

FAIR PRACTICES CODE

This code will come into force on the 30th day of June, 2006.

1. Application for loans and their processing

Loan application/agreement form (Pledge note) should carry information, which affects the interest of the borrower. Accordingly, the forms will show the full details including interest for each loan scheme.

2. Acknowledgement for receipt of loan applications

This provision is not applicable since gold loans are disbursed usually within 5 to 10 minutes and there is no waiting period.

3. Loan application and terms and conditions

The loan agreement will carry the following notation on the reverse:

“The company levies a rate of interest of 15% per annum. The rate of interest will also vary depending on the rate at which advance has been availed, as the Company has different schemes which enables the borrower to avail a higher amount of loan for a given value of the asset pledged. The rate of interest so levied at higher rate, linked to the advance rate is recovered as ‘Risk Interest’ by the Company in addition to the base rate of 15%. Accordingly, the risk interest for this loan shall be.....% (Appropriate rate depending on the scheme chosen by the Borrower will be filled in).However, there will be a rebate for early payment @ 6% for loans closed within 3 months and 3% for loans closed within 6 months out of the risk interest due. Compounding of interest for loan outstanding for more than one year will be ‘x’ percent of total interest (Basic plus risk), where ‘x’ is the completed period of loan in months minus 2.”

The acceptance of these terms and conditions are to be recorded by obtaining the signature of the borrower.

4. Disbursement of loans including changes in terms and conditions

We do not normally change the terms and conditions of existing gold loans. Changes, if any, are effected only for fresh loans and renewals. Such changes in interest rates and charges are made effective prospectively only.

5. Post disbursement supervision

We have already in place a system whereby interest due notices are sent at the end of the 3rd and 6th months and a Registered Notice is sent after one year.

Once the outstanding loan amount and interest is paid, the gold taken as security will be released immediately to the borrower, unless there are any legitimate dues to the Company in which case, proper notice will be given to the borrower.

6. General

We do not in any way interfere in the affairs of the borrower, except in malafide cases such as pledge of spurious/low quality/stolen gold. Even in such cases our interference will be limited to collecting information about the assets of the borrower.

The question of transfer of borrowal account does not arise in the case of gold loans.

We do not resort to any harassment in the matter of recovery of loans.

7. Grievance Redressal Mechanism

In order to resolve the disputes arising out of the decisions of our branch functionaries, a Grievance Redressal Committee will be constituted at Corporate Office. The Committee will comprise of the General Manager, Head of the Credit Department and the Senior Legal Officer. The Committee will hear and dispose of all grievances at least once in a month.

Periodical review of the compliance of the Fair Practices Code and the functioning of the Grievance Redressal Committee will be done by the Executive Director. A consolidated report of such reviews is to be submitted to the Board of Directors in June and December every year.
