



## **METHODOLOGY FOR VALUATION OF COLLATERAL**

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### **Weight Deductions**

- The gross weight of the Collateral shall first be ascertained. The weight of embedded stones, corals, pearls, fastenings, and any non-gold decorative item shall be deducted to arrive at the net gold weight.
- The net gold weight shall be used for calculating loan eligibility and for fixing the reserve price at auction.

### **Valuation Methodology**

- Gold accepted as collateral shall be valued the lower of (a) the average closing price for gold, as the case may be, of that specific purity over the preceding 30 days, or (b) the closing price for gold, as the case may be, of that specific purity on the preceding day, as published either by the India Bullion and Jewellers Association Ltd. (IBJA) or by a commodity exchange regulated by the Securities and Exchange Board of India (SEBI) shall be used. For the purpose of valuation net weight of the eligible collateral equivalent to 22 carat.
- Purity shall be determined through approved assaying methods. Where Collateral purity is below 22 carat, valuation shall be carried out through proportionate purity adjustment using approved benchmark gold price. The net weight of the gold shall be recorded equivalent to 22 carat.
- Only the intrinsic value of the gold content shall be considered. No value shall be assigned to the collateral workmanship, embedded stones, or non-gold decorative elements.

### **Purity Certification**

- The Company, while accepting the eligible collateral, shall prepare a certificate or e-certificate in duplicate on its letterhead regarding the assay of the collateral and state therein the purity (in terms of carats); gross weight of the eligible collateral pledged; net weight of gold content therein and deductions, if any, relating to weight of stones, lac, alloy, strings, fastenings, etc.; damage, breakage or defects, if any, noticed in the collateral; image of the collateral; and the value of collateral at the time of sanction.
- One copy of the certificate or e-certificate shall be kept as part of the loan documents and the other copy be given to the borrower under their acknowledgement.