MANAPPURAM HOME FINANCE LIMITED

(THE COMPANY/COMPANY)

GOLD AUCTION POLICY - 2026

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1. Introduction

The regulatory environment governing Lending Against Gold sector is currently undergoing a transformative shift. The Reserve Bank of India (RBI) has introduced in November 2025 consolidated Master Directions for NBFCs in supersession of the existing **RBI** circulars governing Lending Against Gold, and had issued two circulars, *viz.*,

(i) Circular No. RBI/DOR/2025-26/347 dated November 28, 2025, i.e., the Reserve Bank of India (Non-Banking Financial Companies– Credit Facilities) Directions, 2025, and

(ii) Circular No. RBI/DOR/2025-26/362 dated November 28, 2025, i.e., Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.

These Directions have become fully effective on April 1, 2026. The Directions introduce a principle-based governance model focused on borrower protection, risk-calibrated growth, and operational discipline. Accordingly, Mahofin Board has approved a Gold Loan Policy; to align with the aforesaid RBI circulars. A Gold Auction Policy is also required to be put in place in line with the requirements laid down in the aforesaid RBI circulars. Central to this new policy is the standardization of auction procedures, which ensures that even in default, the borrower's equity in the collateral is protected through transparent bidding and fair valuation.

2. Objectives of the Policy:

(i) The Company is holding the pledged gold jewellery and/or coins/ Ornaments as Pledgee/ Pawnee. Thus, the obligation of the Company is to preserve and secure the gold jewellery and/or coins/Ornaments, akin to that of the owner of the gold jewellery and/or coins/Ornaments.

(ii) Since the Company has a fiduciary duty and responsibility to act in good faith and deal with the pledged gold jewellery and/or coins/ Ornaments with utmost prudence and diligence.

(iii) Whenever the Company is required to conduct auction of the pledged gold jewellery and/or coins/Ornaments, it must act fairly, transparently, and in compliance with the applicable regulatory standards, to ensure that the gold auction fetches the maximum possible value.

(iv) The auction process must ensure competitive participation and aim to realize the maximum possible value, and resultantly, reducing the outstanding liability of the pledgor/pawnor.

3. Definitions:

3.1 Auction shall mean the process of sale of pledged security (gold jewelry and/or coins / Ornaments) conducted by the Company, either through public auction, e-auction, or other legally permissible modes, with the written consent of the pledgor, for recovery of outstanding dues, in accordance with the applicable laws, regulatory directions, and this Policy, by safeguarding the best interests of the pledgor/pawn or and the Company.

3.2 Auction Deficit means the shortfall, if any, arising where the net proceeds realized from the Auction or sale of the Pledged Goods, after deducting all auction-related costs and expenses including but not limited to valuation charges, auctioneer fees, storage, insurance, statutory taxes, and other incidental expenses, are insufficient to fully discharge the total outstanding dues of the Borrower under the Pledge, comprising principal, accrued interest, penal interest, charges, fees, and applicable taxes, as on the date of appropriation.

3.3 Bid shall mean the amount offered by a bidder to the Company in the Auction for purchase of the Pledged Securities.

3.4 Borrower shall mean the customer who borrows money from the Company and includes his/her legal heirs, executors, administrators, etc.

3.5 Default shall mean the occurrence of any one or more of the following events:

(i) failure by the Pledgor/ Paw nor to pay any debt or other amount due and payable to the Company, as a result of which the Borrower's account is classified as overdue in the books of the Company; or
(ii) failure by the Pledgor/paw nor to pay any debt or other amount payable to the Company and to redeem the Pledged Goods within

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the timelines contractually agreed between the Pledgor and the Company; or

(iii) failure to maintain the Loan to Value ("**LTV**") as prescribed by the RBI or the Company from time to time and whenever the Company calls upon the Borrower to increase the security margin, i.e., increasing the Pledged Goods by value to maintain the prescribed LTV ("**Margin Call**"); or

(iv) failure on the part of the Borrower to reduce the loan exposure so as to ensure that the prescribed LTV is maintained within the RBI prescribed limits ("**Exposure Reduction**"); or

(v) continued breach of, or non-compliance with, any of the terms and conditions of the agreement(s) entered into between the Pledgor and the Company.

3.6 Earnest Money Deposit/EMD means the amount that is required to be deposited by the auction participant in advance with the Company before the Auction, i.e., Rs. 10000/- (Ten Thousand), which shall be returned to the auction participant, without any interest.

3.7 Intimation-cum-Auction Letter shall mean the written communication issued by the Company to the Pledgor informing them of default, outstanding dues, right of auction of the Pledged Securities, date, time, and mode of auction, and extinguishment of redemption rights of the Pledgor, in case the Pledgor fails to act on the Intimation-cum-Auction Letter.

3.8 Jewellery shall mean the items that are designed to be worn as personal adornments.

3.9 Company shall mean the Company who sanctions and disburses financial assistance to the Borrower based on its credit assessment, appraisal of the gold, assaying purity which includes even a Co-Company; or an assignee of the Company.

3.10 Ornaments shall mean the items meant for use as adornment of any object, decorative items, or utensils, excluding those items that fall under the definition of jewellery.

3.11 Outstanding Dues shall mean the aggregate amount payable by the Pledgor to the Company, as on the date of the Auction, including principal outstanding, accrued interest, penal charges, auction-related expenses, legal charges, and any other applicable charges, together with all relevant taxes, duties, and statutory levies.

3.12 Pawnor / Pledgor shall mean a customer who avails financial assistance from the Company and, in consideration thereof, creates a pledge over valuable securities in the form of gold jewellery and/or coins/ Ornaments in favour of the Company. The term shall include, where the

context so requires, such customer's legal heirs, executors, administrators, and permitted successors and assigns.

3.13 Pawnee /Pledgee shall mean the Company, being the Company who sanctions and disburses financial assistance to the Borrower based on its credit assessment, appraisal of the gold and in consideration thereof, accepts security in the form of gold Jewellery and/or coins/ Ornaments.

3.14 Pledge shall mean the bailment of Pledged Goods by the Pledgor/ Pawnor to the Company as security for the repayment of a debt or discharge of any financial obligation availed from the Company.

3.15 Pledge Debt shall mean the financial obligation or debt availed by the Pledgor/ Pawnor from the Company, which is secured by the creation of a legally enforceable right in favour of the Company..

3.16 Pledged Securities/Pledged Assets shall mean the gold jewellery and/or coins/ Ornaments delivered or deposited by the Pledgor/Pawnor with the Company, with the intention of creating a pledge, *inter alia* as security for the loan or credit facilities availed by the Pledgor/Pawnor from the Company.

3.17 Policy shall mean this Auction Policy, as amended from time to time.

3.18 Public Notification means announcement of an auction in accordance with applicable laws, regulations, and RBI guidelines, including publication in at least two newspapers (one regional and one national), display on the Company's website and at concerned branches,

3.19 Redemption shall mean the right of the Pledgor to repay all Outstanding Dues prior to the completion of the Auction and thereby the Pledgor is entitled to redeem the Pledged Goods.

3.20 Regulatory Authorities shall mean the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), and/or any other statutory, regulatory, or supervisory authority having jurisdiction over the Company or the Auction.

3.21 Reserve Price shall refer to the minimum price determined and fixed by the Company for the sale of the Pledged Securities at an Auction, in accordance with regulatory guidelines, the Company's internal valuation norms, and the provisions of this Policy.

3.22 Right of Forfeiture shall refer to the right vested in the Company to forfeit an amount up to three percent (3%) of the bid amount, or such other percentage as may be approved by the Board, in the event the Successful Bidder does not pay the remaining bid amount within the stipulated timeline.

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3.23 Shortfall shall refer to the deficiency arising when the net proceeds realized from the Auction are insufficient to discharge the entire Outstanding Dues, being the difference between the Outstanding Dues and such net proceeds.

3.24 Successful Bidder shall refer to the person or entity whose bid is accepted by the Company pursuant to the Auction and who duly complies with all payment terms and conditions specified by the Company.

3.25 Surplus shall mean the excess amount, if any, remaining after adjusting Auction proceeds against Outstanding Dues, which shall be refunded to the Pledgor.

4. Applicable Law:

4.1 The relevant provisions dealing with the rights of the Pledgor and Pledgee under the Indian Contract Act, 1872 is summarized below:

(i) Definition of "Pledge", "Pawnor", and "Pawnee" –

The bailment of goods as security for payment of a debt is called "Pledge". The bailor is in this case called the "Pawnor". The bailee is called the "Pawnee".

(ii) Rights of the Pawnee/Pledgee —

The Pawnee may retain the goods pledged for recovery of the principal, interest and other charges owed by the Pawnor.

(iii) Pawnee's right where Pawnor makes default. —

In case of default by the Pawnor, the Pawnee has the following rights:

(i) the right to sue for recovery of the Pledge Debt; and
(ii) to retain the Pledged Securities as collateral security; and
(iii) to sell the Pledged Securities after reasonable notice to the Pawnor.

Once the Pawnee by virtue of the aforesaid right sells the Pledged Securities, the right of the Pawnor to redeem the Pledged Securities is extinguished. The Pawnee is bound to apply the sale proceeds towards satisfaction of the Pledge Debt and pay the Surplus, if any, to the Pawnor. In case of deficit, to satisfy the Pledge debt, the Pawnee is entitled to recover the same from the Pawnor.

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(iv) Rights of the Pawnor to redeem

The Pawnor is entitled to the following:

(i) to repay the Pledge Debt and to redeem the Pledged Securities;

(ii) entitled to receive notice from the Pawnee before Auction of the Pledged Securities;

(iii) to fair valuation of the Pledged Securities;

(iv) to a transparent auction process;

(v) to receive surplus refund after adjustment of dues;

(vi) to post-auction information on proceeds and adjustments;

(vii) to grievance redressal through the Company's grievance redressal mechanism.

4.2 Information Technology Act, 2000

The IT Act, 2000 is applicable to digital auction platforms, e-notices, online bidding process, onboarding of bidders, e-KYC, and maintenance and preservation of electronic records etc.

4.3 Arbitration & Conciliation Act, 1996

The Arbitration & Conciliation Act, 1996 governs the resolution of disputes arising from Auction or Company-Borrower/Pledgor contracts, wherein arbitration clause is incorporated.

5. Advice regarding Default

The Company shall send periodic default advisories if the loan account is in Default.

6. AUCTION PROCEDURES

6.1 Specialized team to handle Auction Proceedings:

The Company shall have a specialized team to handle Auction, who shall be responsible for

(i) identification of the Pledged Securities, which shall be put up for Auction;

(ii) determining the lot size, steps and measures to preserve the Pledge Securities including during transit to the Auction venue;

(iii) fixing the date, time and venue of Auction and changes thereto;

(iv) carrying out offline auction;

(v) to appoint auctioneer from the Board empaneled auctioneers

(vi) determine the Reserve Price;

(vii) determine the EMD amount;

(viii) determine the amount to be forfeited;

(ix) determine the Successful Bidder;

(x) entering into appropriate contracts with the Successful Bidder;

(xi) exercising discretion to extend the timelines granted to the Successful Bidder for paying the Bid amount;

(xii) exercising discretion to accommodate proxies/nominees based on the request of the Successful Bidder;

(xiii) to accommodate such other requests and demands which are in consonance with the Policy, keeping in mind the best interests of the Pledgor and the Company.

6.2 Auction in the Normal Course:

The Company shall Auction the Pledged Securities, if the loan account of the Borrower is in Default.

6.3 Timelines for completion of Auction

Auction shall be completed as expeditiously as possible after complying with the prescriptions contained in the Policy and the regulatory prescriptions no later than 90 days. In case the Auction is not completed within 90 days, the same shall be brought to the notice of MD/CEO with reason and proposed action plan and same shall be submitted to the Board periodically on consolidated basis.

6.4 Discretion to defer Auction

Discretionary powers to defer auction can be exercised only in cases wherein 100% of the interest and other charges, if any, are paid by Borrower to the Company and Borrower requests in writing for deferring the auction of the securities. The discretion to defer the Auction shall be exercised with the approval of MD / CEO with the recommendation of Head Operation GL & Head Gold Loan and shall be reported to the Board periodically on consolidated basis with reasons. Deferment of auction of the securities, will not deter asset classification of the loans, which will be guided by the IRAC norms.

6.5 Exclusion criteria for publishing the auction list

a) Irregularity classification mentioned below:

No.	Irregularity Classification	Description of Irregularity
1	Stolen Gold	The customers pledging stolen gold
2	Burglary	The gold in the branch stolen by thief (robbery)
3	Gold Loan Sub Judice matters	Gold seized by police/court custody/court order received cases due to legal issues
4	Dummy/Fictitious Pledges	Loan accounts created without any gold being pledged at all. In such cases, no gold is available and account to be closed by Operation department with approval.
5	Partly Stolen Gold	Some of the pledged gold belongs to stolen category.
6	Cheating Case	Customers collecting gold from others and pledging as his gold and original owners filing complaint against customer.
7	Account closed but Gold not Released	Customer closed the account but not released the gold due to any reason including non-availability, absence, or being out of town etc (Time limit to be fixed as 15 days).

b) Pledged Securities seized/attached by Police/law enforcement agencies;

c) Any order directing not to release the Pledged Securities or to maintain status quo issued by any judicial officer/quasi-judicial authority/Regulatory Authority.

d) 100% interest paid in last 30 days. (Remittance of 100% interest in the preceding 30 days is an implicit request of the borrower not to auction and his intention to redeem the pledge). The deferring of auction is permitted in such a manner that the auction procedure shall be completed within 120 days from the date of default.

6.6. Timelines for identifying Pledged Securities for Auction: IGL (Income Generating Loan)

a) The SMS intimation Shall be sent to customer 3 days prior to due date.
b) If the customer fails to pay interest/EMI, the Due SMS shall be sent 1 day after the due date.
c) If the due SMS has not been delivered to a customer an Ordinary Notice shall be issued on the 5th day from the due date. (5 DPD)
d) If the borrower does not service the debt, a Registered Overdue Notice shall be issued on the 15th day from the due date. (15 DPD)
e) All accounts for which Overdue Notices are issued during a month shall be included in the Auction List published on the 3rd day of the succeeding month.
f) Auction SMS/WhatsApp intimation shall be sent on the next day following publication of the Auction List.
g) Auction Intimation Notice need to be sent to the borrowers if they are overdue for 40 days and when they are included in the auction list. The auction letter needs to be sent within 7 days from the date when both the conditions are satisfied.
h) Auction advertisements shall be published within 7-10 days from the date of despatch of auction intimation letter. List of the loans being auctioned shall be published in two newspapers, one regional daily and one national daily.
i) The auction process shall be completed within 90 days from the date of default. (61-90 DPD)
j) Branches may collect the DN10 Personal Intimation Form from the customer and update the same in the system. The branch notice board shall also display loan-wise auction details at least 15 days prior to the auction.
k) If there is no evidence establishing that the borrower has received the auction intimation letter, the auction shall be conducted only after one month from the date of newspaper publication.

6.7 Timelines for identifying Pledged Securities for Auction: Consumption Loan

a) Publishing the list of eligible loan accounts for Auction – First day of every English calendar month.

b) Intimation-cum-Auction Letter shall be sent to the Borrower/Pledgor by email/Speed post with Proof of delivery and by such other modes, as determined by the Company, from time to time, advising the Borrower/Pledgor that their loan account is in Default. The Intimation-cum-Auction Letter shall be generated on every working day (on 6th day of maturity) of English calendar month and issued within 3 days after completing the process. As per the norms, letter to be issued 14 days prior to the auction date.

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c) In case, the Pledgor would like to redeem the Pledged Securities, they may do so within 10 day of the receipt of the Intimation-cum-Auction Letter. However, the Pledgor shall continue to have the right to redeem the Pledged Securities by clearing all dues any time before the Auction, in accordance with applicable law.
d) Date of sending SMS/email/letters to customers – It is to be sent before the auction, through system (14 days before auction).
e) Date of publishing advertisement - 15-day (Fifteen) days before Auction.
f) Date of auction – between 16th to 30th day of every English calendar month. And it is to be postponed to subsequent month up to 90 days with HO approval (Head Operation GL/Head Gold Loan/Head Auction at HO)
g) Auction – Within 90 days of completion of tenure of the loan or from the date of default. (In the case of LTV of gold loans breaching the specified level prescribed in the loan policy/ other default, such period shall be counted from the date of sending notice to the Borrowers advising to pay the shortfall in the LTV).

In case there is any Surplus, the same shall be transferred to the Pledgors' bank account/customer's other live accounts within 7 days of receipt of auction proceeds. On the other hand, if there is any deficit, the Lender shall be entitled to recover the same from the Borrower/Pledgor in accordance with law/the contractual arrangement entered into between the Lender and the Borrower/Pledgor (Applicable for both IGL & consumption loan).

Note: If any of the aforementioned dates falls on a holiday, the immediately succeeding working day of the English calendar shall be deemed the applicable date.

6.8 Selection and Approval of Auction Centres, Safe Custody, Security Arrangements

a) Location of Auction:

The Auction of Pledged Securities shall ordinarily be conducted in the same district in which the originating branch i.e., the branch that sanctioned the loan is situated.

b) Pooling and Centralised Auction with Adjoining District:

Notwithstanding the above, the Company may consolidate Pledged Securities at different branches within the adjoining district and conduct a pooled auction at any suitable location within that district, subject to the following conditions:
i) The initial Auction attempt has been unsuccessful and the same has been recorded in the system; and
ii) All applicable regulatory and internal requirements relating to auctions including but not limited to prior notice to borrowers, fixation and disclosure of reserve price, maintenance of an arm's-length process, transparency of disclosures, and adherence to extant guidelines—are fully complied with.

The Pledged Securities identified for auction shall be transported under safe

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custody with appropriate security arrangements to the designated Auction Centre branches. The Auction Centre branch shall be finalized after satisfying that such centres have provisions for audio-video recording and necessary infrastructure for conducting Auction. The centres so finalized should be in accordance with applicable regulatory norms, directions, and the internal guidelines of the Company, ensuring full compliance.

6.9 Notices - Intimation to the Borrower

Letter Type	Normal Gold
Intimation cum Auction Letter (**"Notice"**)	A notice in the local language, in the format annexed herewith as ***Annexure - 1***, shall be issued to the Borrower through Speed post with AD/SMS/Email stating the total amount payable as on the date of the Notice, including a bifurcation of principal, interest, and applicable charges, along with specific details of the Pledged Security proposed to be enforced. The Notice shall call upon the Borrower to discharge the entire dues within the stipulated period and inform that failure to do so will entitle the Company to Auction of the Pledged Securities for recovery of dues. The Notice shall be dispatched by Speed Post with AD/ to the Borrower's last known address/Phone No./email id at least 14 (fourteen) days prior to the proposed date of auction.

6.9.1 If the AD card is not received within a reasonable period, the Auction Dept. shall obtain delivery status of the auction letter (RL number status) to the addressee from the post office. Alternatively, if the AD card is not available, the Notice/Personal intimation letter (DN-10) may be served on the Borrower personally by an employee of the Company and signature of the borrower to be obtained. In case of unlocated customer the auction shall be conducted after 30 days from issue of public notice. To reduce instances of auction, if the loans are classified as standard, the branch officials may personally visit the Borrower and request him to remit the required amounts to renew the loans or to redeem the pledge.

6.9.2 The Company shall give adequate notice to the Borrower, as applicable, through the above-mentioned mode of communication to repay or settle the loan dues prior to initiating the auction procedure. A copy of the Notice and acknowledgement thereof shall be kept on record in both scenarios. If the Company is unable to trace the Borrower despite best efforts, and even after issuing a public notice, it may proceed with the auction, provided that at least one month has elapsed from the date of the public notice.

6.9.3 MD / CEO shall be empowered to approve modifications to the above guidelines for Auction with the ratification from the Board from time to time on the recommendations of the concerned teams, keeping in view, inter alia, the regulatory directives, legal position and the Fair

Practice Code adopted by the Company.

6.10 Public Notification/Advertisement

Public notification of auction/advertisement/display of information and other related procedures shall be in line with the applicable rules, regulations and RBI guidelines issued from time to time. (As per the regulations, auctions shall be announced to the public by issue of advertisements in at least two newspapers, one in regional and another in national daily newspaper, the Company's official website and concerned branches)

6.11 Convenient Auction Lots

Reserve price fixation and the segregation of security for auction should be carried out by grouping items into suitable and convenient lots, considering factors such as assessed purity, gold quantity, expected bidder participation, and prevailing market prices. It should be ensured that lots are allocated in a manner that maximizes value for borrowers and enables easy and fair apportionment.

6.12 Reserve price

The Company shall declare a reserve price for the Pledged Securities at the time of auction, which shall not be less than 90 per cent of its current value (IBJA rate). Provided that in case auctions fail twice, a reserve price not less than 85 per cent of its current value shall be adopted.

7. Due diligence on Participants and Earnest Money Deposit (EMD)

Prospective bidders shall possess a satisfactory track record and adequate financial capacity and shall not have any adverse market reputation. Prior to permitting participation in the auction, the Company shall obtain proper and acceptable identification documents from each bidder, and the standard KYC documents prescribed for customer onboarding shall be deemed sufficient for this purpose. Related parties of the company, its employees and their relatives shall not be allowed to participate in the auction as bidders. The participants shall be on-boarded through auction module. Once a participant is accepted by the Company as an eligible bidder, the bidder shall be required to furnish a reasonable EMD, the said amount shall be determined by the Company from time to time.

8. Mode of Payment by Successful Bidders & Delivery of Gold to Successful Bidders

The bid amount shall be accepted exclusively through banking channels taking into account AML requirements. A 25% of the bid amount as decided by the Company from time to time shall be collected from the successful

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bidders on the date of the Auction itself. Successful bidders should be given a letter along with the terms and conditions. The terms and conditions are appended herewith as ***Annexure – 2.*** Participants bidding through Auction Module shall pay EMD. EMD deposited by bidders shall be automatically refunded after the auction. If the bidder through–Auction Module is a successful bidder, he/she/they shall be informed about it and shall be advised to pay the balance bid amount for the gold in the designated account of the Company.

The successful bidder upon confirmation of bid, shall deposit 25% of the bid amount as advance amount. The balance shall be payable within 2 business days from the date of auction. If the full amount is not received within the stipulated time, the bid shall be treated as cancelled. The same gold shall be auctioned to another bidder and a minimum penalty of 3% on bid amount will be charged from the defaulting bidder, penalty must be deducted from the defaulting bidder's 25% advance amount. Only the remaining balance amount, if any, will be refunded. The bidding terms and conditions shall clearly specify all bidder responsibilities.

Delivery of gold to successful bidders should be made only after confirmation of full receipt of payment by way of bank transfer, realization of cheque / draft along with taxes due. Proper acknowledgement by the bidder for receipt of gold, with the signature duly verified by an officer of the Company should be ensured. The format for acknowledgment receipt of gold is attached herewith as ***Annexure – 3***. Once bidder's payment reflects in the gold-release tab of the Gold Loans – Auction module and Company's bank account, the Branch Head (BH) or Assistant Branch Head (ABH) shall capture the bidder's photograph and confirm the gold release in the module before handing over the gold and generating the invoice.

9. Auction under Exceptional Circumstances (auction before completion of tenure of the loan)

9.1 Auction Due to Depletion in Security Value:

Auction department shall regularly monitor the realizable value of gold and in any instance where the realizable value of gold is likely to be less than the outstanding dues, such accounts shall be taken up for auction in accordance with the directions laid down by the Management from time to time, subject to the Borrowers are given reasonable notice about the auction. The gold Jewellery and/or coins/ Ornaments can also be auctioned, if the borrower does not redeem pledges or remits the shortfall in LTV, even after the Company notifying the borrowers that LTV of their loans have breached the specified level prescribed in the Company's loan policy.

MD/CEO shall be empowered to approve modifications to the points mentioned in clause 6.2 - Auction in normal course and clause 9.1 - Auction

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under exceptional circumstances, from time to time on the recommendations of the Head Operation GL/Head Auction keeping in view, *inter alia*, the regulatory directives, legal position and the Fair Practice Code adopted by the Company. Such modifications shall be reported to the Board in the next meeting for information.

9.2 Auction of Gold Jewellery and / or coins / Ornaments Identified as Spurious / Low Quality

9.2.1 Accounts in which pledges of spurious / low quality gold Jewellery and / or coins/Ornaments have been detected subsequent to disbursement may be taken up for auction even before the completion of the tenure of the loan, from date of pledge subject to the under mentioned compliances.

The said procedures shall also be followed for spurious/low-quality accounts/pledges, identified at the auction Center.

a) Proper notice shall be served upon the Borrower as mentioned in clause 6.9.
b) Before serving the above notice the purity of the gold Jewellery and/or coins/ Ornaments shall be re-verified internally through a competent Officer / Auditor. When the amount of initial estimated loss is Rs 1.00 lakh (Rupees one lakh) or above the re-verification to be conducted by AH/RM before serving the above notice. Melt test (assaying) of a small portion of the pledged gold may be resorted to, for re-confirming purity in cases where it's difficult to assess accurately.
c) The reserve price for such spurious / low-quality Jewellery and/or coins must be fixed keeping in view the reconfirmed assessed purity and the RBI directions issued from time to time. Expert internal / external opinion should be obtained to arrive at a realistic reserve price.

9.2.2 Notice to borrowers identified in case of depletion in security value and spurious/Low Quality Gold.

Letter Type	Depletion in Security Value	Spurious/Low Quality: Identified at the branch or before completion of the tenure of the loan	Spurious/Low Quality: Identified at the auction Center or after completion of the tenure of the loan
Intimation Letter	A notice in local language should be sent to the borrower within 15 days of identification of loss in the account by Speed post with AD/SMS/Email, calling upon the Borrower to close the loan within a maximum of 2 weeks from the date of receipt of such notice	A notice in local language should be sent to the Borrower within 15 days of detection as spurious / low quality by speed post with AD/SMS/Email calling upon the Borrower to close the loan within a maximum of 30 days from the date of such notice. The notice should refer to	A notice in local language should be sent to the Borrower within 5 days of detection as spurious/low quality by speed post with AD/SMS/Email. The notice should clearly provide reference to the following details, *inter alia*: completion of tenure of the loan. That auction notice had already been sent after completion of the tenure of the loan. As per the right conferred on the

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	or replenish the security with additional gold failing which the Company may dispose the gold through auction without any further notice.	the rights conferred on the Company as per the terms and conditions of the loan, to further check the purity/weight of the gold internally or by experts at any time, the purity of the gold was re-verified at the Branch during the tenure of the Loan and was found to be of inferior quality. In such a situation the Company has the right to dispose of security by virtue of the undertaking of the Borrower in the loan application form and clauses in the loan sanction letter	Company as per the terms and conditions of the loan, to further check the purity/weight of the gold internally or by experts at any time, the purity of the gold was re verified at the auction Center prior to auction and was found to be of inferior quality. That the Company is proceeding with auction as already intimated.
Final Letter	Nil	In the case where the account remains unclosed after the issue of the above notice an auction notice furnishing the date and venue of auction shall be served on the Borrower at least 14 days before the proposed date of auction.	Nil

Upon receipt of notice as mentioned above or as stipulated in clause 6.9 of this policy, the Borrower shall have the right to submit representation or objection to the proposed auction within 7 days of receipt of above-mentioned letters, which shall be duly considered by the Company and responded to in writing with reasons, in case of rejection. The Borrower shall also have the right to redeem the pledged gold jewellery and / or coins/Ornaments by clearing all dues before completion of auction. Auction shall not be undertaken while Borrower's representation is pending consideration.

10. Deferral of auction

The MD/CEO shall be empowered to grant extended time for repayment to the Borrower on a case-to-case basis on the recommendations of the Head Gold loan/Head Operation GL of the Gold Loan Department. During the extended period, asset classification of the loan shall be governed by the IRAC norms.

11.Re-auction of gold Jewellery

Re-auction of Gold Jewellery and / or coins/ Ornaments not Successfully Auctioned (Normal Gold/Spurious or Low-Quality Gold): If the gold Jewellery and/or coins/ Ornaments find no bidders at the reserve price the

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course of action as under shall be adopted:

a. The Auctioneer shall submit to the Company in writing that no bid was made at the reserve price fixed due to the poor quality of gold or difficulty in assessing the correct purity. This shall be certified by the Company's official in charge of overseeing the Auction.
b. Such gold Jewellery and/or coins/ Ornaments shall be taken up for melting, either in-house or through a reliable outside agency, in the same lots as taken up for auction. Internal Auditor of the Company shall remain witness during the melting activity, who will also verify accordingly in a register to be maintained for the purpose.
c. A post melting letter shall be provided to the borrowers after melting such gold Jewellery and/or coins/ Ornaments.
d. The melted bars shall then be assayed for purity and put up for auction in such form with a fresh reserve price.

12.Refund of Surplus, Recovery of Shortfall:

Full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the outstanding loan payable to the Borrower shall be provided to the Borrower within 7 working days of receipt of auction proceeds, through letter / SMS. Appropriate accounting entries shall be put through in the Borrower loan accounts within 7 working days after the full receipt of auction proceeds.

Once auction of the pledged gold is completed in line with the norms of the Policy, and after receiving the bid amount, the gold in relevant lot shall be handed over to the successful bidder. Thereafter, the surplus from the said auction, if any, is first adjusted to the said Borrower's old loss and existing dues, with the Company after 3 days intimation to the Borrower through letter / SMS. The remaining surplus is to be refunded to the Borrower in the following manner;

a) Auction surplus related to Borrowers whose bank accounts are registered with the Company, the surplus shall be paid within 7 working days from the date of receipt of full auction surplus through NEFT.
b) Auction surplus amounts upto Rs. 19500/- (Rupees Nineteen Thousand Five Hundred Only) can be refunded to the Borrower directly from the branch through cash within 7 working days from the date of data generation as regards auction surplus payable. An SMS is also to be sent to those Borrowers intimating the relevant details.
c) If the said amount is not released through cash or refunded through NEFT within 7 working days from the date of generation of auction surplus by the system as specified above, the Company shall deposit the auction surplus in an escrow account. For the surplus not disposed off through the above procedures, the Company may issue account payee cheque or demand drafts favouring the Borrower concerned. An intimation through SMS is also to be given to those Borrowers.

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d) If the said cheque is returned unclaimed / cheque date expired cases, the Company shall send an SMS again to the said Borrower for updating his /her bank details or the Company shall approach the Borrower concerned for collecting the surplus in cash up to the permitted amount.

e) If any delay is caused by the Company in paying the auction surplus amount or issuing cheques or demand draft to its customers, beyond 7 working days from the date of generation of auction surplus by the system, the Company shall pay interest on such auction surplus amount at the rate of 7% per annum for such delayed period, without prejudice to the Borrower's rights under applicable law.

f) A report on unclaimed surplus shall be submitted to the Board, at half-yearly intervals for review.

13. Rights of set off and recovery actions

A rightful lien on such surplus may be retained, subject to proper notice, in case the Borrower has other unclosed liabilities to the Company. Legal action for recovery of shortfall in Individual accounts may be considered where required and justified after a cost- benefit analysis is done and put up to the concerned Head Gold loan and MD/CEO for approval.

14. Gold Loans to Borrowers where the Company incurred losses in auction

a. Customers whose pledges have been put to auction and where the Company had suffered a loss due to lower purity, their respective Customer-Id may be blocked based on the directions provided by the Management from time to time.

b. Customers whose pledges are Pure Gold which have been put to auction and where the Company had suffered a loss, the respective Customer's-Id may not be blocked as such Customers may be approaching the Company later for further loans through pledge of gold Jewellery and / or coins/Ornaments on emergency situations.

15. Appointment of Auctioneers, Commission Rates, Role & Responsibility, maintenance of records etc.

15.1 Appointment of Auctioneers

The Auctioneer shall be appointed by the Company after taking approval from the Board. The auctioneers shall be lawyers with minimum 3 years of experience. Employees of the Company can also be appointed as Auctioneer based on their experience and proper training. For an advocate to be appointed as an auctioneer there shall be a legally vetted agreement executed between the Company and the auctioneer and validity of this agreement is for one year.

15.2 Roles and Responsibilities:

Roles and Responsibilities of auctioneers are as follows:

a) Manage the bidding process, announce items, and set the pace of the auction.

b) Ensure bids are clearly communicated and acknowledged.

c) Follow legal and organizational guidelines for auctions.

d) Prevent fraudulent activities and ensure all participants adhere to the rules.
e) Keep bidders engaged through clear, energetic, and persuasive communication.
f) Resolve disputes or confusion during bidding.
g) Maintain accurate records of bids, final prices, and bidder's detail for accountability and audit purposes.
h) Oversee payment collection and transfer of ownership after the auction concludes.

15.3 Auctioneer Fees

Rates:

CRITERIA	FEE
Branch Auction per gm	**Rs. 5/-** *(Minimum Rs. 1000/-)*
Taluk/District Auction per gm	**Rs. 3/-** *(Minimum Rs. 1000/-)*
Unsuccessful Auction Fee	**500/-**
Maximum limit	**To be fixed based on the market practice & approval from management**

15.4 Maintenance of registers / records

All registers and records mandatorily required under law and as per instructions issued by the Company shall be properly maintained and updated under the safe custody of a designated senior official of the Company and relevant records to be uploaded in the module subject to periodical internal audit. Suitable instructions should be issued in this regard. Compliance shall be ensured by the Head Operation GL and monitored by Head of the Gold loan Department and below mentioned documents shall be kept and preserved along with notices, AD receipts and intimation tracking receipt.

Documents:

1) Auction register
2) Bidder participation register
3) Bidder KYC register
4) EMD Token
5) Terms and Conditions
6) Auctioneer Certificate
7) Bidder KYC form
8) Consent Letter
9) Bid confirmation copy

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16. Restrictions in bidding for Gold by the Company / Related Entities.

The Company or any of its Related Entities shall not participate in the Auctions.

17. Restrictions for the employees/former employees for participation in bidding

As a fair practice, existing employees and former employees of the Company are prohibited to participate in the auction process as bidders, auctioneers etc. If any of the existing employees or former employees are participating in auction without notifying the Company, appropriate actions shall be taken against them.

18. Disclosures:

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 etc. shall be disclosed through the financial statements of the Company.

19. Disclosure of specific auction related charges

Reimbursement of out-of-pocket expenses for auction may be charged from the Borrowers. The Department concerned shall place proposal to the Board explaining the rationale for levying such charges from the Borrowers. The current auction charges are given below:

Auction Charges	
Particulars	**Charges (inc. Tax)**
Printing & stationary	Rs.6/-
Advertisement Charges	Rs.170/-
Transportation	Rs.50/-
Insurance	Rs.30/-
charges paid to Auctioneer	Rs.45/-
Postage	Rs.80/-
Expenses incurred for sorting, litting and other auction related Work	Rs.160/-
Total Auction Charges (Inclusive Tax)	**Rs.541/-**

The Concerned Department shall review the auction charges on quarterly/half yearly/yearly basis and if revisions are required, reasoned proposals for revision of charges shall be placed to the Board.

20. Measures to contain frauds

1. Auctions shall be conducted by the Board approved auctioneers.
2. The Business team shall not be involved in the auction process.
3. Audit and Vigilance shall do audit of the auction procedures in the Centers / Branches selected on random basis.
4. Related parties shall not participate in auctions.
5. Auction department shall place detailed analysis of auctions at various Centers within 7 weeks of auction to the Senior Management for review

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21. Certification of Gold

In cases where the purity of gold is found to be lower than initially analyzed, an external valuer must certify the valuation of the gold before proceeding with the auction. This certification ensures the accuracy of the gold's assessed value, helping to minimize discrepancies between estimated and actual auction returns.

****

ANNEXURE – 1

To,

Date : _/_/_

_____

_____

BRANCH _____
PHONE NUMBER _____

INTIMATION CUM AUCTION LETTER

A/c No.	Date	Loan Amount	Loan Due Amount as on _/_/_	Interest on _/_/_

The loan availed by you has expired as per the terms and conditions mentioned in the pawn ticket / loan application executed and accepted by you. Although the maturity date of the loan was duly communicated, you have failed to repay the outstanding loan amount up to the said date. You are hereby called upon to repay the outstanding loan amount along with applicable interest, charges, and expenses within 14 (fourteen) days of receipt of the Intimation-cum-Auction Letter.

Please note that in the event of your failure to repay the dues within the above-mentioned period, the Company shall be constrained to proceed with enforcement of its rights over the pledged gold Jewellery and/or coins, including conducting a public auction, in accordance with applicable terms, internal policies, and regulatory guidelines.

In the event you seek withdrawal of the pledged gold Jewellery and/or coins after the commencement of auction proceedings, you shall be liable to pay the auction-related expenses incurred by the Company, at the rates specified below, in addition to the outstanding loan dues.

Paper Publication	Notice	Auction Carriage/transportation expenses
Rs._ _/-	Rs._/-	Rs.__/-

Place of Auction	
Date of Auction	

In the event of any change in the auction date or venue, such change shall be communicated to you through appropriate means and shall also be displayed on the Company's website and at the notified auction venue sufficiently in advance of the revised auction date.

If for any reason, the gold is not auctioned on the above date, the Company reserves the right to re-auction the gold in either jewellery or bullion form at a later date.

NB:

If there is any surplus money from the auction, you must provide your bank account details to our branch in advance so that it can be transferred to your bank account.

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Purity Assessment Information

Pledge Account Number	Net weight at the time of Loan	% of purity assessed at the time of loan	Purity considered during auction	Net weight considered at the time of Auction

Thanking you

Authorized Signatory

ANNEXURE – 2

MANAPPURAM HOME FINANCE LIMITED - Public Auction of pledged gold jewellery - Terms and conditions

1. The bidder shall pay MANAPPURAM HOME FINANCE LIMITED (THE COMPANY) an amount of Rs.10,000/- (Rupees Ten thousand only) as Earnest Money Deposit (EMD) for which token acknowledging the receipt of EMD will be issued to the bidder. EMD shall be returned to the unsuccessful bidders on returning the token after the auction process is completed.
2. The bidders shall submit valid self-attested KYC documents as desired by THE COMPANY for verification.
3. The Auctioneer is bound to accept the highest offer and has the absolute right to accept or reject any or all offer(s) or adjourn/postpone/cancel the auction or withdraw any lot thereof from the auction proceedings at any stage without assigning any reason whatsoever.
4. Auction shall be treated as complete when the bid made by the successful bidder is accepted and auction is confirmed by the Auctioneer
5. Each bid constitutes an irrevocable offer by the bidder to purchase the lot at the specified price. Once bid is made, it cannot be revoked unless it is cancelled by THE COMPANY.
6. The bidder, on confirmation of auction, should give a copy of a cancelled cheque/ bank passbook in his name.
7. If bid is confirmed, the successful bidder should pay the advance amount as informed by THE COMPANY on the day of confirmation of auction and the balance amount within 2 working days from the date of auction. Consent letter, duly signed by the bidder, should be submitted to the Auctioneer undertaking to make the balance payment within 2 days from the date of auction. In case of cancellation due to non-payment of balance amount within the stipulated 2 days, EMD shall be forfeited without further notice, and the bidder shall also be liable to pay a penalty amounting to 3% of the bid amount or loss incurred by THE COMPANY due to price reduction of gold, whichever is higher.
8. NEFT/RTGS payment shall be made from the Bank account of the successful bidder only.
9. Purity of the gold can be assessed by the bidder only in the presence of Auctioneer at the Auction Center.
10. The price quoted is inclusive of all taxes *i.e.* GST or any other applicable taxes prevailing at the time of auction.
11. Possession of the gold supported by relevant tax documents will be transferred to the bidder only after receiving full payment from the bidder.
12. Related parties of THE COMPANY, as mentioned in the Related Party Policy of THE COMPANY shall not be eligible to participate in the auction.
13. In case where third-party representations have been made by the bidders, proper authorization letters to this effect shall be submitted by the bidder along with the KYC documents of the representative and the bidder.
14. Bidder shall acknowledge the terms and conditions as acceptance thereof. If auction is conducted after changes have been made and notified, Bidder shall be deemed to have agreed to such changes over and above these terms and conditions. If Bidder does not agree to such changes, they may not participate in the auction proceedings.
15. In the event of any dispute or differences arising under the Terms and Conditions, it shall be resolved by arbitration by a single arbitrator to be appointed by THE COMPANY mutually agreed by both parties, the award made by the Arbitrator shall be final. Such arbitration shall be conducted in accordance with the provisions of the Indian Arbitration and Conciliation Act, 1996 or any amendment or re-enactment thereof. The venue of arbitration shall be at Thrissur (Kerala).

Terms and Conditions accepted

Name and signature of Bidder

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ANNEXURE - 3

Acknowledgement of Receipt of Gold Articles – Auction Purchase

I, **Mr./Ms.** _____,
S/o / D/o / W/o _____,
residing at _____,
Contact No.: _____,
ID Proof (Type & No.): _____,

hereby acknowledge that I have today received possession of the gold articles purchased by me in the auction conducted by MANAPPURAM HOME FINANCE LIMITED ("the Company").

Auction & Lot Details

- **Auction Date:** _____
- **Auction Location / Branch:** _____
- **Loan Account No. / Lot No.:** _____

Description of Gold Articles

Sl. No.	Description of Article	Gross Weight (gms)	Purity (Karat)
1.			
2.			
	Total	_____ gms	As above

(Detailed inventory as per auction catalogue/lot list forms part of this acknowledgement.)

Financial Details

- **Bid Amount:** Rs._____
- **Taxes / Other Charges (if any):** Rs. _____
- **Total Amount Paid:** Rs. _____
- **Mode of Payment:** DD / UPI / NEFT / RTGS
- **Payment Reference No.:** Rs. _____

I confirm that:

1. I have inspected the gold articles prior to bidding and am satisfied with their condition, weight, and purity as mentioned above.
2. The purchase is on an **"as-is-where-is and as-is-what-is"** basis.
3. Upon receipt of the above articles, I have no further claims whatsoever against the Company with respect to the quality, quantity, or description of the gold articles.
4. The Company shall not be responsible for any future claims, defects, or discrepancies after delivery.

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Delivery Confirmation

- **Date of Delivery: _____**
- **Time of Delivery: _____**

Signature / Thumb Impression of Successful Bidder

Signature: _____

Name: _____
Date: _____

For MANAPPURAM HOME FINANCE LIMITED

Authorized Signatory: _____

Name & Designation: _____
Seal: