



FLAT WHITE CAPITAL PRIVATE LIMITED

*(A Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC)
Registered with Reserve Bank of India)*

GOLD VALUATION POLICY

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Particular	Details
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APPROVAL MATRIX

Activity	Responsibility
Drafting	Compliance
Business Review	Business & Product Team
Legal Review	Legal Department
Operational Review	Operations Department
Approval	Board of Directors

1. PURPOSE:

The purpose of this Gold Valuation Policy ("Policy") is to establish a transparent, consistent and prudent framework for valuation of eligible gold collateral accepted by Flat White Capital Private Limited ("Company") for the purpose of extending loans. The Policy seeks to ensure that valuation of pledged gold is undertaken using uniform principles, recognised valuation practices and appropriate internal controls so that the value of collateral is determined accurately, fairly and consistently.

This Policy also aims to safeguard customer interests, strengthen credit risk management, maintain operational integrity and ensure compliance with the applicable regulatory framework governing loans against eligible gold collateral.

2. SCOPE & APPLICABILITY:

This Policy shall apply to all loans secured by eligible gold collateral accepted by the Company. It shall govern the valuation process at the time of loan origination and at any subsequent stage where fresh valuation or revaluation is considered necessary under the Company's internal policies or applicable regulatory requirements.

The Policy shall be applicable to all branches, employees, authorised gold appraisers and any other person engaged by the Company in connection with valuation of eligible gold collateral.

3. REGULATORY FRAMEWORK:

This Policy has been formulated with reference to the applicable provisions of:

- Reserve Bank of India Act, 1934;
- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023;
- Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 (as amended from time to time);
- Applicable RBI Directions governing loans against eligible gold collateral;
- Fair Practices Code of the Company; and
- Such other laws, circulars, notifications and regulatory directions as may be applicable from time to time.

In the event of any inconsistency between this Policy and any applicable law or regulatory direction, the provisions of such law or regulatory direction shall prevail.

4. DEFINITIONS:

For the purpose of this Policy:

"Eligible Gold Collateral" means such gold jewellery or ornaments as may be accepted by the Company as collateral security in accordance with applicable regulatory requirements and the Company's internal policies.

"Appraiser" means an employee or empanelled professional authorised by the Company to undertake valuation of eligible gold collateral.

"Purity" means the fineness or karat value of the gold determined through approved valuation methods.

"Net Gold Weight" means the weight of pure gold determined after excluding the weight of stones, beads, lac, enamel and other non-gold materials, wherever applicable.

"Reference Gold Price" means the benchmark price adopted by the Company for valuation of eligible gold collateral in accordance with its approved methodology.

5. GUIDING PRINCIPLES:

The Company shall ensure that valuation of eligible gold collateral is carried out in a fair, objective, transparent and consistent manner.

Valuation shall be based on recognised industry practices, appropriate valuation techniques and the applicable regulatory framework. The valuation process shall be free from bias or conflict of interest and shall be undertaken only by authorised personnel possessing the necessary competence and training.

The Company shall maintain appropriate internal controls to minimise valuation errors, operational risks and fraud while ensuring protection of customer interests and prudent credit underwriting.

6. ELIGIBLE GOLD COLLATERAL:

The Company shall accept only such gold collateral as is permitted under the applicable regulatory framework and approved under the Company's internal lending policies.

Eligible gold collateral shall ordinarily comprise gold jewellery and ornaments offered by the borrower as security for a loan. Acceptance of any category of gold collateral shall be subject to verification of ownership or possession, physical examination, valuation and compliance with the Company's Know Your Customer (KYC) requirements.

The Company may, from time to time, specify additional eligibility conditions or restrictions regarding the type of gold collateral acceptable for lending, having regard to regulatory requirements, operational considerations and risk management practices.

7. INELIGIBLE ARTICLES:

The Company shall not ordinarily accept articles which cannot be reliably valued, verified or safely stored or which are otherwise considered unsuitable under the Company's internal policies or applicable regulatory requirements.

Without prejudice to the generality of the above, the Company may decline to accept articles containing excessive non-gold components, counterfeit or imitation ornaments, damaged articles affecting valuation, or such other items as may not provide adequate security for the proposed loan.

The authorised appraiser shall record the reasons for rejection of any article wherever considered necessary.

8. GOLD VALUATION METHODOLOGY:

Valuation of eligible gold collateral shall be undertaken using a standardised methodology approved by the Company to ensure uniformity, consistency and fairness across all lending locations.

The valuation process shall consider, among other things, the purity of the gold, the net gold weight after appropriate deductions, the applicable benchmark gold price and such other factors as may be relevant for determining the value of the collateral.

The Company shall ensure that the valuation methodology remains consistent with applicable regulatory requirements and is reviewed periodically to reflect changes in regulatory expectations, market practices or business requirements.

9. PURITY ASSESSMENT:

The purity of eligible gold collateral shall be determined by an authorised appraiser using recognised industry practices and such testing methods as may be approved by the Company.

Where considered appropriate, the Company may utilise recognised testing equipment, traditional testing methods or a combination thereof for determining the purity of the pledged gold. The method adopted shall be applied consistently and in accordance with the Company's approved valuation standards.

The authorised appraiser shall exercise due professional care while determining the purity of the pledged gold and shall maintain appropriate records supporting the valuation.

10. DETERMINATION OF NET GOLD WEIGHT:

For valuation purposes, the Company shall determine the net gold weight of the pledged gold collateral after making appropriate deductions for stones, beads, enamel, lac, wax and other non-gold components, wherever applicable.

Only the weight attributable to the gold content shall ordinarily be considered for valuation. The valuation methodology adopted by the Company shall ensure consistency, fairness and compliance with applicable regulatory requirements and approved internal procedures.

The methodology for determination of net gold weight shall be periodically reviewed by the Company having regard to regulatory developments, industry practices and operational experience.

11. REFERENCE GOLD PRICE:

The Company shall adopt a transparent and consistently applied methodology for determining the reference price of gold for valuation purposes. The reference price shall be based on a reliable and recognised market benchmark or such other source as may be approved by the Company from time to time.

The benchmark adopted by the Company shall be applied uniformly across all branches and business locations to ensure consistency in valuation. Any revision in the reference price shall be implemented in accordance with the Company's approved valuation methodology and internal operational procedures.

The Company shall periodically review the source and methodology adopted for determining the reference gold price to ensure continued reliability, fairness and compliance with applicable regulatory requirements.

12. LOAN-TO-VALUE (LTV) LINKAGE:

The valuation of eligible gold collateral carried out under this Policy shall form the basis for determining the value of the security offered by the borrower. The valuation determined under this Policy shall be used for calculating the maximum eligible loan amount in accordance with the applicable Loan-to-Value ("LTV") limits prescribed by the Reserve Bank of India from time to time and the Company's Gold Loan Policy.

The Company shall ensure that the valuation process is carried out accurately, consistently and independently using the approved valuation methodology so that the value of the eligible gold collateral is determined in a fair and transparent manner.

The sanction of a loan against eligible gold collateral shall be subject to compliance with the applicable regulatory requirements, the Company's internal credit assessment, the Board-approved Gold Loan Policy and such other risk management parameters as may be prescribed by the Company from time to time.

13. CUSTOMER ACKNOWLEDGEMENT:

The Company shall maintain transparency throughout the valuation process and shall communicate the outcome of the valuation to the borrower before sanction of the loan.

Wherever applicable, the borrower shall acknowledge the valuation details, including the description of the pledged gold collateral and such other particulars as may be prescribed under the Company's internal procedures.

Any disagreement or objection raised by the borrower regarding the valuation shall be examined in accordance with the Company's internal grievance handling mechanism and applicable policies.

14. DOCUMENTATION AND RECORD KEEPING:

The Company shall maintain complete and accurate records relating to the valuation of pledged gold collateral, including valuation reports, weight determination records, purity assessment, photographs (where adopted by the Company), customer acknowledgements and such other supporting documents as may be required under the Company's internal policies.

All valuation records shall be preserved in accordance with the Company's Record Retention Policy and applicable legal and regulatory requirements. The Company shall ensure that such records remain secure, retrievable and protected against unauthorised alteration, loss or misuse.

Appropriate controls shall be maintained to ensure the integrity, confidentiality and availability of valuation records maintained in physical or electronic form.

15. ROLES AND RESPONSIBILITIES:

The Board of Directors shall be responsible for approving this Policy and reviewing the same periodically or as may be required under applicable regulatory requirements.

The Compliance Department shall monitor compliance with this Policy, applicable regulatory requirements and recommend amendments whenever considered necessary due to changes in law, regulatory directions or business operations.

The Business and Operations Departments shall ensure that valuation of eligible gold collateral is undertaken strictly in accordance with this Policy and the approved internal operational procedures.

Authorised Gold Appraisers shall carry out valuation independently, exercise due professional skill and diligence, and ensure that the valuation process is fair, objective, consistent and properly documented.

16. INTERNAL CONTROLS AND AUDIT:

The Company shall establish appropriate internal controls to ensure consistency, accuracy and integrity in the valuation of eligible gold collateral.

The valuation process shall be subject to periodic internal review, compliance monitoring and internal audit to verify adherence to this Policy, applicable regulatory requirements and approved operational procedures.

Any material deviation observed during internal review or audit shall be reported to the appropriate authority for corrective action. The Company shall take appropriate remedial measures to address deficiencies identified during such reviews.

17. POLICY REVIEW:

This Policy shall be reviewed at least annually or earlier whenever considered necessary due to changes in applicable laws, regulatory requirements, business operations, market practices or risk management considerations.

Any amendment to this Policy shall be placed before the Board of Directors or the competent authority authorised by the Board for approval.

18. INTERPRETATION:

This Policy shall be read in conjunction with the Company's Gold Loan Policy, Fair Practices Code, KYC & AML Policy and such other internal policies as may be applicable.

In the event of any inconsistency between this Policy and any applicable law, rule, regulation or direction issued by the Reserve Bank of India, the provisions of such law or regulatory direction shall prevail.

The Compliance Department may issue operational guidelines or clarifications, consistent with this Policy, for its effective implementation.

19. EFFECTIVE DATE:

This Policy shall come into force from the date of its approval by the Board of Directors and shall remain effective until modified, amended or superseded.

The latest approved version of this Policy shall be maintained by the Compliance Department and communicated to all concerned functions of the Company.