

Policy on Collection of Dues and Repossession of Security

1. Introduction:

The debt collection (through Recovery Agents) policy of the Bank is built around dignity and respect to customers. It is mandatory for the Bank to follow fair practices with regards to collection of dues and repossession of security and thereby cultivate customer confidence and long-term relationships.

The aim of this policy is to facilitate recovery of dues in the event of default and not for whimsical deprivation of property to the customer. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the Bank for follow up and recovery of dues and repossession of security will be in consonance with the law. **However, the Bank has the right to repossess the financed asset, as a preventive measure, even in instances where there has been no default but on account of violations of the terms and conditions of the Agreement.**

In line with the suggestions made by RBI in the abovementioned guidelines, it is proposed to appoint Credit Counselor's who will be responsible for implementation of advisory services and would also offer credit counseling service. It is proposed that Mr. Palani Selvakumar, Vice President, Asset Recovery will act as Credit Counselor for Consumer Finance Division while Mr. Pushkar Kumar, Deputy Vice President, Debt Management will act as Credit Counselor for Credit Cards, Personal Loans and Mr. Gaurav Sharma to act as Credit Counselor for Loan against Property, Loan Against Shares, Gold Loan, Loan Against Bills Receivables and Business Installment Loans. The details of Credit Counselors and their role would be hosted on Bank's website.

2. General Guidelines :

The customer to be informed, upfront, about the amount, tenure, periodicity of repayment, the method of calculation of interest and appropriation of Equated Monthly Installments (EMI) towards interest and principal. Similarly for Credit Cards, clients needs to be provided with a copy of Card Members Agreement and Most Important Documents which detail the methodology of interest / fee computations / monthly statements etc.

In case of default, the customer has to be provided with all information regarding outstanding dues.

3. Guidelines on appointment of Recovery Agents :

The appointment of Recovery Agents will be in strict compliance of all relevant laws, regulations, guidelines and conditions of approval, licensing or registration. The Bank will follow RBI directives regarding pre-employment verification, compliance of due diligence process, verification of antecedents and Police Verifications.

The Recovery Agents appointed by the Bank would be trained in accordance with Indian Institute of Banking and Finance (IIBF) certificate course with minimum 100 hours of training. For going forward Bank will appoint only such certified personnel or continue to ensure training in accordance to the guidelines is conducted for such fresh agents. Bank has also made arrangements to provide this training to the existing Recovery Agents within a time frame and the progress is being monitored closely to achieve the desired results.

All the members of the staff or any person authorized to represent our Bank in collection or / and security repossession should follow the guidelines set out below:

- a) The Bank staff or any person authorized to represent the Bank for collection of dues or / and security repossession would identify himself / herself and display the authority letter issued by the Bank and upon request also display to the customer, his / her identity card issued by the Bank or under Authority of the Bank.
- b) The Bank will provide customer with all the information regarding dues and will endeavor to give sufficient notice for payment of dues.
- c) The Bank will have a system of checks before passing on a default case to collection agencies so that customers are not harassed on account of lapses on Bank's part.
- d) The details of the Recovery Agency firms/individuals/companies engaged by the Bank would be posted on the Bank's website and the said details would also be made available at the branches to be provided on request to the customers.
- e) The Bank will write to customer when it initiates recovery proceedings against its customer and will inform the customer of the name, address and telephone number of the recovery agent, to whom the customer's case has been assigned.

- f) The customer to be contacted ordinarily at the place of his / her choice and in the absence of any specified place, at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation or any other address obtained during interaction with the customer or from interaction with his friends/relatives or from public sources like facebook/twitter, etc.
- g) The customer should be contacted between 0700 hrs to 1900 hrs in general, unless special circumstance of his / her business or occupation requires contact at a different time. **However, the contact hours will be extended for another two hours beyond the specified calling hours in respect of customer's who have availed loan for the commercial vehicles/equipments. For a customer who is purposely avoiding contact may be contacted at hours which are beyond the generally prescribed time frame.**
- h) Identity and authority of persons authorized to represent the Bank for follow up and recovery of dues to be made known to the customers at the first instance.
- i) To maintain decorum during visits to the customer/s for collection of dues.
- j) To respect privacy of the customer/s and
 - i. not to resort to intimidation or harassment of any kind including acts intended to publicly humiliate or intrude the privacy of the customer's family members/referrals/friends
 - ii. not to make threatening and anonymous calls
 - iii. not to make any false/misleading representations.However, it is the customer's responsibility to update their contact details with the Bank. In case the Bank is unable to contact the customer at the details provided, the Bank will access information as available from public sources and approach friends/ relatives to locate the borrower/customer.
- k) To ensure that all written and verbal communication with its customers are in simple language and adopt civil manners while interacting with them.
- l) Customer's requests to avoid calls at a particular time or at a particular place are to be honored as far as possible.
- m) To avoid making calls/visits during inappropriate occasions such as bereavement in the family, etc.
- n) Best efforts to be made to document the time and number of calls and contents of the conversation with the customer for the recovery of dues.

The details of the Recovery Agency firms/individuals/companies engaged by the Bank would be posted on the Bank's website and the said details would also be made available at the branches to be provided on request to the customers.

4. Steps for repossession of security (collateral based lending and other security excluding security under (CFD) vehicle finance) :

Repossession of security should be aimed at recovery of dues and not to deprive the customer of the property. In event of NPAs, the security possession will be made as per the extant procedure prescribed under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest, (SARFAESI). Act 2002, as amended from time to time and/or any other law for the time being in force unless specified otherwise.

5. Steps for repossession of security under vehicle finance

Repossession of security should be aimed at recovery of dues and not to deprive the customer of the property. The following steps to be taken for repossession of the security :

- a. To follow a repossession policy in consonance with law and the terms and conditions of the agreement.
- b. To initiate action for taking possession of security when any customer who is under liability to the Bank, makes any default in repayment of the secured debt, **only after** giving notice of 7 days to the address furnished by the customer in the Loan Agreement, requiring the customer to discharge the liabilities in full. **However, if the customer deliberately avoids acknowledging / service of notice or establishing contact with the Bank, then Bank will be free to proceed with taking possession of the security.**
- c. In case the customer fails to discharge the liability in full within the stipulated period of the notice served, Bank to take the possession of the security either under provisions of the Arbitration and Conciliation Act, 1996 or through Court order & other relevant laws and procedures.
- d. Bank may for the purpose of taking possession of the asset, intimate the police authority within whose jurisdiction the asset may be situated or found. Alternatively the authorized officer may take possession directly.
- e. The authorized officer/ representative should take repossession of the vehicle between 0700 and 1900 hrs, unless special circumstances demand otherwise. However, the repossession hours will be extended for another two hours beyond the specified calling hours in respect of customers who have availed loan for the commercial

vehicles/equipments. For a customer who is purposely avoiding contact may be contacted at hours which are beyond the generally prescribed time frame.

- f. On possession of the asset, the authorized officer/ representative to take an inventory of the security/ies so repossessed and obtain the customer's signature or signature of the person from whom the security has been taken possession in acknowledgement. (panchanama to be filed)
- g. After taking possession of the security, all reasonable care to ensure safety and security of the assets so taken possession of should be ensured. Bank will send notice to the customer and will give sufficient opportunity to the customer for making repayment and to take back the security.
- h. Sale of such repossessed security by the Bank would take place through a transparent process of bidding from multiple buyers. If possible, this activity may be carried out through the internet to facilitate more participation and transparency.
- i. The Bank will continue to exercise its right to recover the shortfall through applicable judicial process. However in the event that there is excess sum of money recovered from sale of security, the same is to be returned to the customer after meeting all related expenses and provided the Bank does not have any further/other claims against the customer.

In addition to the above, in case of NPAs above Rs. 1 lac, Bank also has the liberty to proceed for possession of security as per the extant procedure prescribed under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest, (SARFAESI). Act 2002, as amended from time to time and/or any other law for the time being in force unless specified otherwise.

6. Valuation:

Valuation and sale of the security to be carried out as per law and in a fair and transparent manner by valuers on Bank's panel or by valuers appointed by the court.

7. Opportunity for the customer to take back the security:

In order to give the customer a fair chance to reclaim the repossessed security/ies by clearing all outstanding dues, the authorized officer/representative of the Bank will issue a notice to the customer giving him 7 days to repay the full outstanding and all related expenses incurred by the Bank. If the customer, before completion of the sale process, repays Bank's entire dues

(including additional interest charges, expenses and costs) and if there are no further claims against the customer, the repossessed security/ies will be handed over to the customer. The repossessed security/ies will be delivered within 7 days on receipt of the last installment/amount due, however, delay if any due to unavoidable circumstances will be informed to the customer. The authorized personnel to take proper acknowledgement from the customer/s for delivery of the said security/ies.

At times, the assets may be repossessed on account of a temporary delay in repayment of installments. If the Bank is satisfied with the genuineness of customer's inability to pay the loan installments as per the schedule, it may consider handing over the security/ies after receiving the installments in arrears.

8. Grievance Redressal :

Bank would investigate any complaint from the customer about unfair practices by collection agents. The grievance redressal policy for customer complaints which is hosted on Bank's website will be applicable.

At the same time, Bank may provide assistance to the customer/s to resolve disputes / differences regarding dues in a mutually acceptable and orderly manner. The matters may also be referred to the Arbitral Tribunal, Lok Adalat etc. for speedy justice.

In respect of MSME borrowers, grievances will be governed as per the extant MSME policy in place.