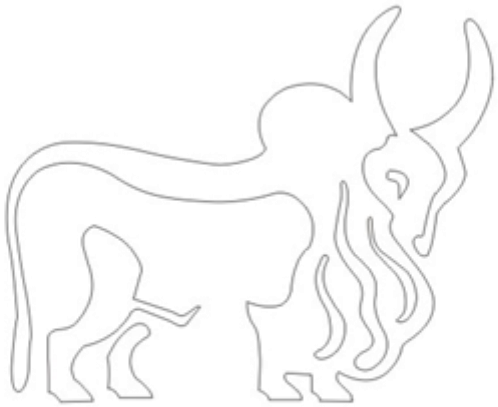

IndusInd Bank

Policy on Collection of Dues and Repossession of security

1. Introduction:

The debt collection policy of the bank is built around dignity and respect to customers. Bank will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. The bank believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship. The bank and its representatives are expected to always follow the Code of Conduct during their interaction with the customers.

The repayment schedule for any loan sanctioned by the bank will be fixed taking into account paying capacity and cash flow pattern of the borrower. The bank will inform the interest rate and the repayment schedule, to the customer through sanction letter / Key Fact Statement (KFS). The method of collection of repayment (say post-dated cheque, Standing Instruction, ECS, ACH etc.) is fixed taking into consideration the convenience of the borrower. The bank would expect the customers to adhere to the repayment schedule agreed to and approach the bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

Bank'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 bank for follow up and recovery of dues and repossession of security will be inconsonance with the law. Security repossession would commence after other attempts by the Bank to discuss with the borrower the means to resolve the default situations have failed. In exceptional situations, 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 misstatement of information by the customer that is in violation to the terms and conditions of the loan agreement.

2. General Guidelines:

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

a. The customer would be contacted ordinarily at the place of his/her business/occupation / designated place mutually decided by the borrower and bank (applicable to MFI borrowers) and if unavailable at the place of his/her business/occupation/ designated place mutually decided by the borrower and bank (applicable to MFI borrowers with minimum of two attempts), at the place of his/her residence.

b. Identity and authority of persons authorized to represent bank for follow up and recovery of dues would be made known to the borrowers at the first instance. The bank staff or any person authorized to represent the bank in collection of dues or/and security repossession will identify himself / herself and display the authority letter issued by the bank upon request.

c. The bank would respect privacy of its borrowers.

d. The bank is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and bank will adopt civil manners for interaction with borrowers.

e. Normally the bank's representatives will contact the Micro Finance loan borrowers between 0900 hrs and 1800 hrs and between 0800 hrs and 1900 hrs for all other borrowers, unless the special circumstance of his/her business or occupation requires the bank to contact at a different time.

f. Borrower's requests to avoid calls at a particular time or at a particular place would be honoured as far as possible.

g. The bank will document the efforts / calls made for the recovery of dues and the copies of communication sent to customers, if any, will be kept on record.

h. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

i. The Bank will provide necessary assistance to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

j. In case of the death of the borrower, as a measure of support / service gesture, the bank will establish contact with the deceased borrower's family / legal heirs empathising the situation, aid them for an amicable closure of the account with the bank. In case they have taken any insurance as credit protection, the bank will guide them with insurance related information as applicable.

k. The bank has a range of digital modes of payment available for the customer to enable them to repay their overdues in a quick and easy manner. These modes are shared periodically with the customers during our communication campaigns with the customers. Bank may send reminder to customer before due date through digital channel or other modes so as to ensure customer doesn't miss repayment on due date.

l. Lok Adalat/Conciliation initiations are done in eligible cases for loans, credit cards and other retail asset products. Bank's officers regularly participate in Lok Adalat's conducted at national and local levels for amicable resolution of delinquent accounts.

3. Giving notice to borrowers

While written communications, telephonic reminders or visits by the bank's representatives to the borrowers place or residence will be used as loan follow up measures, the bank will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. Any genuine difficulties expressed/disputes raised by the customer and agreed by the Bank will be considered by the banks before initiating recovery measures. Bank will follow all such procedures as required under law for recovery/repossession of security.

Bank shall also use electronic form of communication for sending the reminders / notices to the borrowers like SMS, WhatsApp, In App notifications, or any other digital form to reach out to the borrower.

4. Repossession of Security

Repossession of security is aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means. All these would be
carried out in a fair and transparent manner. Repossession will be done only after issuing the notice as detailed above. Due process of law will be followed while taking repossession of the property. The bank will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business and necessary cost will be charged to borrower. The bank will update the details of the borrowers whose assets are taken into possession under SARFAESI on the bank's website.

5. Valuation and Sale of Property

Valuation and sale of property repossessed by the bank will be carried out as per law and in a fair and transparent manner. The bank will have right to recover from the borrower the balance due if any, after sale of property. Excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses provided the bank is not having any other claims against the customer.

In the case of hypothecated assets after taking possession if no payment is forthcoming, a sale notice will be given as per the provisions of the SARFAESI Act / any other applicable law. Thereafter the bank will arrange for sale of the hypothecated assets in such manner as deemed fit by the bank inclusive of E-auction When sale is envisaged by public auction or by tender, the

same will be published in two leading newspapers out of which one is in local vernacular paper.

In the case of hypothecated assets, other than property, post repossession, the bank shall have right to conduct an independent valuation of the said asset and would sell the same as per terms and conditions of the agreement.

6. Opportunity for the borrower to take back the security

As indicated earlier in the policy document, the bank will resort to repossession of security only for the purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the property. Accordingly, the bank will be willing to consider handing over possession of property to the borrower any time after repossession and before sale transaction of the property takes place, provided the bank dues are cleared in full. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule which resulted in the repossession of security, the bank may consider handing over the property after receiving the installments in arrears. However, this would be subject to the bank being convinced of the arrangements made by the borrower to ensure timely repayment of remaining installments in future.

If the amounts are repaid, either as stipulated by the bank or dues settled as agreed to by the bank, possession of seized assets will be handed back to the borrower within seven days after getting permission from the competent/sanctioning authority of the bank or court/DRT concerned if recovery proceedings are filed and pending before such forums.

7. **Engagement of recovery agents**

The bank may utilize the services of recovery agents for collection of dues and repossession of securities. Recovery agents will be appointed as per regulatory guidelines issued in this regard. In this respect:

a) Only recovery agents from the approved panels will be engaged by the bank.
b) In case bank engages service of such recovery/ /seizure agent for any recovery case, the identity of the agent will be disclosed to the borrower
c) The recovery agents engaged by the bank will be required to follow a code of conduct covering their dealings with customers
d) Recovery agents engaged would undergo mandatory training as stipulated by IBA.
e) In case of any grievances received by the bank, in relation to the practices or procedure adopted by the representatives, which is not in line with the bank's Code of Conduct, the same is addressed as per the Grievance Redressal policy.

8. Grievance Redressal and Credit counselling

The bank believes in handling customer issues with adequate empathy and sympathy, with special emphasis towards senior citizens and customers under stress, and engages in discussion, when in receipt of any such concerns raised, to amicably redress the same. For customers under stress, the bank has a

process of credit counselling customers who express the desire to avail the same. The purpose of such counselling is to look at the problem in a wholistic manner, and support stressed customers to overcome the same.

With these objectives in mind, the Bank provides multiple channels – telephonic, email, branch walk in - to customers to provide feedback on the services of the Bank as well as lodge their requests and grievances. The Bank aims to ensure quick and effective handling of such customer requests and grievance, as well as prompt corrective & preventive action (including correction of the process, wherever required) in order to avoid recurrence.

All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner. The bank's Grievance Redressal policy is available on the website which can be referred to for further details.