GOLD VALUATION PROCESS POLICY

Issued by Lord Fincap Limited for Gold Loans offered under the Shrikant Gold Finance brand

1. OVERVIEW

Lord Fincap Limited (LFL), under its gold loan brand Shrikant Gold Finance, maintains a robust and standardized Gold Valuation Process to ensure accuracy, transparency, and security. All activities relating to valuation of eligible collateral shall be conducted at the branch under CCTV surveillance to maintain integrity and accountability.

2. GOLD ORNAMENT VALUATION METHODOLOGY

The valuation process includes mandatory and optional tests, which shall be conducted by the Gold Valuer and authorised personnel of LFL to assess the purity, quality, and net weight of the pledged gold ornaments. The standardised procedure shall be followed uniformly across all branches.

3. MANDATORY TESTS

Methodology	Details of Test Methods
Weight Test	This assessment is carried out by a Gold Valuer, who carefully measures the weight of the ornaments using calibrated and standardized scales. The weight of the gold ornaments is the key factor in determining the loan amount. The final gold weight is obtained by subtracting the weight of any stones, diamonds, gems, or other inclusions including but not limited to weight of stones, lac, alloy, strings, fastenings, etc.; forming part of the ornaments offered as collateral.
Colour/Rub Stone, Acid & Salt Test	This test is conducted by the Gold Valuer. The gold ornament is gently rubbed on a soft stone to observe any colour variations. Based on the observed colour, the purity (such as 22k or 18k) is assessed. Additional confirmation may be obtained through acid and salt tests.

4. OPTIONAL TESTS

Methodology	Details of Test Methods
Flex Test	This test is carried out by the Gold Valuer to re-verify the gold's quality and flexibility, aiding in confirming its purity.
Magnetic Test	This test is conducted by moving a magnet over or close to the ornament. Gold is non-magnetic; therefore, any magnetic attraction may indicate the presence of iron, steel, or other non-gold components. Such observation shall be treated as a screening indicator and shall require further verification, deduction, or rejection, as appropriate.
Density Meter Test	This test is conducted using a calibrated density meter to estimate the specific gravity and corresponding purity of the ornament. It is used as an additional corroborative test where the ornament is suitable for density measurement and where stones, hollow sections, lac, or other inclusions are not likely to distort the reading.
Smell Test	It detects the presence of dense fumes, which indicate lower purity (18-20 carats). This test is useful for identifying impurities or adulteration.
Sound Test	This test is conducted when there is uncertainty in mandatory tests. The collateral is tapped on a glass table to produce a clear ringing sound, aiding verification of the gold's purity.
Usability Test	In this test, the Gold Valuer checks the collateral's finishing quality and inspects for patches or joints. If joints are detected, they are tested with acid to confirm authenticity.

5. IMPORTANT REGULATORY AND VALUATION NOTES

- **Loan-to-Value (LTV):** For consumption loans, the maximum LTV shall not exceed 85% for total loan amounts up to Rs. 2.5 lakh, 80% for amounts above Rs. 2.5 lakh and up to Rs. 5 lakh, and 75% for amounts above Rs. 5 lakh. The applicable LTV shall be maintained on an ongoing basis.
- **Reference Price:** Gold shall be valued at the lower of (a) the average closing price for the relevant purity over the preceding 30 days, or (b) the closing price for the relevant purity on the preceding day, as published by IBJA or a SEBI-regulated commodity exchange.
- **Purity Adjustment:** Where a direct reference price for the assessed purity is unavailable, the nearest available purity price shall be used and proportionately adjusted to arrive at the valuation.
- **Intrinsic Value Only:** Only the intrinsic value of the gold content shall be considered. Stones, gems, making charges, and other non-gold elements shall not be included in the collateral value.
- **Documentation:** Gross weight, net weight, purity, deductions, defects, image of the ornaments, and the value arrived at shall be recorded in the applicable assay/valuation certificate and acknowledged by the borrower.

Regulatory basis: Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025, updated as on 29 September 2025, required to be complied with no later than 1 April 2026.