

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED

Reg. Off.-IIT-M Research park, Phase I, 10th Floor, Kanagam Village,

Taramani, Chennai – 113

CIN: U65991TN1993PTC024547

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED	
POLICY	Jewel Loan Policy
VERSION	5.0
DATE OF APPROVAL OF BOARD	September 22, 2017
LATEST DATE OF APPROVAL BY THE BOD	November 12, 2025
PROCESS OWNER	Product

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VERSION CONTROL

Version	Board Approval Date
1.0	September 22, 2017
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Cross Reference	<ol style="list-style-type: none">1. Product Notes2. Process Notes3. Policy on Jewel Loans4. Policy on Risk Management5. Fair Practice Code6. Scale Based Regulations7. Delinquency Manual8. KYC/ AML Policy9. Policy on Preservation of Records10. Data Privacy Policy11. Policy on Asset Liability Management (ALCO)12. Delegation of Financial Powers (DFP)
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JEWEL LOAN POLICY

a) OBJECTIVE

The objective of this policy is to provide a framework for providing Jewel Loans to the customers of the Company.

b) APPLICABLE RBI REGULATIONS

1. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 amended from time to time.
2. Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025 amended from time to time.
3. RBI Master Circular – Fair Practices Code dated July 01, 2015

c) DVARA KGFS FRAMEWORK

This policy has been revised in terms of above said RBI Regulations.

1. Jewel loans can be availed only by enrolled members of KGFS.
2. It will be ensured that KYC Guidelines stipulated by RBI are complied with and adequate due diligence is done before granting of Jewel loan.
3. Enrolment would include capturing of ID and Address proofs as per KYC policy and address verification along with capturing of all other household details.
4. Loan-to-Value (LTV) Ratio as per limits set by applicable RBI guidelines of loans granted against the collateral of gold jewellery will not be breached at all times. The prescribed LTV ratio shall be maintained on an ongoing basis throughout the tenor of the loan.

Total consumption loan amount per borrower	Maximum LTV ratio
≤ ₹2.5 lakh	85 per cent
> ₹2.5 lakh & ≤ ₹5 lakh	80 per cent
> ₹5 lakh	75 er cent

5. No advance shall be granted or purchase of gold in any form including primary gold, ornaments, jewellery, or coins, or for purchase of financial assets backed by gold, e.g., units of Exchange-traded funds (ETFs) or units of Mutual Funds; and against primary gold or silver or financial assets backed by primary gold or silver. Further, the aggregate weight of ornaments pledged for

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all loans to a borrower shall not exceed 1 kilogram for gold ornaments, and 10 kilograms for silver ornament; 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.

6. The Company may offer Jewel Loans at the Branch or at the Customer Doorstep through its own employees or appointed Business Correspondents.
7. The proceeds of the loan will be mandatorily credited to the Customer's Bank account if the value of the Loan disbursed exceeds Rs.19,999/-. Cash disbursal can be done if the loan amount is less than Rs. 19,999/-.
8. The Company will have a defined process to ensure certification of specific resources (employees and/or BC partners) for assessment of purity and valuation of ornaments.
9. Jewels would be appraised by the certified resource in the presence of the borrower, for its purity using the standard test and only jewels which clear the test would be eligible to lend against. Valuation of gold shall be determined in accordance with the applicable RBI regulations.
10. A certificate shall be issued to the borrower, stating the purity (in terms of carats) on appraisal, weight of the gold pledged, and any other details as required by the regulation.
11. Customers can only pledge their own jewels and a "Declaration of Ownership" to that effect needs to be signed by the customer before disbursal of loan.
12. Jewels pledged for each of the loans would be sealed in a tamperproof pouch after proper tagging.
13. At all times the jewel pouches would be stored in the safe available at the Branch, Hub/HQ.
14. Appropriate insurance cover to be taken for jewel holding at branch, Hub/HQ or and for Jewel packets in transit from Customer residence to Location (as applicable).
15. Proper records of jewel holdings would be maintained for verification and reconciliation.
16. Jewel holding should be monitored and moved to HQ or nearby branches to ensure levels below the insurance limits.
17. Jewel movement from and to branches should be properly recorded in system.
18. All designated branches for on balance sheet origination of Jewel Loans shall have suitable arrangements for security and for storage of gold jewellery, including safe deposit vault.
19. Adequate systems and procedures have been put in place for dealing with fraud including separation of duties of mobilization, execution, and approval.
20. Dvara KGFS will not issue misleading communications on availability of loans to its customers

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21. If the payment doesn't come on due date, default notice would be issued to the customer after due date asking to settle dues within 15 days of receipt of notice.
22. If the dues are not settled within mentioned time limit, 3 public notices will be issued for repayment of dues. Even after sending reminders the dues remain unsettled, auction would be arranged, and auction notice would be issued to the customer after 30 days from the date of public notice.
23. The auction process would be conducted as per below guidelines:
 - a. A notification of the auction will also be published in at least 1 vernacular newspaper and/or 1 national daily, two weeks prior to the auction date.
 - b. The reserve price for the pledged ornaments shall be determined as stated in above mentioned RBI directions.
 - c. The auction shall be conducted in the same town or taluka in which the branch that has extended the loan is located. Dvara KGFS can however pool gold jewellery from different branches in a district and auction it at any location within the district, subject to meeting the following conditions:
 - (i) The first auction has failed.
 - (ii) Dvara KGFS shall ensure that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.
 - d. The borrower who pledged the gold ornaments would be entitled to redeem the jewels by clearing all the dues to KGFS.
 - e. No group company shall participate in the auction. There will be no conflict of interest, and the auction process will be conducted, ensuring arm's length relationship in all transactions with group companies and related entities.
 - f. Auction would be conducted only by auctioneers as approved by any one of the following:
 - Board
 - Managing Director & Chief Executive Officer
 - Chief Business Officer and Chief Product Officer
 - Chief Information Officer

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- g. The borrower shall be intimated of full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding payable to the borrower.
- h. Refund of Surplus/ Recovery of Shortfall: After receipt of auction proceeds from the successful bidder, relevant accounting entries will be passed within 15 working days from the date of full receipt of auction proceeds. The surplus (if any) will be first adjusted to the said customer's existing dues. The remaining surplus will be refunded to the customer as detailed below:
 - the proceeds will be credited to the customer's savings bank account.
 - An SMS will also to be sent to the registered mobile numbers of those Customers intimating the relevant details.

24. Dealing with Gold Ornaments identified as Spurious / Low Quality - Accounts in which pledge of spurious / low quality gold ornaments have been detected after disbursement may be taken up for auction even before the completion of the tenure of the loan, from date of pledge subject to the under mentioned compliances

- Proper notice/intimation shall be served upon the borrower.
 - Before serving the above notice the purity of the gold ornaments shall be re-verified internally or externally through a competent officer / auditor.
 - The reserve price for such spurious / low quality ornaments must be fixed keeping in view the reconfirmed assessed purity and the RBI directions issued from time to time.
 - Auction cannot happen under below scenarios:
 - of normal gold ornaments / spurious gold ornaments / or low-quality when police or criminal case has been filed against the borrower or when there is any other legal impediment upon information received by DKGFS
22. Frauds involving employees, will be reported to "Disciplinary Committee" and dealt on a case-to-case basis.
23. In case of any damage or misplacement to the pledged eligible collateral during the tenor of loan, the cost of repair shall be duly compensated to the borrower.
24. In case of delay by Dvara KGFS in release of the pledged collateral after full repayment or settlement of loan by the borrower, Dvara KGFS shall compensate the borrower(s)/ legal heir(s) at the rate of ₹5,000 for each day of delay beyond the timeline prescribed above. If the delay is

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not attributable to Dvara KGFS, 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 Dvara KGFS for release of pledged eligible collateral after full repayment or settlement of loan, it 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 Dvara KGFS.

25. The pledged gold or silver collateral lying with Dvara KGFS beyond two years from the date of full repayment or settlement of loan shall be treated as unclaimed. Dvara KGFS shall periodically undertake special drives to ascertain the whereabouts of the borrower(s)/ legal heir(s) in respect of such unclaimed gold and silver collateral. A report on unclaimed gold and silver collateral shall be put up to the Customer Service Committee or the Board, as the case may be, at half-yearly intervals for a review.
26. 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.

d) Review

The Board will review this policy at annual intervals and at such intervals as may be required on the regulatory and other exigencies.