The Assayer shall follow the assaying tests of Gold ornaments as per the sequence mentioned below;

- Density Test:** It is measuring the density of the jewellery and comparing the purity of gold with the known density of pure gold
- Sound Test:** Especially used for bangles where bangles are dropped on floor and by observing the sound an expert assayer can assess the quality
- Flexibility of the jewel test:** it assesses the temperament of the gold ornaments. Depending on the purity, flexibility of the item varies.
- Weight test:** Weight of the fold ornaments and spurious gold ornaments will be different. Expert assayer will be able to assess the ornaments by weighing.
- Touchstone Test:** Gold/Ornaments may be rubbed on a touchstone. The gloss and colour of gold are distinct from those of their base or alloy metals and should, by experience, be noticed. Rubbing on the touchstone may also disclose any spurious substance inside, if the ornaments are merely coated with gold lining / plating.
- Piling test:** It involves finding out very small hole/ cut on jewellery and assessing the purity of the gold through these hole/cut
- Nitric Acid Test:** Nitric Acid does not make any impression on pure gold; its effect on sovereign gold is very little; but on gold of inferior quality, its reaction is discoloration of the metal to coppery red – the extent of discoloration being dependent on the proportion of the alloy. The discoloration will vary according to the metal used for the alloy. A drop of nitric acid, transferred from the bottle container by a glass rod or tube on the touchstone where gold is rubbed, or even on the jewel itself should disclose the genuineness or otherwise of the gold content of the ornaments.

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Discrepancy: Post pledging, cases involving loss of gold collateral and any deterioration or discrepancy in quantity or purity observed during internal audit or otherwise including at the time of return or auction of collateral shall be recorded and communicated promptly to the borrower(s)/ legal heir(s). The process for making reimbursement or compensation as per the policy or SOP and shall also be communicated to the borrower(s)/ legal heir(s).

(x) Interest Rates and Charges

Interest Rates: Determined by the GEV Focus Capital's credit policy, typically ranging from 9.5% to 21% p.a.

Processing Fees: Nominal, typically 1–2% of the loan amount, disclosed upfront in the Loan Agreement and Key Fact Statement (KFS).

Penal Charges: Applied for late payments, as per the GEV Focus Capital's policy, and disclosed in the KFS.

Transparency: All fees (assaying, storage, auction, etc.) are clearly communicated in the borrower's preferred language or explained to illiterate borrowers in the presence of a non-employee witness.

(xi) Loan Tenure and Repayment

Tenure:

- Bullet repayment loans (principal + interest due at maturity): Maximum 12 months, renewable after interest payment and credit assessment
- Other loans: Flexible tenure (3 months to 12 months), as per GEV FOCUS CAPITAL 's policy.

Repayment Options:

- Bullet repayment: Pay principal and interest at maturity.
- EMI: Equated monthly installments (principal + interest).
- Partial repayment: Allowed to release part of the pledged gold, with a maximum of 2 such releases, subject to LTV compliance.

Top-Ups and Renewals:

- Permitted only for standard loans (not overdue) within LTV limits.
- Requires fresh credit assessment for loans above ₹2.5 lakh and payment of accrued interest for bullet loans

Disbursal: Loan amounts are disbursed directly to the borrower's bank account, with

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exceptions only in rare cases, within permissible rules.

(xi) Documentation

KYC Documents:

- Identity proof (Aadhaar, PAN, Voter ID, Passport, etc.).
- Address proof (Aadhaar, utility bill, etc.).
- Signature proof and photographs

Ownership Proof: Signed declaration or purchase receipt for gold collateral.

Loan Agreement: Standardized across branches, provided in the borrower's language, with a Key Fact Statement (KFS) detailing terms, charges, and repayment obligations.

Credit Assessment: Mandatory for loans above ₹2.5 lakh, including income proof and repayment capacity evaluation.

(xii) Collateral Management

GEV Focus Capital shall ensure that necessary infrastructure and facilities are put in place and appropriate security measures taken in each of its branches where loans are sanctioned against gold collateral

Storage:

- Gold collateral will be stored in secure branch safe/vaults, handled only by GEV Focus Capital employees (no third-party involvement), under joint custody.
- Branches without adequate safe/vault facilities will not offer gold loans.
- Collateral will be insured against theft, loss, or damage.

Periodic Verification: Surprise checks of pledged gold will be conducted with borrower consent (obtained at the time of loan sanctioning).

Release of Collateral:

- GEV Focus Capital shall release or return the pledged eligible collateral held as security to the borrower(s)/ legal heir(s) on the same day but in any case, not exceeding a maximum period of seven working days upon full repayment or settlement of the loan, subject to the condition that the borrower has no overdues under any other facilities - banker's right of lien

Part Redemption

- Part redemption shall be avoided as far as possible.
- Whenever Part-redemptions are permitted under unavoidable circumstances against the part payment of the loan, it is to be ensured that the balance of security is adequate to

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cover the balance within permissible LTV.

- The appraised value of the security after part-redemption should be assessed taking into consideration the prevailing gold value per gram advised by Gold Loan Vertical, Central office.
- An acknowledgement mentioning particulars, gross weight, net weight and appraised value of jewellery part-redeemed should be obtained from the borrower and signature to be obtained on the Gold Loan register.
- A note should be made in the respective application cum letter of pledge under the superscription "part deliveries of securities pledge" duly signed by the borrower and approved by manager/officer with date and seal affixed.
- The particulars of jewellery partly released, are to be noted in the safe custody register maintained at the branch level.
- The balance of the security and the value are to be noted in the gold loan register after such delivery.

Unclaimed Collateral:

- Gold unclaimed for 2 years post-repayment is classified as "unclaimed." The GEV Focus Capital shall conduct periodic drives to locate borrowers. Periodic reporting will also be made to Customer Service Committee or Board.

Compensation:

- In case of any damage to the pledged eligible collateral by the lender during the tenor of loan, the cost of repair shall be borne by the company.
- In case of loss of the pledged eligible collateral and/ or any loss emanating from deterioration or discrepancy in quantity or purity observed during internal audit or otherwise including at the time of return or auction of collateral, company shall suitably compensate the borrower(s)/ legal heir(s).
- In case of delay in release of the pledged collateral after full repayment or settlement of loan by the borrower, where reasons for delay are attributable to the lender, the GEV FOCUS shall compensate the borrower(s)/ legal heir(s) at the rate of ₹5,000 for each day of delay beyond the stipulated timeline. If the delay is not attributable to the lender, it shall communicate reasons for such delay to the borrower(s)/ legal heir(s).
- Further, where the borrower(s)/ legal heir(s) has not approached the lender for release of pledged eligible collateral after full repayment or settlement of loan, the GEV Focus Capital shall issue periodic reminders to borrower(s)/ legal heir(s) through letters, email or SMS if the email and mobile number are registered with the lender.
- The compensation provided under these Directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law

(xiii) Attachment of Jewels Pledged:

- Whenever an attachment order of a court of law is served on the GEV Focus Capital in respect of securities pledged under a gold loan, the borrower will be informed about the receipt of the attachment order and with a request to get the order cancelled within a reasonable time.

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- A note shall be made in red ink against the relative loan in the Safe In and Safe Out register that the securities are attached by the court and that redemption should not be allowed unless the attachment order is cancelled.
- Branch has to immediately arrange for representation to the concerned court, in consultation with the top management stating that the particular items are held as security for the repayment of the amount outstanding and that the GEV Focus Capital has a first charge over the said items of gold.
- Whenever a notice from any officer in charge of a police station is served on the GEV Focus Capital in respect of stolen gold ornaments pledged under a gold loan, the same may be handed over to the police authorities by obtaining proper acknowledgement and prior permission from Head Office of the company. Further claim should be lodged with insurance company for the amount of loss incurred by recalling the advance/s forthwith. Appropriate legal proceedings also to be initiated against the borrower.

Court summons to produce extracts of Gold Loan Register:

- If a notice is served by a court to cause production of certified extract of gold loan registers relating to loans availed by a certain party, the same may be furnished to the court duly certified in the format given by gold loan vertical.
- Court Summons to Produce Security: If the summons require the production of the securities in the court, they may be produced in the court, following the laid down procedure of taking out gold from joint custody. In such cases of handover of the securities, receipt describing the jewels, weights etc is to be obtained from the court.

(xiv) Auction Process

Trigger: Initiated after default, with reminders sent at 3, 6, and 12 months.

Notice:

- Borrowers are notified, duly keeping a copy of all such acknowledgements from the borrower for the notices served, via all contact methods, with a 1-month notice period.
- Public notice will be broadcast in at least two newspapers (one regional, one national) if the borrower cannot be located

Procedure:

- First auction is physical, conducted in the same district as the lending branch.
- Reserve price: Minimum 90% of current collateral value (reduced to 85% if the first two auctions fail).
- GEV Focus Capital and related parties are barred from bidding.
- Online auctions are allowed only after the first physical auction fails.

Surplus Refund: Any surplus from the auction after recovering dues is refunded to the borrower within 7 working days.

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(xv) Risk Management

Credit Risk: Mitigated by LTV caps, credit assessments for loans above ₹2.5 lakh, and ownership verification.

Market Risk: Regular monitoring of gold prices to ensure LTV compliance.

Operational Risk: Robust vault security, staff training, and internal audits to check purity and weight discrepancies.

Compliance Risk: Adherence to KYC/AML/CFT norms, with transaction monitoring for frequent or high-value loans.

(xvi) Borrower Protection and Transparency

Assaying Transparency: Conducted in the borrower's presence, with a detailed certificate issued.

Clear Communication: Loan terms, charges, and auction procedures are disclosed in the Loan Agreement, KFS, and borrower's language.

No Misleading Ads: Company will not give Advertisements with unrealistic promises.

Grievance Redressal: A mechanism is in place to address borrower complaints, as per RBI's Fair Practices Code.

Compensation: For loss, damage, or delayed release of collateral, as outlined above.

(xvii) Operational Guidelines

Branch Operations: Gold loans are processed only at branches with secure safe/ vaults, by trained GEV Focus Capital staff.

Technology Integration: Online applications and gold loan calculators are used for transparency and convenience.

Staff Training: Regular training on assaying, valuation, and compliance with RBI guidelines.

Internal Audits: Conducted to verify collateral purity, weight, and adherence to policy.

(xviii) Disclosures and Reporting

Public Disclosure: The GEV FOCUS CAPITAL discloses its gold loan portfolio details (size, LTV, NPAs) as per Annex 1 of the RBI Directions.

Regulatory Reporting: Compliance with RBI's KYC/AML and other reporting requirements.

Website Transparency: Valuation methodology and key loan terms are displayed on the GEV Focus Capital's website.

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(xix) Policy Review

- The policy will be reviewed annually or upon RBI's issuance of new guidelines to ensure alignment with regulatory changes.
- Internal audits and board oversight ensure ongoing compliance with RBI Directions.