



MUTHOOT MICROFIN LIMITED

Gold Auction Policy

Auction Policy

- a. Gold ornaments pledged with the company, if not redeemed within the tenure of the loan as per the loan agreement, will be disposed off by the company by way of public auction, after the expiry of the tenure of the loan and seven days of grace.
- b. Gold Ornaments pledged under MSGB loans, if the loan becomes 90 (ninety) DPD (Days Past Due), will be disposed off by the Company by way of public auction after the expiry of the said days and seven days of grace.
- c. The company or the approved auctioneer will give due notice of auction to the customer by registered post at least 15 days before the date of auction.
- d. Details of the auction to be conducted will be published in a vernacular newspaper and in a national daily at least 7 days in advance.
- e.
 - (i). Auction will be conducted by an auctioneer approved by the Board of Directors of the company. The method of conducting auction, including stipulation of the terms and conditions and prescription of caution deposit to be collected from the bidders, may be determined by the approved auctioneer in consultation with the company considering various related aspects.
 - (ii). The confirmed bidder shall remit the bid amount less Earnest Money Deposit ("EMD") within 3 (three) Bank working days including the date of auction and take possession of the auctioned articles. Otherwise, interest @18% per annum will be charged on the bid amount from the date of auction till remittance of the bid amount less EMD (both days included). 7 (seven) days' minimum interest will be charged in such cases. If the successful bidder fails to remit the due amount within 30 days from the date of auction, the EMD of the bidder will be forfeited and the auctioned articles will be re-auctioned by giving at least 7 (seven) days' notice in a vernacular newspaper and in a national daily.

(iii). Refund of EMD for bidders: (1) in case of successful bidders, EMD will be refunded upon remittance of total bid amount after the auction is over; and (2) in case of unsuccessful bidders, EMD will be refunded after the auction is over; upon the bidder's written request including via email. However, if no such request is received, the company will retain the EMD. The EMD shall not bear any interest under any circumstances.

(iv). If a bidder is authorising another person to attend the auction on his behalf, the authorization shall be under his signature and the signature of the authorised person shall also be attested by the bidder.

- f. The auction shall be conducted in the same branch or in the town or taluka in which the branch extended the loan is situated. In the event of an auction scheduled to be conducted in a branch on a particular day does not/failed take place due to any reason, that auction will be conducted subsequently in the nearby Auction Centre, clubbing such cases pertaining to a cluster of branches by pooling the gold jewellery from different branches, so as to secure maximum possible auction price for the items auctioned. This eventuality of conducting auction at the Auction Centre will be notified in the newspaper advertisement to be published in connection with the auction. Under such cases it shall be ensured that all other requirements of the extant directions regarding auction viz., prior notice, reserve price, arms-length relationship, disclosures, etc. are met.
- g. Besides the auctions in the physical mode, as described above, auctions shall also be conducted on online platform (e-auction). Online auction shall be conducted by complying with all statutory regulations applicable. It is to ensure that all other requirements of the extant directions regarding auction (viz., prior notice, newspaper publication, reserve price, minimum bid price, arms-length relationship, disclosures, etc.) are met in the online auction also. E-auction will be conducted through the Company approved e-auction service provider.
- h. The company shall declare a reserve price for the pledged ornaments which shall not be less than 85% of the previous 30 days average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited (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 or as may be prescribed by RBI from time to time.
- i. The amount due to the Company by the customer, being the aggregate of the principal and the interest accrued thereon as well as other related expenses to be fixed by the Company for conducting auction, will be adjusted against the sale proceeds. Surplus, if any, shall be refunded to the customers and deficit if any, will

be collected from the customer. In the case of two or more accounts involved in auction relating to the same borrower, the surplus, if any, in one or more account/s will be adjusted/set off against the deficit in other account/s. While issuing notice to the customer for recovery of the balance amount, the adjustments done as aforesaid regarding auction surplus will also be indicated if not communicated earlier. The amount of auction surplus together with the details thereof will be sent to the borrower within 45(forty five) days of the auction. Similarly, the details of deficit will also be communicated to the borrower within 45 (forty five) days of the auction, calling upon him to pay the deficit amount together with interest accrued on it and charges, if any. If the payment is not forthcoming from the borrower as demanded, the company may initiate appropriate legal proceedings, if needed, to recover the amount.

- j. If at any time after the loan is granted, the company has reasons to believe that a customer has obtained loan through misrepresentation of facts and has failed to repay the loan with interest on demand, the company shall not be bound to follow the above procedures but shall be at liberty to sell/auction the gold ornaments pledged by him in the manner as may be deemed appropriate.
- k. At any point subsequent to disbursement or if at the time of marking a pledged article/s for auction, the Company finds that the pledged article/s is/are of less purity as declared by the customer at the time of creation of the pledge, the Company shall inform the customer to redeem the pledged article/s within 7 (seven) days. If the pledged article/s is/are not redeemed within the specified time the Company may proceed to dispose of the pledged article/s in auction as per the extant guidelines.
- l. The company shall disclose in its annual report the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amount, value fetched and whether any of its sister concerns participated in the auction.
- m. There shall be no conflict of interest and arm's length relationship shall be maintained for dealings in any transaction (during the auction process) with entities including group companies and related entities.
- n. The Company i.e. Muthoot Micro fin Ltd, or its directors or employees will not participate in the auction.