Gold loan procedures for Assaying and valuation of Gold Ornaments, Auction & Customer Compensation.

1. Gold ornaments will be assayed and valued by Bank's own Appraiser cum Cashier who is a permanent employee and who has been properly trained to attend such duties and it is uniform across all the branches.
2. Regular refresher training programmes will also be imparted to the Appraiser cum Cashiers by Senior/Professional Gold Appraisers.
3. Gold appraising will be done in the presence of the borrower(s) and will be properly recorded in the CCTV.
4. The Gold Appraiser will explain the modus operandi of valuation, gross weight and net weight.
5. Valuation of the Gold ornaments will be arrived at as per the per gram rate for 22 carats published by the Bank at periodic intervals based on the last 30 days average prices of IBJA.
6. Normally bank will finance against gold ornaments of 22 carats and above purity. However, when there are multiple ornaments and out of which 1 or 2 ornaments having lower Karat purity, those purity will be converted to 22 carats after deducting necessary wastage %.
7. The Bank shall sanction loans against gold coins for individuals subject to a Maximum weight of 50 grams per borrower.
8. Aggregate gold collateral(in the form of Ornaments) accepted from Individual borrower is 1000 grams for sanction of Gold loans.
9. Sanctioned amount will be based on the total value after considering the LTV @75% or 85% based on the limits.
10. After completion process, borrower will be provided with Acknowledgement form with details (in our Bank it is called as " Yadassu" form).
11. Key Facts statement will be shared to the borrower, with respect to the rates of interest, due date, charges and other details.
12. Illiterate borrowers will be explained about the important terms and conditions in the presence of a witness who is not an employee of our Bank.
13. Ornaments will be stored in Joint custody in a Fire fireproof, burglary-resistant safes from Approved Vendors like Godrej/Chubb Steelage etc.,,
14. Internal Audit will be carried out to ensure that all the procedures are adhered strictly.
15. Auction procedures will be conducted with full Transparency and proper time will be given to the Borrowers to repay the dues.

16. Gold ornaments will be delivered mostly on the same day of full payment of total dues in the account and in case of any other issue,ornaments will be delivered within 7 days from the closure of loan.

17. Where the reasons are attributable to bank for release of Gold ornaments beyond 7 days, Suitable Compensation will be paid as per Customer compensation policy Dt. 20.06.2026 for any deficiency of services or loss to the customers due to actions of the Bank/Branch/Staff.

18. In case the reasons for delay is not attributable to bank , bank is not liable pay any compensation.

19. Ornaments will be subjected to Verification by the Inspecting officials as and when necessary to protect the Borrower/bank's Interests.

20. In case of any damage to the pledged eligible collateral by the bank during the tenor of the loan, the cost of repair shall be borne by the Bank.

21. In case of loss of the pledged eligible collateral and /or any loss emanating from deterioration or discrepancy in quantity or purity observed at the time of return or auction of collateral, The reimbursement or compensation for the collateral being pledged in the bank will be up to 100% of the total value being assessed by the bank at the time of sanctioning of the loan.

22. Further where the borrowers(s)/Legal heir(s) has not approached the bank for release of pledged eligible collateral after full repayment or settlement of loan, the bank shall issue periodic reminders to borrowers(s)/Legal heir(s) through letters, email or SMS.

23. In case the borrower failed to pay the total loan outstanding on due date and even after notice, Bank has the right to recover the dues outstanding against the borrower by auctioning the Ornaments as per procedure laid down here under.

Gold Ornaments Auction Procedure.

PRE AUCTION:

- Intimation regarding auction will be communicated to the borrower 30 days before auction of gold ornaments showing amount due, date and time of auction, place of auction, last date of payment of dues etc.
- In the event of postponement of auction, intimation will be again sent to the customers.
- In case the branch is unable to locate the borrower(s)/ legal heir(s) despite best efforts and even after issuance of the public notice, it may proceed with the auction provided that the period of one month has lapsed from the date of the public notice.
- Announcement of auction to the public by issue of advertisements in at least two newspapers, one in the regional language and another in a national daily.
- Auction notice should be distributed to local bullion merchants and a copy to be displayed in the notice board.
- Pamphlets of auction may be kept in other branches also for distribution to interested customers.

Place of Auction

The first auction shall be conducted physically in the same district in which lending branch is located. However, in case of failure of first auction, branch may conduct the auction in an adjoining district or conduct online auction. However, in view of presence of few branches in the same districts (except in case of Visakhapatnam dist) we shall conduct the auction in the same district even for second auction.

Postponement of auction:

Some time a situation may arise where the borrower request for postponement of auction and it can be considered on a case to case basis subject to approval from CEO of the Bank under the following circumstances. · Part payments by the borrower evidencing his/her intention to redeem the gold, subject to consent of the borrower. · Specific request from the customer for postponement from auction. · Legal issues pending like Police case/Court Order. C

ON THE AUCTION DATE:

- Auction should be conducted at the place and time published in the notice. Auction should be conducted by Branch Manager supervised by Zonal Manager of the bank and in the presence of joint custodians.
- Staff members of the bank or their spouses or children and parents/in laws should not participate in the auction.
- At the beginning of the auction, the terms and conditions of the auction should be read over to bidders and the refundable security deposit of Rs. 2,000.00/- (Rupees Two Thousand Only) should be collected from them. Their names are to be entered in the auction register.
- The bidders can be allowed to inspect the ornaments under supervision of the joint custodians on the auction date.
- The ornaments relating to each loan should be auctioned separately.

Fixation of minimum bid price : The reserve price of the gold ornaments at the time of auction, which shall not be less than 90% of its current value. The fresh valuation should be taken from the appraiser.

Assessment of current value: The closing price of gold, as the case may be, of that specific purity on the preceding day, as published by the Indian Bullion and Jewellers Association Ltd. (IBJA) or by a commodity exchange regulated by the Securities and Exchange Board of India (SEBI) shall be used. If price information for the specific purity is not directly available, the lender shall use the published price available for the nearest available purity and proportionately adjust the weight of the collateral based on its actual purity to arrive at valuation.

In case of auction fails twice, the reserve price not less than 85% of its current value shall be considered.

- The auction will be conducted through an "Open bidding" process. The final rate quoted by each bidder will be recorded in the bid register. The bidder who has quoted the highest rate (H-1) will be declared as the successful bidder and the successful bidder has to make the payment immediately.

- The proceedings of the auction should be recorded in a register. The names and addresses of the bidders and the security deposit made by them should be entered in the register, against their signatures.
- After the final bid is accepted, the amount of the bid to be collected from the bidder, along with GST or other taxes duly adjusting the security deposit made by him. Receipt to be issued to the successful bidder for having received the amount and the amount including security deposit of the successful bidder should be adjusted towards liquidation of loan outstanding.
- Then the ornaments should be delivered to the successful bidder against his acknowledgement.
- The security deposit amount of unsuccessful bidders should be refunded to them against their acknowledgement.
- The sale proceeds should be credited to the loan account duly adjusting up to date interest and charges and GST to be remitted to the concerned Government Agency.
- In case of surplus in the sale proceeds, the same shall be adjusted to any other liability standing in the name of same borrower. And If there are no other liabilities, the surplus shall be returned to the borrower by Crediting to their Savings Bank account or by means of a pay order and will be sent to their last known address with 7 days of auction.
- After crediting the sale proceeds, if the liability is not fully adjusted, a notice demanding payment of the remaining amount should be sent to the borrower immediately and if necessary legal action to be initiated within 7 days of auction. Account should be classified as un-secured.
- After the auction, the branch shall mandatorily provide full details of the value fetched at the auction and the dues adjusted to the borrower(s)/ legal heir(s).
- The Zonal Manager present can take a decision to cancel the auction without assigning any reason.
- In case the auction could not be conducted at the branch on the scheduled auction date due to any reasons like lack of minimum number of bidders etc. then the branch will display in the branch notice board, the date of next auction with the prior permission of CEO of the Bank.