



AUCTION POLICY

Auction Policy amended and duly approved by the Board of Directors in the Board Meeting held on 28 - May - 2021 at the Registered Office of the Company.

Introduction

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 the release of the pledged ornaments before putting the same in the auction list. Even after putting the ornaments in the auction list, a further opportunity shall be given to the customer to get the pledged items released by all possible means of settlement.

Criteria for Auctioning

The company categorizes those pledges which have completed 12 months from the date of pledge as time barred pledges and the same will be put in the auction list which will be displayed in HO /respective branch. Such items will be sold by public auction as per the terms of this 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.

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 phone for settlement of the loan to avoid auction giving him 7 more days' time for settlement. If the loan is not settled even after this, final auction intimation shall be given to the customer by registered post with acknowledgement due. Such notices are issued in respect of time barred un-redeemed pledges after one year from the date of pledge. The company shall keep the post office receipt/acknowledgement card duly signed by the borrower at the registered office as a proof of having served the auction notice.

Auction Procedure.

Registration

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

Newspaper release.

A release in two dailies (one in national and one in vernacular language) having sufficient circulation shall be made at least one week before the auction. The auction list shall also be displayed at respective branch office(s).

Venue of auction

The auction shall be conducted in the same town or taluka in which the branch that has extended the loan is located. 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 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 (reserve price) for each item to be auctioned. The reserve price for the pledged ornaments shall not be less than 85 per cent of the previous 30 day average closing price of 22 carat gold as declared by the Bombay Bullion Association Ltd. (BBA) or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission and value of the jewellery of lower purity in terms of carats shall be proportionately reduced. The auction shall commence at a price above the minimum price. The bidder who quotes the maximum price above the minimum price shall be the successful bidder.

The Company itself cannot participate in the auctions held.

Gold pledged shall be auctioned only through auctioneers approved by the Board.

Proof of identity

The bidders shall produce proof of their identity in order to be eligible for participating 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 authorized officer of the company. A pass will be issued by the company to each bidder; who alone will be permitted to enter the auction hall.

Security deposit

An amount of Rs.25000/- is prescribed as security deposit by those who wish to bid at the auction. This amount can be paid by cash/DD drawn in favor of the company and is refundable to the unsuccessful bidders.

Minimum payment on bid.

On the date of auction, successful bidders shall remit 30% of the bid amount to the company. The security deposit already paid will be adjusted against the 30% stated above. The balance amount 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 rules of the company and arrange money for payment of the amount. For availing the loan, the bidder shall have to pledge the entire lot bid by him.

Surplus/ deficit on auction.

Any amount realised 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.