

# J & K MINERALS LIMITED

(a J&K Government Undertaking)

## RULES AND REGULATIONS REGARDING AUCTION OF ROUGH BLUE SAPPHIRE

01. The auction will be conducted by a **committee comprising one presiding officer and two members to be nominated by the Administrative Deptt. (I&C), J&K Govt.**
02. Admission to the auction will be on the basis of identity card / permits to be issued on payment of **Rs.10,000/- (Out of this amount Rs.5000/- will be non refundable and balance Rs.5000/- adjustable in case of successful bidder and refundable in case of non successful bidder)** such non-refundable fee as may from time to time be fixed by the corporation. The **committee** will have the discretion to deny admission / issuance of permits / identity card to any person and this shall not be questioned. However, if during the course of inspection / auction any buyer or buyers is / are found to be acting overtly or covertly against the ultimate interest of the corporation, the presiding officer will have the authority to cancel his / her / their identity card(s) after two verbal warnings and no dispute shall arise in this behalf.
03. A person bidding at the auction shall be deemed to give a bid for himself, if a person desires to give a bid on behalf of another person or a firm or body corporate, he shall produce before the commencement of the said auction, a written authority from such other person or firm or body corporate authorizing him to bid on behalf of such other person, firm or body corporate. In the absence of such an authority the bid, if accepted shall be registered in the name of the actual bidder. However, the **committee** will have the absolute discretion to accept or not to accept the authority so furnished by the person, firm or body corporate and this shall not be questioned.
04. All the sales shall ordinarily be made to the highest bidder. The **committee** shall be entitled to fix a reserve bid, which may not be disclosed at the auction. The presiding officer shall have the discretion to reject the highest bid for rough blue Sapphire crystals form or corundum or pocket of Sapphire crystal / corundum and to re-auction the same at the same or any subsequent auction. The **committee** decision in respect of any bid shall be final and binding on all the parties.

05. As for as possible, the items listed in the catalogues for each auction will be auctioned individually item by item in the order in which they appear, a single individual so listed as one item and a single pocket so listed as one item etc. After all the items have been so offered for sale, one by one and after a review of all the unsold items of the catalogue the committee shall have the discretion to auction the unsold rough blue sapphire corundum in group of lots, either from one or more catalogues as the case may be irrespective of the categories. The committee's decision in this regard shall be final and binding on all the parties.
06. Each bid in the auction shall be higher than the earlier bid by a minimum of **Rs.200/-** in the case of gem individual sapphire and **Rs.100/-** in case of rough sapphire in packets or as may be decided by the committee.
07. The committee will ordinarily commence the auction, without being bound to do so, after the particular rough blue sapphire or packet of sapphire has been inspected by the bidders present.
08. On the fall of the hammer **by Govt. approved auctioneer** the highest bidder shall be deemed to be the purchaser and shall pay in cash or to the credit of the Corporation Account with the J&K Bank Ltd. **or any other nationalized bank** (for which a receipt will be granted to him) equivalent to 20 (twenty) percent of the sale value. It will, however, be open to the bidder to deposit the full amount of the bid in the manner as aforesaid along with the additional sums due under these rules and to take delivery of the rough blue sapphire / packet of sapphire on the day of sealing on being declared the purchase, as aforesaid, on the fall of the hammer, no irregularity in holding the auction shall entitle the highest bidder to rescind his bid **for** purchase of rough blue sapphire or packet. In case of payment by Bank Pay Order or through Demand Draft of J&K Bank, **or any other nationalized bank** the date of receipt of the amount shall be the date of credit of the proceeds of the said Bank Pay Order / Demand Draft into the Corporation Account and the rebate / interest charges, if any shall be reckoned with reference to the date of such credit into the corporation account and no objection of any nature what so ever shall invalidate the acceptance of the highest bid.
09. If the highest bidder fails to pay, the sum calculated at 20% of the sale value of the rough blue sapphire / packet of sapphire for which his bid has been accepted, without prejudice to any other rights the committee may have in the matter, the bid will be cancelled. Such a bidder may be debarred at the discretion of the

committee from taking part in the auction for the rest of the day of the particular auction all together **and total amount deposited (i.e. Rs.10,000/-) shall be forfeited.** The **committee** may re-auction the rough blue sapphire / packet of sapphire in question at any time during same or any subsequent auction or with hold them from the auction.

10. The committee may withhold or withdraw from the auction any individual rough blue sapphire or packet of sapphire without assigning any reason at any stage during the course of auction.
11. If in the opinion of the **committee**, the opening bid is low and has the tendency of depressing further bids he may rule out such opening bid. After making an announcement soon after to this effect, he may order bidding afresh with respect to the particular item. If any bidder indulges in repeating this he may be debarred from opening any bid or bids.
12. The **rough** blue sapphire or the packet of sapphire, for which the sum representing 20% of the sale value has been paid by the successful bidder will be sealed **at the end of the auction by the committee** in presence of the bidder. The bidder shall also put his own seal on the packet. In case bidder is not present at the time of sealing will be carried out as here is provided at his risk and peril. The packet so sealed will be numbered and the number will be mentioned in the money receipt to be granted to the successful bidder for the particular purchase.
13. Delivery of rough Blue Sapphire:
  - a) Delivery may be taken within 30 days of the close of the auction by **making** balance payment either in **cash** or demand draft in favour of J&K Minerals Ltd. as above. No interest shall be charged for the period.
  - b) Failure to deposit the sale price in full, together with taxes **and 1% VAT or as applicable** due there on under rule 13 of these rules shall entitle forfeiture of **deposited amount** made under these rules.
  - c) On payment of the above sums in the manner aforesaid by the bidder, the **Sapphire** / packet will be delivered to him through banker or by a representative of the corporation, the delivery of the sealed packets to the purchaser will conclude the transaction and no objection as to the number, quality and characteristics of the **Sapphire** shall be entertained and no liability on this behalf will be accepted by the corporation. The property in the sapphire shall be deemed to pass to the

purchaser only after he has paid the outstanding dues in full and physically delivery of the sapphire is effected to him and until delivery is made, the property in the sapphire shall continue to vest in the corporation.

- d) No extension of time for taking delivery beyond 30 days of the close of auction will be allowed.
14. The purchaser shall be deemed to have purchased the rough blue sapphire with full notice as to their number, quality, value and other characteristics and defects and no dispute with regard thereto shall be entertained.
  15. In the event of any difference or dispute between the bidder and the **committee** in respect of any bid or in respect of any matter incidental thereto, such dispute or difference shall be decided by the committee and his decision will be final and binding on all the parties.
  16. All other dispute or difference arising out or in relation to the auction or with regard to the interpretation of any other terms and conditions of the auction or any such other matter incidental thereto shall be referred to an arbitrator who would be nominated by the Managing Director, J&K Minerals Limited for the time in the office, and the decision of the said arbitrator shall be final and binding on all parties. Any such arbitration shall be governed by the provisions of the Indian Arbitration Act, 1940 including amendments thereto and the rules and regulations made there under from time to time.