SANVIN FINCAP PRIVATE LIMITED

(formerly known as Protect Securities Private Limited)

RBI registration no: B-14.01902

GOLD LOAN POLICY

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1. PREAMBLE

This Gold Loan Policy ("Policy") is adopted by the Board of Directors of Sanvin Fincap Private Limited ("the Company") in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025 and other applicable laws and regulations. Though the word Gold is normally used in this policy, this policy shall also apply to all silver loan products offered by the Company.

The Policy lays down the broad framework governing loans granted against gold collateral and is intended to ensure prudent lending practices, transparency, customer protection, proper risk management and regulatory compliance. The Policy shall be applicable to all gold and silver loan products offered by the Company from time to time.

2. OBJECTIVE

The objective of this Policy is to establish a consistent and transparent framework for sanction, disbursement, monitoring, renewal, recovery and closure of loans secured by gold collateral.

The Policy seeks to ensure that gold loan operations are conducted in a safe and prudent manner while protecting the interests of borrowers and maintaining the quality of the Company's loan portfolio.

3. ELIGIBLE COLLATERAL

The Company may grant loans against eligible gold collateral consisting of gold jewellery, ornaments and gold coins permitted under applicable RBI regulations.

The Company shall not grant loans against primary gold, bullion, gold bars, gold ETFs, gold mutual funds or any other financial assets backed by gold.

The Company shall not accept any collateral where ownership is doubtful or where the source of ownership cannot be reasonably established. The borrower shall provide a declaration confirming that the pledged gold belongs to him/her or that he/she is otherwise legally entitled to pledge the same.

4. ELIGIBLE BORROWERS

Gold loans may be granted to eligible individuals and other borrowers as may be permitted under applicable laws and the Company's lending framework.

The Company may, at its discretion, seek additional information or documents before considering any loan application and reserves the right to accept or reject any proposal based on its credit assessment.

5. CREDIT APPRAISAL

The Company shall undertake appropriate appraisal of every gold loan proposal before sanction.

The appraisal process shall include verification of the identity of the borrower, ownership declaration relating to the pledged gold, assessment of loan requirement and compliance with KYC and Anti-Money Laundering requirements.

For loans above ₹2.50 lakh, the Company shall, if required, undertake an assessment of the borrower's repayment capacity and creditworthiness in accordance with RBI requirements.

The Company may obtain such documents, declarations and information as may be considered necessary for evaluating the proposal.

6. VALUATION AND ASSAYING OF GOLD

All pledged gold shall be examined and valued before sanction of the loan. A standardised procedure shall be put in place to assay the purity of gold and silver collateral, its weight (gross as well as net), etc. This procedure shall be adopted uniformly across all its branches for all assaying procedures, without any deviation.

Gold pledged for the loan is evaluated using standardized purity-testing methods and equipment, such as karat meters etc. In addition, weight of dirt, stone etc. is deducted while arriving at the net weight of the gold jewelry equivalent to 22 Karat. Customers are informed about the assessed purity and weight of the pledged gold, and the loan amount is determined based on applicable loan-to-value (LTV) norms and prevailing gold prices, in accordance with regulatory guidelines. Its market value is calculated by taking the 30-day average gold rate of 22 Karat gold.

The Company shall display on its website the methodology adopted by it for determination of net weight of the gold and silver content of the eligible collateral and the price used to value the gold and silver content of the eligible collateral for determination of LTV ratio.

The Company shall ensure presence of the borrower while assaying the collateral at the time of sanctioning the loan. The deductions relating to stone weight, fastenings, etc., as part of the assaying procedure shall be explained to the borrower and details shall be incorporated in the assay certificate to be issued.

Post pledging, cases involving loss of gold or silver 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. The process for making reimbursement or compensation as per the policy or SOP shall also be communicated to the borrower.

The valuation process shall include determination of purity, weight and eligible value of the pledged gold by trained employees, qualified assayers or authorised personnel engaged by the Company.

The Company shall maintain appropriate records relating to valuation, purity assessment, net weight and sanctioned loan amount.

The Board authorises the management to prescribe detailed operational procedures for assaying and valuation from time to time.

7. LOAN AMOUNT AND LOAN-TO-VALUE RATIO

The amount of loan sanctioned shall be determined based on the value of eligible gold collateral and the Loan-to-Value Ratio ("LTV") prescribed by the Reserve Bank of India from time to time.

The Company shall ensure continuous compliance with the applicable LTV requirements and maintain appropriate monitoring systems to identify any breach resulting from fluctuations in gold prices.

In case of any material decline in the value of collateral leading to breach of permissible limits, the Company may take suitable corrective measures including obtaining additional security, reducing exposure or seeking repayment from the borrower.

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

(1) The aggregate weight of ornaments pledged for all loans to a borrower shall not exceed 1 kilogram for gold ornaments, and 10 kilograms for silver ornaments.
(2) The aggregate weight of coin(s) pledged for all loans to a borrower shall not exceed 50 grams in case of gold coins, and 500 grams in case of silver coins.

7. STANDARDISATION OF DOCUMENTS AND COMMUNICATION

Documentation shall be standardised across all branches of the Company.

The loan agreement shall cover the description of the eligible collateral taken as security, value of such collateral, details of auction procedure and the circumstances leading to the auction of the eligible collateral, the notice period which shall be allowed to the borrower for repayment or settlement of loan before the auction is conducted, timelines for release of pledged eligible collateral upon full repayment or settlement of loan, refund of surplus, if any, from the auction of the pledged eligible collateral and other necessary details. All applicable charges payable by the borrower, including those related to assaying, auction, etc., shall be clearly included in the loan agreement and KFS.

The Company, while accepting the eligible collateral, shall prepare a certificate or e-certificate in duplicate on its letterhead regarding the assay of the collateral and state therein the purity (in terms of carats); gross weight of the eligible collateral pledged; net weight of gold or silver content therein and deductions, if any, relating to weight of stones, lac, alloy, strings, fastenings, etc.; damage, breakage or defects, if any, noticed in the collateral; image of the collateral; and the value of collateral (calculated as per the instructions on Valuation and Assaying of Gold and Silver collateral specified in the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025) at the time of sanction. One copy of the certificate or e-certificate shall be kept as part of the loan documents and the other copy be given to the borrower under their acknowledgement.

All communication with the borrower, especially, the terms and conditions of the loan, or other important communication which affects the interest of the borrower or the Company, shall be in the language of the region or in a language as chosen by the borrower. For an illiterate borrower, important terms and conditions shall be explained in the presence of a witness, who shall not be an employee of the NBFC.

8. TENURE, RENEWAL AND TOP-UP FACILITIES

The tenure of gold loans shall be determined by the Company based on the nature of the product and applicable regulatory requirements.

The Company may renew an existing loan or grant a top-up facility only upon a formal request from the borrower and after carrying out such assessment as may be considered necessary.

Any renewal or top-up shall be subject to satisfactory account conduct, permissible LTV limits and compliance with RBI regulations.

Renewed and top-up loans shall be appropriately identified in the Company's records and systems.

9. INTEREST, FEES AND CHARGES

The Company shall clearly disclose to borrowers all applicable interest rates, processing charges, valuation charges, penal charges and any other fees payable in relation to the loan.

All charges shall be fair, transparent and communicated to the borrower at the time of sanction.

No hidden charges shall be levied.

10. SAFE CUSTODY OF PLEDGED GOLD

The Company 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 or silver collateral. It shall ensure that the gold and/ or silver collateral is handled only in its branches and only by its employees. The Company shall store the collateral only in its branches which are manned by its employees and having safe deposit vaults fit for storing gold and silver. Normally, such loans shall not be extended by branches that do not have appropriate secured facility for storage of the pledged eligible collateral.

The pledged eligible collateral may be transported from one branch to another branch, only as permitted under RBI regulations or in case of shifting or closure of branch(es) or exceptional reasons such as for ensuring the safety of the collateral.

The Company shall periodically review the adequacy of systems for storage of the eligible collateral, conduct training of the concerned staff and carry out internal audit of all procedures to ensure that these are strictly adhered to.

As part of internal audit, an NBFC shall carry out periodic surprise verification of the gold and silver collateral pledged with it and shall maintain a record thereof.

The pledged gold shall remain under the Company's custody until all dues of the borrower are fully discharged.

11. RELEASE OF PLEDGED GOLD

Upon repayment of all outstanding dues and completion of necessary formalities, the Company shall release the pledged gold to the borrower or an authorised representative in accordance with its operational procedures.

At the time of release of pledged collateral to the borrower(s)/ legal heir(s), the collateral shall be verified for correctness as per details in the assay certificate to the borrowers' satisfaction. Appropriate acknowledgement and documentation shall be obtained at the time of release.

12. DEFAULT AND RECOVERY

In the event of default, the Company may initiate recovery proceedings in accordance with applicable laws, RBI regulations and internal procedures.

The Company shall ensure fair treatment of borrowers and shall follow transparent recovery practices.

Any communication regarding overdue accounts shall be made in a professional and non-coercive manner.

13. AUCTION OF PLEDGED GOLD

Where a borrower fails to regularise the account within the stipulated period, the Company may auction the pledged gold in accordance with applicable laws and RBI guidelines.

Prior to auction, adequate notice shall be provided to the borrower specifying the outstanding dues, proposed auction details and the opportunity available to settle the account before auction. In case the Company is unable to locate the borrower(s)/ legal heir(s) despite best efforts and even after issuance of a public notice, it may proceed with the auction, provided that a period of one month has lapsed from the date of the public notice. The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in the regional language and another in a national daily. The pledged collateral shall be auctioned by the Company only through its employee having necessary experience and / or training or an auctioneer empanelled by the Company.
The Company shall declare a reserve price for the gold and silver collateral at the time of auction, which shall not be less than 90 per cent of its current value. Provided that in case the auction fails twice, a reserve price not less than 85 per cent of its current value shall be adopted.

The first auction shall be conducted physically in the same district in which the lending branch is located. However, in case of failure of first auction, the Company may conduct the auction in an adjoining district or conduct online auction or through any other approved means.

The auction process shall be conducted in a fair, transparent and non-discriminatory manner. Any surplus amount remaining after adjustment of outstanding dues, interest, expenses and other lawful charges shall be refunded to the borrower in accordance with applicable regulations.

The management may formulate detailed Standard Operating Procedures governing the auction process, empanelment of auctioneers, valuation methodology, borrower notices and settlement procedures.

As a matter of policy, the Company or its related parties shall not participate in the auctions to ensure that there is no potential conflict of interest.

After the auction, the Company shall mandatorily provide full details of the value fetched at the auction and the dues adjusted to the borrower(s) / legal heir(s). The surplus, if any, from the auction of the gold or silver collateral, shall be refunded to the borrower(s) / legal heir(s) within a maximum period of seven working days from the date of receipt of the full auction proceeds. The Company may recover shortfall, if any, as per terms of the loan agreement.

13. Compensation

In case of any damage to the pledged collateral by the Company 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, the 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 Company, the Company shall compensate the borrower(s) / legal heir(s) at the rate of ₹5,000 for each day of delay beyond the prescribed timeline. If the delay is not attributable to the Company, 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 Company for release of pledged eligible collateral after full repayment or settlement of loan, the Company 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 Company.

13. Unclaimed Gold and Silver collateral

The pledged gold and / or silver collateral lying with the Company beyond two years from the date of full repayment or settlement of loan shall be treated as unclaimed. The Company shall periodically undertake special drives to ascertain the whereabouts of the borrower(s) / legal heir(s) in respect of such unclaimed gold and/ or silver collateral. A report on unclaimed gold and /or silver collateral shall be put up to the Board at half-yearly intervals for a review.

14. RESTRICTED ACTIVITIES

The Company shall not grant loans for the purpose of purchasing gold in any form.

The Company shall not grant loans against primary gold, bullion or financial assets backed by gold.

The Company shall not re-pledge gold pledged by borrowers for obtaining funding from any person.

The Company shall not extend loans by accepting gold collateral pledged with another lender as security.

15. MONITORING AND OVERSIGHT

The management shall periodically monitor the gold loan portfolio with reference to portfolio quality, overdue accounts, LTV compliance, auction cases and regulatory compliance.

Material matters relating to the gold loan portfolio shall be placed before the Board of Directors periodically for review and guidance.

16. REVIEW OF POLICY

This Policy shall be reviewed by the Board of Directors at least once every year or earlier if warranted by changes in business requirements, risk considerations or regulatory instructions issued by the Reserve Bank of India.

17. INTERPRETATION

Any matter not specifically covered under this Policy shall be governed by the provisions of the Reserve Bank of India Act, 1934, the RBI (Non-Banking Financial Companies – Credit Facilities) Directions, 2025, and other applicable laws and regulations.

In the event of any inconsistency between this Policy and any regulatory requirement, the regulatory requirement shall prevail to the extent of such inconsistency.