



INCOME RECOGNITION POLICY

(Last Amended in the Board dated 8th February 2017)

For Gold Loans

| Scheme | Income recognition |
|---|--|
| <p><u>12 months schemes</u> Up to 6 months from the date of disbursement.</p> <p>6 months to 12 months from the date of Disbursement</p> <p>More than 12 months but upto 18 months from the date of disbursement, i.e. after expiry of the contract.</p> <p>6 months after expiry of contract (NPA)</p> | <p>Income is recognized based on accrual irrespective of the net realizable value of the underlying security.</p> <p>Based on our past experience, the expected collection percentage of a particular month's disbursement has been arrived at and is given in the Annexure-I attached as benchmark collection. The percentage collection performance of loan under the relevant month will be compared with the benchmark collection percentage. If there is any negative variation in the percentage collection performance of a particular month vis-à-vis the relevant benchmark percentage collection performance, that excess pool is carved out and Income on the said loan is recognized only to the extent of net realizable value of the underlying security.</p> <p>In respect of expired contracts, income recognition is limited to the extent of net realizable value of the underlying security.</p> <p>Income recognition and asset provisioning is made as per the relevant directions issued by the Reserve Bank of India.</p> |
| <p><u>3 months & 6 months schemes</u> During contract tenure (i.e. upto 3 months and 6 months from the date of disbursement).</p> <p>After expiry of contract</p> <p>6 months after expiry of contract (NPA)</p> | <p>Income is recognized based on accrual irrespective of the net realizable value of the underlying security.</p> <p>In respect of expired contracts, income recognition is limited to the extent of net realizable value of the underlying security.</p> <p>Income recognition and asset provisioning is made as per the relevant directions issued by the Reserve Bank of India.</p> |

| <u>9 months Schemes</u> | |
|---|--|
| Up to 6 months from the date of disbursement. | Income is recognized based on accrual irrespective of the net realizable value of the underlying security. |
| 6 months to 9 months from the date of disbursement. | Based on our past experience, the expected collection percentage of a particular month's disbursement has been arrived at and is given in the Annexure-I attached as benchmark collection. The percentage collection performance of loan under the relevant month will be compared with the benchmark collection percentage. If there is any negative variation in the percentage collection performance of a particular month vis-à-vis the relevant benchmark percentage collection performance, that excess pool is carved out and Income on the said loan is recognized only to the extent of net realizable value of the underlying security. |
| More than 9 months from the date of disbursement, i.e. after expiry of the contract | In respect of expired contracts, income recognition is limited to the extent of net realizable value of the underlying security. |
| 6 months after expiry of contract (NPA) | Income recognition and asset provisioning is made as per the relevant directions issued by the Reserve Bank of India. |

The net realizable value is estimated at 87% of the Kerala market rate(www.keralagold.com/kerala-gold-rate-per-gram.htm)calculated on the basis of the moving average of the quarter.

B. Other Loans

Interest Income on other loans given is recognized on a time proportion basis on taking into account the amount outstanding and the rate applicable. Such Interests, where instalments are overdue in respect of non-performing assets are recognized on realization basis.

X-X-X

Annexure-I

Portfolio benchmark collection

| Months | Performance (%) |
|------------------|------------------------|
| 7 th | 75 |
| 8 th | 78 |
| 9 th | 80 |
| 10 th | 85 |
| 11 th | 90 |
| 12 th | 95 |
| 13 th | 97 |
| 14 th | 98 |