

Policy on Collection of Dues & Repossession of Security

1. Introduction:

The debt collection policy of the Ujjivan Small Finance Bank Ltd. (USFBL) is based on principles of dignity and respect to customers. The USFBL believes in following fair practices with regard to collection of dues and repossession of security thereby fostering customer confidence and long-term relationship and thereby ensuring that no coercive practices are followed while collecting the dues.

The repayment schedule for any loan sanctioned by USFBL is fixed taking into account repayment capacity and cash flow pattern of the borrower. The USFBL explains to the customer upfront the method of calculation of interest and how the Equated Monthly Instalments (EMI) or payments through any other mode of repayment are appropriated against interest and principal due from the customers. The USFBL expects the customers to adhere to the repayment schedule agreed to and approach it for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

The USFBL's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the USFBL for follow-up and recovery of dues and repossession of security are in consonance with the Law. The security repossession procedure is set in motion only after all attempts by the USFBL to discuss with the borrower the ways and means to overcome the financial hurdles/default in repayment have failed. As an exception, it is to be noted that the USFBL has the right to repossess the financed asset, as a preventive measure, even in instances where there has been no default but violation of the terms and conditions of the Loan Agreement.

2. General Guidelines:

USFBL's employees or any other persons authorized to represent USFBL in collection and/or security repossession would follow the guidelines as set out below:

1. USFBL's recovery procedure shall ensure that all the customers are treated impartially without any discrimination USFBL shall treat its defaulters with respect and dignity.
2. USFBL would respect the Privacy of its Borrowers. All communications to the customers are in writing, by telephone or through personal visit. The customers are contacted over telephone at the numbers (residence/work place/mobile) provided by him/her in the application form filled in at the time of taking the loan/modified subsequently as intimated to the USFBL. If the customer is not responding/not reachable over telephone or not paying even after telephonic requests, the USFBL's representatives make personal visits to the customer's residence/workplace during reasonable hours of the day and in

compliance of RBI guidelines., This shall not be construed as an intrusion into the Privacy of the Borrower

3. USFBL shall contact people other than the Borrowers only to locate or to find out the latest whereabouts of the borrowers.
4. The USFBL staff or any other person authorized to represent the USFBL in collection of dues and/or security repossession identifies himself / herself and displays the authority letter issued by the USFBL upon request of the borrower.
5. Representatives of USFBL will not harass or abuse borrowers with threats or offensive mannerisms /language at any given time.
6. The USFBL is committed to ensure that all written and verbal communication with its borrowers are in simple business language and the USFBL adopts civil manners for interaction with its borrowers.
7. USFBL shall follow only ethical practices and will not resort to unduly coercive tactics in the process for recovering NPAs.
8. Normally the USFBL's representatives will contact the borrower between 0700 hours and 1900 hours, unless the special circumstance of his/her business or occupation requires the USFBL to contact at a different time.
9. Borrower's requests to avoid calls at a particular time or at a particular place are honoured as far as possible.
10. The USFBL documents the efforts made for the recovery of dues, as far as possible and the copies of communication sent to customers, if any, are kept on record
11. All assistance is given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
12. Inappropriate occasions such as bereavement in the family or such other calamitous occasions are avoided for making calls/visits to collect dues.
13. Up-to-date details of the recovery agencies engaged by the USFBL are displayed at its website.
14. The USFBL provides the loan account statement to its customers on request basis whenever changes in period of loan, quantum of EMI etc. take place. Changes in the rate of interest are communicated to the customers as and when they are effected.
15. The USFBL bears the cost of getting duplicate sale deed in case the original furnished to it is misplaced at its end on account of any eventuality.
16. Employees or representatives of USFBL shall disclose the loan obligations only to the borrower, co-borrower or the guarantor.
17. If the borrower is not present and only minors/elderly / infirm are present at the time of the visit, the employees or representatives of USFBL shall conclude the visit with a request that the customer be informed to call back or contact the concerned branch of USFBL.. No employee or representative of USFBL shall not enter the house of the borrower/co-

borrower/guarantor unless specifically invited. They shall not wait for the customer at the customer's residence unless specifically asked to do so by the customer or their family members.

18. USFBL employees or representatives shall not make false, deceptive, or misleading claims for the purpose of collecting repayments. This includes misrepresenting his/ her identity or falsifying facts about debt status or consequences of non-repayment or claiming any monetary or non-monetary awards post tracing of the borrower.
19. USFBL shall not initiate any legal or recovery measures including repossession of the security without giving due notice to the borrower in writing. It shall follow all such procedures as required under law for recovery/repossession of the security.
20. Repossession of security is aimed at recovery of dues and not to deprive the borrower of the security. Repossession, valuation and realization of security shall be done in a fair and transparent manner within the purview of applicable laws and RBI's Guidelines applicable in this regard.
21. All communications/letters to the borrowers either through mail or through electronic modes shall be handled directly by the USFBL as appropriate in the matter. Such communications shall be in a format approved by Collections Unit of the USFBL.
22. Borrower's queries shall be answered completely. They shall be provided with information requested, given assistance and issues are resolved. Any accounts with unresolved issues are to be escalated to management.
23. Borrowers or third party requests for supervisor names or requests to speak with supervisor shall always be honored by the employees or to her representatives.

3. Engagement of recovery agency:

USFBL may utilize the services of recovery agencies for collection of dues and repossession of securities. Recovery agencies will be appointed as per regulatory guidelines issued in this regard. In this respect-

1. The name and address of all Recovery Agencies on the USFBL's approved panel will be placed on its website for information.
2. Only recovery agencies from the approved panels will be engaged by the USFBL.
3. USFBL shall ensure that over a period of one year all Recovery Agents undergo certification course for Direct Recovery Agents from IIBF and obtain the certificate. Recovery agents will be issued valid ID cards authorizing them to collect dues from the USFBL's customers.
4. In case the USFBL engages services of such recovery/enforcement/ seizure agencies for any recovery case, the identity of the agency will be disclosed to the borrower.

5. The recovery agents engaged by the USFBL shall follow the Code of Conduct governing their dealings with borrowers.

4. Giving notice to Borrowers

1. While written communications, telephonic reminders or visits by USFBL's representatives to the borrowers place or residence will be used as loan follow up measures, it shall not initiate any legal or other recovery measures including repossession of the secured assets without giving due notice in writing to the borrowers.
2. Any genuine difficulties expressed/ disputes raised by the borrowers shall be considered by USFBL before initiating recovery measures. It shall follow all such procedures as required under law for recovery / repossession of secured assets.

5. Repossession of Secured Assets

1. Repossession of secured assets is aimed at recovery of dues and not to deprive the borrowers of the secured assets.
2. The recovery process through repossession of secured assets will involve repossession, valuation of secured assets and realization of secured assets through appropriate means. All these would be carried out in a fair and transparent manner.
3. Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the secured assets.
4. USFBL shall take all reasonable care for ensuring the safety and security of the secured assets after taking custody, in the ordinary course of the business and relevant cost incurred in this regard will be charged to the borrower.

6. Valuation & Sale of Secured Assets

1. Valuation and sale of secured assets repossessed by USFBL shall be carried out as per law and in a fair and transparent manner.
2. USFBL shall have the right to recover from the borrower the balance amount due if any, after sale of secured assets.
3. Excess amount if any, obtained on sale of the secured assets shall be paid to the person entitled thereto in accordance with his/her rights and interests, after meeting all the related expenses, provided USFBL is not having any other claims against the borrower.
4. USFBL's right to general lien and its implications shall be made clear to the borrower while executing the loan documents.

5. In the case of hypothecated assets after taking possession if no payment is forthcoming, a sale notice of 10 days' time to respond will be sent to the borrower. Thereafter USFBL shall arrange for sale of the hypothecated assets in such manner as it shall deemed fit.
6. In respect of cases under SARFAESI Act as per the provisions of the Act, 30 days' notice of sale shall be served on the borrowers and on every 2nd sale 15 days' notice shall be served as per the provisions of the Act. When sale by public auction or by inviting tender is envisaged, the same shall be published in two leading newspapers out of which one is in local vernacular language newspaper.

7. Opportunity for the Borrower to take back the Secured Assets

1. USFBL shall resort to repossession of secured assets only for the purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the secured assets.
2. USFBL shall be willing to consider handing over possession of secured assets to the borrower after repossession and before concluding sale transaction of the secured assets, provided all its dues are cleared in full.
3. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule, which resulted in the repossession of secured assets, USFBL may consider handing over the secured assets to the borrower after receiving the installments in arrears. However this would be subject to giving an undertaking by the borrower to repay the remaining installments / dues promptly in future and to maintain the loan account as performing asset until closure of the account as per the terms of the loan agreements(s) to the satisfaction of USFBL.
4. If the amounts are repaid, either as stipulated by USFBL or its dues settled as agreed to, possession of seized assets shall be handed back to the borrower within 15 working days after obtaining permission from the competent authority of USFBL or from Court/DRT concerned, if recovery proceedings are filed and pending before such forums.