



**AUCTION POLICY**

***28 OCTOBER 2024***

### **1) AUCTION OF THE ORNAMENTS/MATERIAL PLEDGED IN OVERDUE GOLD LOANS**

It shall be the policy of the company not to sell the ornaments pledged by the customer to the maximum extent possible. The company shall follow up on the release of the pledged ornaments before putting the same in the auction list. Even after putting the ornaments on the auction list, a further opportunity shall be given to the customer to get the pledged items released by all possible means of settlement.

#### **A) Criteria for Auctioning**

The company normally categorizes those pledges which have been completed 3 months from the due date and the same will be put in the auction list. Such items will be sold by public auction as per the terms of auction policy. Borrowers will be given an extension of a maximum period of 15 days if they remit at least 50% of the amount due to the company. Though normally the company includes the accounts which have crossed 3 months from the due date for auction, in periods where the metal price is on a downward trend and the realization of the loan dues is difficult the company can start the auction procedures even before the completion of tenure, after giving proper prior notice to the customer. However, this will be done only after a decision is taken by the Board of Directors of the company.

#### **B) Intimation of Auction.**

The company shall give sufficient intimation regarding the auction by sending auction notice by ordinary post intimating the fact that the pledge is time-barred and due for auction and requesting the borrower to redeem/settle the dues within a period of 7 days. Further, the branch manager will follow up with the customer over the phone for settlement of the loan to avoid auction giving him 7 more days for settlement. If the loan is not settled even after this, final auction intimation shall be given to the customer by registered post with acknowledgment due. Such notices are issued in respect of time-barred un-redeemed pledges after 3 months from the date of the pledge. The company shall keep the post office receipt/acknowledgment card duly signed by the borrower or the registered letter returned undelivered by the post office, at the registered office as proof of having served the auction notice. In the case where the acknowledgment or returned letter is not received, the certificate from the post office or the copy of the online confirmation from the postal department for having delivered the letter to the addressee will be kept on record.

#### **C) Auction Procedure**

Registration: The company shall obtain registration under respective rules and regulations in force. All the terms and conditions prescribed under such rules/regulations shall be complied with.

Auctioneers: The gold ornaments pledged will be auctioned only through auctioneers approved by the board.

Newspaper release: Release in two dailies (one in national and one in vernacular language) having sufficient circulation shall be made well in advance before the auction. The auction list shall also be

displayed at the respective branch office(s).

Venue of auction. The auction shall be conducted in the taluk or district where the loan originated. The auction shall be made at the branch office of the company where the items are due for auction or at a centralized location depending upon the number of branches and the number of gold loan packets involved.

Registers and records. The company shall maintain an auction file in which all the necessary documents in respect of the auctions are filed. It shall be kept under the custody of a responsible officer of the company. A register shall also be kept in which details; such as the bidders present, price offered, price at which the ornaments auctioned etc. are recorded. A separate attendance register showing the names and signatures of the bidders who have attended the auction shall also be kept at the auction center.

#### Other Terms and Conditions.

Size of Lot-For convenience, the company shall auction various ornaments in convenient lots. The auction shall be on an "as is where is basis".

Inspection-The bidders shall have the right to inspect the ornaments before the auction in the presence of the authorized officer of the company.

Minimum price-The Company shall fix a minimum price for each item to be auctioned. The auction shall commence at a price above the minimum price. The bidder who quotes the maximum price above the minimum price shall be successful.

Proof of identity-The bidders shall produce proof of their identity to be eligible to participate in the public auction. Any one of the documents prescribed by RBI under KYC guidelines shall be accepted by the company towards Id proof. Such proof of identity shall be handed over to the auctioneer of the company. A pass will be issued by the company duly signed by the auctioneer to each bidder, who alone will be permitted to enter the auction hall.

Note: - As a policy, the NBFC themselves shall not participate in the auction.

#### Security deposit

An amount of Rs 25,000/- is prescribed as a security deposit (EMD) by those who wish to bid at the auction. This amount can be paid by cash/DD drawn in favour of the company and is refundable to the unsuccessful bidders.

#### The minimum payment on the bid

On the date of the auction, successful bidders shall remit on the spot the stipulated percentage of the bid amount as decided and declared by the company, if required so. The security deposit already paid will be adjusted against the stipulated percentage remitted as above. The balance amount or the full amount in case the spot payment is not stipulated shall be paid within 3 working days.

### Pledge of gold

If the successful bidder is not able to raise sufficient money to settle the auction dues within 3 days, he can opt to pledge the gold ornaments bid by him as per the gold loan policy of the company and arrange money for payment of the amount. For availing of the loan, the bidder shall have to pledge the entire lot bid by him.

### Surplus/deficit on auction.

Any amount realized on auctioning of the gold which is more than the amount due from the borrower shall be treated as auction surplus. This amount shall be paid to the borrower by cheque within a maximum period of 30 days on production of documentary proof like pawn ticket etc. After this period, the amount will be transferred to an escrow account and thereafter, the amount will be paid through the escrow account. Any deficit portion on auction shall be borne by the company. The company reserves the right to initiate appropriate legal action for recovering the deficit amount from the borrower.