

PNY SABHA FINANCE LIMITED - GOLD Ornaments AUCTION POLICY

Reviewed and approved and. Ammended on 07-06-2024

Auction Process and Procedures

Policy guide lines is framed and submitted to Board for approval for auction of gold jewellery \ ornaments.

In case party fails to redeem the gold ornaments pledged, even after registered notice, Company has to go for auction process to recover the loan amount; in such situation the following stipulations are made with respect to auctioning of pledged gold ornaments, as per the directives of the regulators.

- a. Ordinary notices as well as Registered notice have to be issued well in advance at least 30 days prior to auction
- b. The auction should be conducted in the same town or Taluk in which the branch that has extended the loan is located.
- c. Paper publication have to done in two local papers to convey that such and such gold accounts are to be put into auction, in case it is not redeemed within the stipulated time , showing the place and time of proposed auction. [one paper publication shall be in local language].
- d. While auctioning the gold, Company should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold and **value of the jewellery of lower purity in terms of carats should be proportionately reduced.**
- e. Before taking into auction quality and purity of ornaments has to be ascertained and reserve price have to be fixed.
- f. It will be mandatory on the part of the Company to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
- g. Company must disclose in our annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.
- h. There will be one official in charge of the auction centre, along with required assistants to conduct auction process smoothly and fairly.
- i. The decision of the official in charge of the Auction centre will be final.
- j. The successful bidder shall remit full amount and take delivery of the auctioned items at the same place and same day itself
- k. Bidders have to remit the Vat charges according to the rules in force and accept the ornaments as is what condition is.
- l. If for any reason auction couldn't be held at the notified branch place the person in charge is authorized to shift the auction to the nearby branch or place, or another day with proper intimation.
- m. Auction shall be conducted per packet \ per gram basis starting from the reserved price

Other Instructions

- i. The Company while financing against the collateral of gold, must insist on a copy of the PAN Card of the borrower for all transaction [above Rs 500000\ -]
- ii. If the amount of Loan is Rs..20,000 or more, Loan shall only be disbursed by the way of either Account payee cheque or bank draft or online transfer in accordance with the Section269SS of income tax act1961
- iii. Documentation across all branches must be uniform & standardized.
- iv. Gold pledge card issued need be completed in all respect and any correction in it, shall be properly authenticated by the applicant.
- v. DPN annexed along with the Gold Loan application shall be duly filled, properly stamped[One Rupee revenue stamp] and signed has to be kept along with the pledge form.
- vi. For every pledge proper token shall be issued to the party informing particulars of the ornament pledged [Gross weight\ Net weight, number of items , amount and rate of interest.etc]. Any other charge to be remitted need be shown in the token, specifically.
- vii. Ordinary notice shall be issued on every pledge, incase party failed to remit interest or redeem the pledged item before the due date.
- viii. Officials shall ensure that at any point of time the pledged item is sufficient enough to cover our loan amount. In any case if the officials feel that any further delay will lead to loss for the Loanee or the Company must take appropriate action to settle the loan by doing public \ private auction
- ix. Auction Process:
 - x. Company has framed a Gold auction policy to be followed in our Company
 - xi. Accordingly, While reviewing the Gold loan accounts every quarter\ month Management will decide the auction date place time, preferably once in a year.
 - xii. Before starting auction process Branches shall ensure that all such accounts are identified and ornaments are verified to ensure its quality and weight.
 - xiii. All such identified accounts at least one month before registered Notices are to be issued Giving adequate time to release the pledge.
 - xiv. Paper notification has to be done showing details of the proposed Gold auction accounts , including Place and Time of Auction etc.
 - xv. A copy of the notification as well as list of Gold loans to be auctioned shall be displayed in the notice board of the concerned branch\ as well as at the Auction center.
 - xvi. MD shall identify and depute one Official who is authorized to conduct auction process.
 - xvii. Along with the selected official, Area Manager \ Branch manager and Officials from recovery department will be there to assist him.
 - xviii. A reserve price shall be fixed before initiating auction . And it shall be ensured that minimum price fixed is recovered through auction.
 - xix. An approved list of bidders shall be made available and Board approval is to be obtained.
 - xx. After auction process official in charge shall get signature as well as KYC details of the auctioneer.
 - xxi. The statement shall be complete in all respect and duly signed by all the officials.
 - xxii. After auction the highest bidder shall remit the whole amount and take delivery of the ornament from their itself.
 - xxiii. Vat or any other Govt charge\ tax shall be collect then and there.

xxiv. Any excess amount collected over and above company's account settlement shall be returned the pledger within 60 days time .so also any shortage to settle the loan account , necessary\ appropriate steps shall be taken. And even after all efforts Company failed to collect the shortage , the same shall for submitted to BOARD for written-off .list containing auction accounts. Amount recovered per auction etc need be displayed in The Branch notice board.

xxv. **Charges:**

Appraiser charge of Rs.10 for loan amount upto Rs10000/-

Appraiser charge of Rs.50for loan amount above Rs10000/-

Minimum 5 days Interest OR Rs 20 whichever is higher will be charged

AUCTION CHARGES

REGISTERED NOTICE EXPENSE OF RS35/-

ORDINARY NOTICE EXPENSE OF RS 10/-

PAPER PUBLICATION EXPENSE OF RS500 OR ASPER THE PUBLICATION EXPENSE

Applicable GST will be charged on auction amount

List of Gold items auctioned each center with complete details amount collected tax paid details of the auctioneer etc shall be submitted to Managing Director or DY\ CEO as the case may be within 30 days of auction process completion.

With In one month after completion of auction process, excess amount collected through auction after settling our loan component, excess amount shall be returned the pledger or the amount may be apportioned to any loan amount outstanding in his name with proper intimation. So also for any balance amount to be collected, necessary notices shall be issued and perused properly to collect it.