

AUCTION POLICY
OF
FLAT WHITE CAPITAL PRIVATE LIMITED

SUMMARY OF POLICY:

Policy Name	AUCTION POLICY
Date of Approval of First Version	17-12-2025
Periodicity of Review	Annual
Prepared By	Prakhar Khandelwal
Approver	Board of Directors

Date of Review	Date of Next Review	Comments/Remarks/Changes
17-12-2025	On or before Dec-2026	Policy Approved

AUCTION POLICY FOR GOLD LOANS

1. INTRODUCTION

This Auction Policy sets out the principles, procedures, and regulatory compliance requirements for the auction of gold jewellery pledged to Flat White Capital Private Limited (FWCPL) when a borrower defaults on repayment.

The Policy ensures that auctions are conducted in a fair, transparent, ethical, and customer-centric manner, in accordance with the following RBI frameworks:

- RBI Fair Practices Code, Circular DNBS.CC.PD.No.054/03.10.119/2015-16 dated July 1, 2015
- RBI Master Directions – NBFC – Scale Based Regulation, 2023
- Any other directives issued by the Reserve Bank of India from time to time

This is the public disclosure version of the internal auction policy.

2. OBJECTIVES

- To establish a standardised, transparent, and compliant process for auctioning gold pledged as collateral.
- To protect the interests of borrowers, ensuring full opportunity to repay and redeem their gold.
- To maintain ethical lending and recovery practices.
- To ensure all auctions are conducted in compliance with RBI guidelines.

3. SCOPE

This Policy applies to all gold loan products offered by the FWCPL.

3.1 Definition of Default

A gold loan account will be considered in default under any of the following circumstances:

- Non-payment of principal, interest, or charges by the due date.
- Overdue for more than 90 days, leading to classification as NPA under RBI norms.
- Failure to repay bullet loans by the maturity date.
- 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.

4. AUCTION PROCESS

4.1 Pre-Auction Procedures and Timelines

Stage	Action	Timeline
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1	Account becomes eligible for Auction	Day 1 of Breach
2	Reminder communications (SMS/calls/emails)	Day 1 Onwards
3	Final demand notice (registered post/email/SMS)	At least 14 days before Auction
4	Public auction notice in 2 newspapers (vernacular + English)	At least 7 days before auction
5	Borrower may redeem gold anytime before auction	Up to 1 working day before auction

4.2 Conduct of Auction

- Auction must be held in the same district where the loan was originated.
- Minimum three bidders are required for the auction to proceed.
- Bidders must be KYC-compliant; security deposit may be required.
- Auctions may be conducted through open bidding or sealed bids, including online platforms where permitted.
- The highest bid above reserve price shall be considered successful.

4.3 Post-Auction Actions

Action	Timeline
Winning bidder makes payment	Within 2 working days
Auction proceeds adjusted to loan	Immediately on receipt
Surplus (if any) refunded to borrower	Within 7 working days
Borrower notified of auction result	Within 3 working days
Preservation of documents and records	Minimum of 8 years

4.4 Reserve Price

- Reserve price must be not less than 90% of the average of the Current gold price of 22-carat gold published by a recognised source (e.g., IBJA). For lower-purity ornaments, the reserve price shall be proportionately reduced based on purity.
- In Case auction fail twice, a reserve price not less than 85% of the current value shall be adopted.

4.5 Customer-Centric Measures

To avoid auction and protect borrower interest, the FWCPL will:

- Send repeated reminders and attempt to contact the customer.
- Encourage loan renewal with applicable LTV adjustment.
- Allow grace time (where feasible) before recovery action.
- Permit the borrower to redeem the gold till the working day before auction.
- In select cases, allow the borrower to match the highest bid and redeem the gold.

Auctions are conducted on behalf of the customer, and proceeds are used to close the loan.

5. DISCLOSURE & MONITORING

- Summary details of auctions (value realized, surplus refunded, etc.) shall be disclosed in the Annual Report, as required.
- Employees involved in managing auctions or having conflicts of interest cannot participate in the bidding.
- Gold items detected as low purity or spurious will follow additional re-verification procedures and customer notifications before auction.
- Internal and external audits shall periodically review auction compliance.