



FLAT WHITE CAPITAL PRIVATE LIMITED

(A Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC) Registered with Reserve Bank of India)

AUCTION POLICY

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APPROVAL MATRIX

Activity	Responsibility
Drafting	Compliance
Business Review	Business & Product Team
Legal Review	Legal Department
Operational Review	Operations Department
Approval	Board of Directors



1. PREAMBLE:

Flat White Capital Private Limited ("the Company"), a Non-Banking Financial Company – Investment and Credit Company (NBFC–ICC), extends credit facilities against the pledge of eligible gold jewellery. Where a borrower fails to repay the outstanding dues despite adequate opportunities and the loan account remains in default, the Company may realise the pledged security through auction in accordance with the Loan Agreement, applicable law and the directions issued by the Reserve Bank of India ("RBI").

This Auction Policy establishes the principles, procedures and internal controls governing auction of pledged gold jewellery to ensure fairness, transparency, regulatory compliance and protection of borrower interests.

2. PURPOSE:

The purpose of this Policy is to establish a fair, transparent and legally compliant framework for auction of pledged gold jewellery in cases where borrowers fail to repay their dues despite being provided adequate opportunities. The Policy aims to safeguard the interests of borrowers while enabling the Company to recover its legitimate dues in accordance with applicable laws and regulatory directions.

3. APPLICABILITY:

This Policy shall apply to all loans secured by pledge of gold jewellery sanctioned by the Company and shall govern the auction of pledged gold in cases of default.

4. REGULATORY FRAMEWORK:

This Policy has been formulated in accordance with:

- Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 (as amended from time to time);
- Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025 (Chapter on Lending against Gold and Silver Collateral);
- Fair Practices Code of the Company.

5. GUIDING PRINCIPLES:

The Company shall conduct every auction in a fair, transparent, ethical and non-discriminatory manner. Auction shall always be the last recovery measure and shall be undertaken only after reasonable opportunities have been provided to the borrower for repayment.

6. CIRCUMSTANCES OF AUCTION:

Auction proceedings may be initiated where:

- the loan has become overdue;
- the borrower has failed to regularise the account despite reminders;
- appropriate demand and auction notices have been issued;
- Breach of loan LTV above the FWCPL's prescribed limit;
- Intentional non-compliance, including obstructing enforcement of security;
- Low-quality or spurious gold detected post-disbursement, requiring special handling and accelerated auction after due process;
- the borrower has not repaid the dues within the time specified in the notice; and

Auction shall not be initiated merely because the account has become overdue. Adequate opportunity shall first be provided to the borrower.

After completion of the auction, the Company shall communicate to the borrower or the legal heir, as applicable, the auction value realised, adjustment of the outstanding dues, details of any surplus or shortfall and such other information as may be required under the applicable regulatory framework.

7. PRE-AUCTION COMMUNICATION:

Before initiating auction, the Company shall issue appropriate notices to the borrower through such communication channels as may be considered appropriate, informing the borrower about the outstanding dues, the proposed auction and the last opportunity available for repayment.

A copy of the notice together with proof of delivery, acknowledgement (where available) or record of attempted service shall be maintained by the Company. Where the borrower or legal heir cannot be traced despite reasonable efforts, the Company may proceed in accordance with the applicable regulatory requirements after issuance of the prescribed public notice.

8. CONDUCT OF AUCTION:

Auction shall be conducted through a transparent process either directly by the Company or through an empanelled auction service provider approved by the competent authority.

The Company shall ensure that the auction process is conducted fairly and appropriate records are maintained.

The first auction shall ordinarily be conducted physically in the same district in which the lending branch is located. Where the first auction is unsuccessful, subsequent auctions may be conducted in an adjoining district or through an online auction platform, in accordance with applicable regulatory requirements.

9. RESERVE PRICE:

The Company shall determine a reserve price for every auction in accordance with the applicable regulatory framework and its approved valuation methodology. The reserve price shall not ordinarily be lower than the minimum level prescribed under the applicable RBI Directions. Where permitted under the applicable regulatory framework, the reserve price may be revised for subsequent auctions in accordance with the applicable regulatory requirements.

10. BORROWER'S RIGHT BEFORE AUCTION:

The borrower may redeem the pledged gold at any time before completion of the auction by paying all outstanding dues together with applicable interest, charges and expenses.

11. APPLICATION OF SALE PROCEEDS:

The proceeds realised from the auction shall ordinarily be appropriated in the following order:

1. Auction expenses;
2. Outstanding principal;
3. Accrued interest; and
4. Other lawful charges,

12. SURPLUS / SHORTFALL:

Where the auction proceeds exceed the Company's lawful dues, the surplus amount shall be refunded to the borrower or the person legally entitled to receive the same.

Where the auction proceeds are insufficient, the Company may recover the balance amount in accordance with applicable law.

13. CONFLICT OF INTEREST:

The Company, its Directors, employees, related parties and any person having a conflict of interest shall not participate in the auction of pledged gold collateral. The



Company shall establish appropriate controls to ensure fairness, transparency and independence throughout the auction process.

14. RECORD KEEPING:

The Company shall maintain appropriate records relating to notices issued, valuation, reserve price, auction proceedings, sale proceeds and settlement of borrower accounts for such period as may be prescribed under applicable law or the Company's Record Retention Policy.

15. GRIEVANCE REDRESSAL:

Any grievance relating to the auction process may be raised through the Company's Grievance Redressal Mechanism and shall be addressed in accordance with the Company's Grievance Redressal Policy.

16. COMPENSATION

Where any loss, deterioration, discrepancy in quantity or purity of the pledged eligible collateral is attributable to the Company, or where compensation is otherwise payable under the applicable regulatory framework, the Company shall compensate the borrower or legal heir in accordance with the applicable RBI Directions and the Company's internal policies.

17. POLICY REVIEW:

This Policy shall be reviewed at least annually or earlier whenever required due to changes in applicable laws, regulatory directions or business requirements.

18. INTERPRETATION:

In case of any inconsistency between this Policy and applicable law or RBI Directions, the provisions of such law or RBI Direction shall prevail.

19. EFFECTIVE DATE:

This Policy shall come into effect from the date of approval by the Board of Directors and shall remain in force until amended or superseded.