

# COSY CORNER INVESTMENTS PVT LTD

(A Non-Banking Finance Company Registered with RBI)

ROOM NO:4/13A, WINCOST TOWER NANDIKKARA POST NA THRISSUR KERALA 680301 INDIA

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**In exercise of the powers of the board of directors conferred by the Articles of Association of the company and pursuant to the guidelines issued by the Reserve Bank of India, the board hereby notifies the guidelines to be followed branches/offices while sanctioning loans against the security of single product-Gold Jewellery and auction thereon, if any.**

## GOLD AUCTION POLICY

### 1. Applicability:

This policy is applicable to loans sanctioned against security of single product- Gold Jewellery.

### 2. Loan Agreement

The company shall ensure that, the loan agreement shall also disclose details regarding auction procedure.

### 3. Place of Auction

The auction shall be conducted in the same town or taluka in which the branch that has extended the loan is located.

However, In reference to the "DOR.NBFC (PD). CC.No.108/03.10.001/2019-20" of Reserve Bank of India, the company can however pool gold jewellery from different branches in a district and auction it at any location within the district, subject to meeting the following conditions:

- i. The first auction has failed.
- ii. The company shall ensure that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.

### 4. Reserve Price

While auctioning the gold the company must declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments shall not be less than 85 per cent of the previous 30 days 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 IRR (Internal Rate of Return) fixed by the Management shall be considered while fixing Reserve Price.

### 5. Auctioneers

Gold pledged shall be auctioned only through auctioneers approved by the Board. The company or its employees shall not participate in the auctions held.

### 6. Advertisement

The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper.

**7. Proceedings of Auction**

The company shall provide the full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding shall be payable to the borrower.

**8. Transparency & Arms-length relationship during the auction**

The company shall ensure that, Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities.

**9. Annual Reports**

The company shall disclose in their 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.

**BY THE ORDER OF THE BOARD  
For COSY CORNER INVESTMENTS PVT LTD**

**Managing Director**

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**CC:**

- 1. Legal Department**
  - 2. Administration Department**
  - 3. HR Department**
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## GOLD AUCTION POLICY

**1. These rules may be called The Gold Auction Policy Rules**

**2. The Gold Collection and Auction Rules to be followed:**

**2.1.1. Contacting of Customer**

The branch manager shall ensure that, there is regular communication of reminder with the customer about the due date of payment of interest of the loan amount availed and also inform the customer that if the account is not settled before the maturity, the jewellery will be sold in auction. Preferably, 15 days before due date. The mode of communication can be Tele calling, messages, e-mail, direct meeting subject to the approval of deputy general manager.

**2.1.2. Failure in settlement of interest and principal before the maturity period of the scheme availed.**

The branch manager shall ensure that, if any loan account holder failed to settle the loan account along with principle and interest amount before the maturity period of the scheme availed, the file shall be transferred to legal department within 24hrs with the approval of DGM, for sending legal notice (Registered) demanding the closure of account and intimating the auction procedures.

**2.1.3. Auction List**

If the loan account holder fails to settle the matter within 15 days from the date of sending the registered legal notice or customer has not responded to the intimation letter of the company, then the branch manager shall include the name of loan account holder to the Upcoming Auction List within 2 days.

**2.1.4. Submission of Auction List and Gold Jewellery to Head Office**

The branch shall handover the Auction List along with the gold jewellery to head office directly or through internal auditor or the person authorized by the Company to do so. Sufficient acknowledgment shall be collected from the Head Office.

### **2.1.5. Gold Appraiser Report**

The administration manager shall ensure that, the Head Office appraising of the purity, weight, value of the gold under auction by a qualified appraiser is completed and his report shall be submitted to Auction Officer

### **2.1.6. Determination of Reserve Price**

The administration department shall ensure that, the finance department has provided the reserve price to be fixed the gold under the auction list.

### **2.1.7. List of Auctioneers**

The administration department shall ensure that, the list of auctioneers & auction list is approved by the board of directors or board committee formed for the purpose. The approval reference number should be mentioned in the lists.

### **2.1.8. Public Notice of Auction**

The administration department shall ensure that, the auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper indicating the place, date and time and other relevant information.

### **2.1.9. Auction**

The administration department shall ensure that,

- a) Auction has been held on at the right place at right time.
- b) All participants marked their attendance in the register
- c) The reserve price shall be announced by the Auction Officer.
- d) The final bid amount of all auctioneers shall be noted by the Auction Officer.
- e) The highest bid amount shall be noted by the Auction Officer.
- f) After deciding the successful bidder, two witness signatures (from the participants) shall be obtained by the Auction Officer on the bid record.
- g) The bid record shall include the details of highest bid amount and successful bidder and final bid amount of all auctioneers.

### **Auction Participants**

#### **Internal Parties**

1. Auction Officer
2. Administration Manager
3. Finance Manager
4. Branch Manager or Assistant Branch Manager
5. Special invitees, with prior approval of board of directors

#### **External Parties**

1. Borrowers

2. Approved auctioneers
3. Special invitees, with prior approval of board of directors

#### **2.1.10. Settlement and Closure of Loan Account**

After completion of successful auction, the loan account of the defaulter shall be closed and any excess amount, if any, found shall be refunded to the defaulter after deducting dues if any with the company.

Similarly, in the settlement of account after completion of auction, the company has incurred any loss and which also fails to meet the IRR fixed by the Board of Directors, then that files should be transferred to legal department for initiating legal actions.

**BY THE ORDER OF THE BOARD  
For COSY CORNER INVESTMENTS PVT LTD**

**Managing Director**

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1. Legal Department
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