

# Auction Process Note

Auction process can be broadly defined in these sections Pre-Auction, Auction and Post Auction heads. However there are several variations when we conduct the auction for different clients. We have prepared the brief note on the auction process below.

## **Pre-auction Activities:**

Banks/NBFCs/Clients send the auctions list of vehicles to Auctioneer. They give auctioneer a TAT to send final report.

Auctioneer schedules the auctions date and time as per the requirement of the Bank.

## ***Inspections:***

1. Inspections are scheduled before the Auction
2. Inspection letters are availed from the Bank. IDFC requires manual collection of inspection letters from their office at Koramangala, Bangalore, while Hinudja, Shri Ram, Hero and some others allow inspections by sending mails to Yard.
3. Auctioneer's certifiers/evaluators go to the yard and conduct thorough inspection of vehicles. 5-7 photographs of vehicles taken from different angle. A condition report of vehicle is also updated in inspection app.
4. Inspection report has to be full proof as bidders are not going to yard to inspect by themselves but completely rely on our inspection report only to bid. Any defect in vehicles must be mentioned.
5. Once inspection report is uploaded in app a cross check is done by backend team of auctioneer company. Any discrepancy in photos or vehicles and description in inspection is sorted out. Also check for any mismatch from Bank list is also done. Once the check is complete vehicle is scheduled to be live at the predetermined auction time.

## ***Market making:***

Telemarketing team does the market making for the auction. Inform the Buyers (Used vehicle dealers in this case) about the auction and availability of stock. If anyone is interested they can inspect the vehicle on their own. Usually the buyers trust our inspection and we rarely receive such requests.

SMS has to be sent on the morning of the auction as per the predefined norms however it may not be required if the buyer set is small and calls alone may suffice and number of auctions is less. But Larger number of auctions and larger set of buyers will require this service. A written SMS can be referred by the buyer and serves as a better reminder. It is a proof too that auctioneer has tried to intimate all participants.

## **During Auction:**

### ***Auction :***

Auction is conducted. All vehicles start at the same time with or without a minimum starting time. IDFC, TVS has a minimum start price while Hinduja, Hero, Shri Ram auctions can be conducted without starting price as well.

End time of vehicles is staggered and there is a gap of 2 minutes (or more as case may require) between the closing of two consecutive vehicles.

If there is any bid in the last minute of closing time of the vehicle, its end time is extended by few minutes as further bidding with improve the final price of the vehicle.

Any deletion request by participants or edits has to be done prior to sending reports.

### ***Auction Completion Report:***

Once auction is completed the Auction report (ACR-Auction Completion Report) with the vehicles and the highest bids is sent to the client.

- IDFC/ Capital First requires the Buyer details with their PAN card numbers
- While in Hinduja we they sell the stock to DoSeat so no bidder details are required. For Hinduja DoSeat is the vendor they have generated code for us.
- Other Banks require buyer name but not the Pan cards etc.

## **Post Auction:**

### ***Approvals:***

- IDFC gives the approvals same day or next day at max.
- Shri Ram Finance, TVS etc take 3-4 days for approvals
- Hinduja is most late and may take anything from 15-25 days. At times it has taken longer than that.

## ***Payments:***

- Payments post approvals has a defined time it varies for different Banks but usual it is 48 Hours.
- IDFC, HERO are very strict and do not accept beyond 48 Hrs window.
- TVS , Shri Ram Finance give upto 4-5 days time.
- Hinduja- They are most flexible for payments amongst and although their guideline of payment is 48 hours too.

### **Payment Modes:**

Hinduja-NEFT

IDFC- NEFT, Part Cash upto 50k.

Payments slips /Proofs to be collated and to be sent to Banks by DoSeat.

## ***Release of Vehicles:***

- Capital first give the Release letter of Vehicles on the same day of payment. Same with other banks too.
- Hinduja takes 7 days to verify the payment and post that Release letter of Vehicles are given.

## ***Parking Charge:***

- IDFC, HERO,TVS,L&T Finance bear the parking charges till the date of release letter issued to buyers.
- Hinduja and other banks ask the buyer to pay for the Parking charges separately. Usually it is [aid in cash to the yard at the time of release of he vehicles.

## ***Auctioneer -Auction Company commission Payment:***

It is supposed to be collected at the time of payment to the bank . However the due to delay in papers the buyer give the payment when the NOC papers are released to them by bank.

## ***Vehicle Papers:***

Two main set of papers are released to the buyer

1. NOC: No objection certificate of the Bank. It is issued by local managers to the buyers. May take 7-15 days to release.
2. TTO/RTO set: These are the papers signed by original customer at the time of availing the loan. It takes longer . usually it comes within 30 days. However in Hinduja it may take 2-3 months. Hero and some other banks are slow too in processing the RTO set papers.