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**Freemen Investments Private Limited**  
**Gold Loan Policy**

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## 1. Objective:

In recent years, loans against gold have become increasingly accessible to customers through banks, other financial institutions, and, to some extent, the unorganized sector. The demand for gold loans is steadily rising due to the following factors:

Almost everyone possesses gold, making it a readily available form of collateral. The procedure for obtaining a loan against gold is straightforward, enhancing customer convenience. Financial institutions are offering attractive interest rates, making gold loans a viable option for many. The quick processing of loans meets customer expectations for prompt financial assistance.

To cater to this growing demand, it is essential for **M/s. Freeman Investments Private Limited** to implement a comprehensive gold loan policy, as a significant portion of its Assets Under Management (AUM) comprises loans against gold ornaments. This policy outlines the guidelines for offering, managing, and recovering gold loans.

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## 2. Scope:

This policy applies to all branches and employees of the Company involved in the processing, sanctioning, disbursing, and recovering gold loans. It covers:

- Eligibility criteria for customers.
- Loan processing procedures.
- Valuation and disbursement of gold loans.
- Recovery and default management.

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### 3. Regulatory Framework:

This policy is framed in accordance with the following regulations and guidelines:

- **RBI Master Directions for Non-Banking Financial Companies (NBFCs)**
  - **RBI Guidelines on Gold Loans**
  - **Fair Practices Code (FPC) for NBFCs**
  - **Know Your Customer (KYC) Norms**
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### 4. Key Definitions:

- **Gold Loan:**  
A loan granted against gold ornaments or bullion as collateral security.
  - **Loan-to-Value Ratio (LTV):**  
The ratio of the loan amount sanctioned to the value of the gold pledged.
  - **Borrower:**  
The individual or entity availing the gold loan.
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## **5. Eligibility Criteria:**

### **5.1. Customer Eligibility:**

- Any individual Customer who is the lawful owner of the gold jewellery offered as security as per the declaration of ownership submitted fulfilling the KYC norms as per the RBI guideline.
- The borrower should fulfil KYC requirements, including identity and address verification.
- The minimum age of the borrower should be 21 years.

### **5.2. Gold Eligibility:**

- Only gold ornaments and bullion of minimum purity as specified (e.g., 22K or higher) will be accepted.
- Gold should be free from any encumbrances or legal disputes.

### **5.3. Ownership of Gold Ornaments Pledged:**

The borrower must provide proof of ownership of the gold ornaments pledged, which may include:

- Original purchase receipts or bills.
- Certificates of authenticity or appraisals from certified jewellers.
- Any relevant documentation establishing the legal ownership of the gold.

In case original receipts are not available with the customer a declaration regarding its ownership should be obtained in prescribed form.

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## 6. Loan Processing Procedures:

### 6.1. Application:

- Customers seeking a gold loan must submit a completed application form along with required KYC documents.
- A declaration of the source of funds used to acquire the gold must also be obtained.

### 6.2. Gold Valuation:

#### Valuation Process:

- The valuation will take into account the **purity, weight, and condition** of the gold.
- The LTV ratio will be applied based on the circulars and directions issued by Reserve bank of India from time to time.
- This LTV ratio ensures a buffer for fluctuations in gold prices and protects the Company's interests.
- The gold jewellery accepted as a collateral by the Company shall be valued by taking into account the preceding 30 days average of the closing price of 22 carats gold as per the rates quoted by the Bombay Bullion Association Limited (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission

### 6.3. Sanction and Disbursement:

- The loan will be sanctioned after verifying the application and valuation report.
  - Loan agreements will be executed detailing the terms and conditions of the loan.
  - The approved amount will be disbursed to the borrower through a bank transfer or cheque.
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## **7. Safety and Security Measures:**

Company shall ensure that necessary infrastructure and facilities are put in place, including safe deposit vault and appropriate security measures for operating vault in each of its branches where gold is accepted as collateral.

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## **8. Interest Rate and Charges:**

### **8.1. Interest Rates:**

- The interest rates on gold loans will be competitive and disclosed transparently at the time of loan sanction.
- The applicable interest rate will be communicated to the borrower and mentioned in the loan agreement.

### **8.2. Charges:**

- All applicable charges, including processing fees, valuation charges, and penalties for late payment, will be disclosed to the borrower before the loan is sanctioned.
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## **9. Release of pledged gold**

Jewellery shall be released to the same customer on receipts of full dues including principal, interest, penal interest and other charges, if any. Release whether partial or full can be done only after verification of signature, original KYC documents and customer copy of the original pawn ticket (Token). If token is lost indemnity in stamp paper of required value to be obtained before release of pledged gold.

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## **10. Recovery and Default Management:**

### **10.1. Repayment Schedule:**

- The loan repayment terms, including the tenure, EMI, and due dates, will be clearly outlined in the loan agreement.
- Borrowers will be informed about the various repayment methods available.

### **10.2. Default Management:**

In case of non-repayment or default, the NBFC will follow the prescribed procedures for recovery, which may include:

- Sending reminders and notices to the borrower
- Rescheduling the loan or offering restructuring options if applicable
- Initiating legal proceedings, if necessary, as per the contractual terms

### **10.3. Auction of Pledged Gold:**

- If the borrower fails to repay the loan within the stipulated time frame, the pledged gold may be auctioned following due process to recover the outstanding amount.
- The borrower will be informed in advance before proceeding with the auction.
- The Auction shall be conducted in town or taluka in which the branch that has extended the loan is located.
- While conducting the gold Auction the Company 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 previous 30 days' average closing price of 22 carats gold as declared by the Bombay Bullion Association Limited (BBA) and value of the jewellery of lower purity in terms of carats shall be proportionately reduced.



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## **11. Customer Grievance Redressal:**

### **11.1. Grievance Mechanism:**

- The Company is having a grievance redressal mechanism to address customer complaints related to gold loans.
- Customers can approach the Grievance Redressal Officer or use the complaint registration channels provided.

### **11.2. Ombudsman Scheme:**

- Customers dissatisfied with the resolution of their grievances can escalate the issue to the RBI Ombudsman as per the guidelines.
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## **12. Reporting and Compliance:**

### **12.1. Internal Reporting:**

- Branches must maintain records of all gold loan transactions, including loan applications, agreements, and recovery actions.

### **12.2. Compliance with RBI Guidelines:**

- The Company will ensure strict adherence to all applicable RBI guidelines regarding gold loans and maintain transparency in all dealings.
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## **13. Review of Gold Loan Policy:**

This policy will be reviewed periodically or in response to changes in regulations or operational requirements to ensure its effectiveness and compliance with RBI directives.

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#### **14. Conclusion:**

This Gold Loan Policy ensures that Freeman Investments Private Limited offers gold loans in a transparent and fair manner, adhering to all relevant RBI guidelines. The company is committed to maintaining ethical standards and serving its customers responsibly.

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