

Collections Policy

1. Objective: The key objectives of this Standard Operating Procedure (SoP) are as follows;

- Minimize delayed payment post due date.
- Ensure that the customer is educated about the product features and continued availability of the product to the customer which is linked to his/her loan performance.
- Liaise with the lending partners and ensure steps taken with the delinquent customers are in sync with Company's agreed policy on support from partners.
- Reduce the impact of provision and losses on different products.
- Control cost of collection by ensuring lower forward flow from initial buckets.
- Ensure compliance with the applicable regulations and Code of conduct.

2. Foreword:

The Collections Code encapsulates minimum requirements that need to be adhered by collection agents and all other employees while contacting a Customer for overdue payments. The requirements are aligned to minimum standards set forth by regulatory authorities.

3. Scope:

This code is applicable to all the Employees/agents/subcontractors

- a) who are hired or retained to collect dues and over dues from the customer.
- b) who are authorized by the company for contacting Customers.
- c) applicable for all soft collections. The code details the mandatory standards that all employees, individuals /persons are required to adhere as a qualification before engaging a Customer.

4. Summary:

All Customers (including those Customers who are late in making their payments or have defaulted in their payment schedule) must be treated with respect, dignity, courtesy and fairness in debt collection efforts. The company believes that this is not only the right thing to do, but also the most effective thing to pursue as well.

It is imperative that the persons involved in collection related activities should adhere this code, abide by standards mentioned below before commencement of collection activities.

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5. The following are the core bedrocks of the collection process:

- a. **Customers to be treated with dignity:** Employees/agents should always have a professional approach while addressing the Customer over the telephone or during visits. No verbal or written threats, mishandling or boorishness is permitted. Employees/agency or its employees use only acceptable business language even if the other party does not.
- b. **Employee or the Agent to be treated with dignity:** In case of an abusive Customer, every employee or of an agent has to bring it to the notice of his line manager or team leader. If the Customer becomes abusive or threatening over a call, the same should be documented appropriately.
- c. **Call Recordings:** All calls being made to the Customer(s) must be recorded as per the requirement of the code of conduct stipulated by Reserve bank of India. Employee or the agency employee should first identify herself/himself and the company/entity that they represent at the very beginning of every interaction with Customers.
- d. **Privacy:** Customer are entitled to privacy, privacy policy to be applied to all conversation with agents of the company.
- e. **Code:** All collection activities should be unswerving with the guidelines provided in the document and in compliance with code for collections of dues stipulated (from time to time) by Reserve Bank of India. All emails, letters, and other communications must be in the format approved by collections and legal department.
- f. **Timings:** Customers should be called only between **09.00 Hrs and 19.00 Hrs** unless exceptional circumstances as described in this Code warrant deviation from this timeframe. Under no circumstances, Customer can be called beyond **21.00 Hrs**.
- g. **Convenience:** Customers should be called only to the extent reasonable in the context of the debt and the convenience of the Customer(s) to talk, should be enquired at the beginning of each call. Such conversations should be logged on the system for record purposes.
- h. **Alternative:** Customer requests that calls/visits to place of work be stopped are to be honored, if he/she provides a suitable alternate where he/she may be reached during collection working hours. Such Customers should be asked to provide an alternate address/phone number where they may be reached.
- i. **Information:** Customer's questions should be answered in full. They should be provided with information requested, given assistance and attempt to resolve the issues within the permitted

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parameters if any. Accounts with unresolved issues are to be escalated to line managers or team leaders.

- j. In case the Customer or related party requests to speak to supervisor the same should be honored.
- k. **Updates:** Update by the employee on the collection system should be clear, concise and accurate. All attempts, contacts, conversation and actions for a particular case are to be recorded on the collection system.

6. The need for contacting a Customer

A Customer is to be contacted for debt collection only under the following circumstances:

- When not contacting the Customer it may lead to the imposition of an additional cost on Customer or may impact Customers credit history/rating; and/or.
- When the Customer has not paid on payment date (including grace days) and this is likely to impact the Customer's credit history and/or is likely to cause a financial loss to company.

7. When to get in touch with a Customer

Calls must normally be limited from **09:00 Hrs to 19:00 Hrs**.

A Customer may be contacted at a time when the call is not expected to cause inconvenience to him/her. In addition, if a mobile number is called and the Customer is driving, then the call may be discontinued, in the interest of safety.

Calls either earlier or later than normal hours, while effective in contacting the Customer, are also likely to be inconvenient to the Customer and could be viewed as harassment. Hence such calls may be placed only under the following conditions:

- At the behest of the Customer to call at an agreed time.
- To visit at his place of business or residence at a given point of time as agreed upon.
- Agent should individually visit the Customer by himself/herself only and not in a group, however, the agent can be accompanied by the agent's supervisor/ manager for any assistance in handling the Customer account; and/or

8. Language or mode of communication and how to address a Customer

The agents need to try and use the language with which the Customer is comfortable. In case of a language barrier, the employee or the agent may take the assistance of an intermediary (i.e. immediate supervisor) to explain in detail. To have a professional approach while addressing the Customer, to be treated with respect and dignity and not use impolite/harsh/threatening words during a collection call or discussions or deliberations.

9. Frequency of calls

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The purpose of a collection call is to bring to the Customer's notice the obligation to pay and to seek a commitment to pay on a specified date. Once a promise is elicited, a call/visit may be made to serve as a reminder and for confirmation of payment.

In the event a commitment is not forthcoming or has been broken, calls/visits may be made at reasonable frequency, based on amount owed, product, ageing of debt and account history, so is the case with field visits. Excessive number of calls or visits closely bunched together in the same day may be construed as a harassment.

10. Borrowers/Customer's Privacy

The borrower/Customer's debt/obligation may normally be discussed only with the borrower and co-borrower or the guarantor/surety to the loan agreement, and the employer in cases of corporate facilitated loans. Not to be discussed with the third party unless and until explicitly authorized by the Customers.

As informed to borrowers/Customers in the terms and conditions of the credit facility, Customer debt details can be discussed with Regulatory/Law enforcement agencies, as well as third party service providers who are contracted with, to provide debt collection and support services.

Employee of the company, may communicate with a third party about the Customer's debt to the extent doing so is necessary to enforce a decree.

Leaving messages and contacting persons other than the borrower at the telephone numbers/addresses provided by the Customer or made available to company, during the time when attempts are being made to contact the Customer.

Calls must first be placed to the Customer and in the event the borrower is not available, a message may be left for the Customer to an adult family member. The aim of the message should be to elicit a return call from the Customer only and not to divulge the details of the credit facility availed by the Customer.

Post leaving a message and when there is no reciprocity from the borrower, then it is permissible in follow-up calls to include:

- In generic terms to state that the call is pertaining to the NBFC's related loan.
- In generic terms to state that his/her/company's account has become overdue.
- To mention about the overdue amount that needs to be paid immediately to regularize the account.
- Under any circumstances no third party can be asked to make payment on behalf of the Customer and Collections can disclose the loan obligations to co-borrower or the co-guarantor.

11. Leaving messages and contacting the third party

When the Customer cannot be contacted at the assigned numbers/ address message with a call back request may be left with the third party.

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There could be a situation, wherein the Customer has alienated the [vehicle/asset] or pledged to a third party and not making repayments in spite of loan being recalled, collection team can disclose to such third party about the overdue obligations on the part of borrower to resolve the impending issue.

If third party who is in the custody of the [vehicle/asset] wishes to resolve the issue by closing the loan, then the payments can be received from the third party with prior consent being obtained from the borrower.

Employee/agents can always seek the help of the third party in case the borrower cannot be contacted on the given phone numbers and addresses. While seeking such help, the employee or the agent need to identify himself or may not identify depending on the situation.

In case of any financial guarantee by the third party, in such cases the third party may be summoned to discuss the obligation.

12. No misleading of statements or Misrepresentation facts

- No misleading of statements or misrepresentation of facts are permitted on the part of the employee or the agent.
- Not to use legal jargon or threatening the borrower with legal consequences.

13. Gifts or Bribes

Employee or the agents shall not accept any form of inducements/gifts of any kind from the Customer, in case of any, the employee or the agent should bring it his/her immediate supervisor.

14. If the Customer declines to pay

If the Customer declines to pay, consequences of such decision may be explained to him/her,

- Impact on Credit History.
- Possible inclusion in repository of negative data base.
- Possible Legal actions and its ramifications.
- Costs and consequences thereof in case of a legal action and/or
- Further denial to pay in such cases the case may be referred to line managers.

15. In case of a dispute with respect to borrowers account

For dispute resolution the case may be referred to line manager in case of an employee and in case of agent it shall be referred to agency supervisor.

16. Appearances and Dress Code

Well-groomed appearance by employee or the agent is desired.

17. Letter and other communications

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Communications to the Customer either through letters or mails to be handled by the employee of the company. Mail dunning/telegrams/Phonograms/ shall be in a format approved by collections, compliance and the legal unit of the company.

All such mails shall be in envelopes that do not bear any marking on the outside to indicate their content. Post cards/other open media is strictly out of bonds.

18. Recruitment, Training and Supervision

- To ensure quality of employees and agents, the required due diligence is excised while recruiting the employee, preferably minimum 12th Standard pass.
- Company's employees/collection managers to impart training to the new employees/agents along with handouts with respect to do's and don'ts while carrying out collection activity and the same to documented from an audit perspective.
- Collection managers to review/supervise the collection agency at regular intervals with respect to process and policies adherence, compliance issues, from audit perspective and the same to be adequately documented.

Compensation/ Remuneration: The company ensures that its employees are adequately compensated for the services rendered and the same needs to be documented and to be open for inspections.

Penalties: Any act of misconduct, misrepresentation of facts, misappropriation of company funds or assets, any malafide act on the part of any employee which would result in monetary loss, collateral damage or reputational risk, service level agreement (SLA) or such similar agreement to be invoked for levying penalties or strict disciplinary action on the concerned employees including termination of services.



19. Important points:

Key Factors	Do's	Don'ts
Appearance and Dress Code	<ul style="list-style-type: none">Well GroomedClean & TidyFormals	No Chappals or Sandals
Speech	<ul style="list-style-type: none">Introduce Yourself with identity cardTo address formallyTone to be politeDecency and decorum to be maintained	<ul style="list-style-type: none">Do not get aggressive or abusiveDo not shout or screamNot to get personal
Belongings	<ul style="list-style-type: none">Identity CardLetter of Authority	
Ethics	<ul style="list-style-type: none">Being fair and ethical while dealing with CustomersCollections interaction should be based on courtesy, fair treatment and persuasion	<ul style="list-style-type: none">No false promises verbally or in writingNo personal dealing with the borrower/Customer
Information and Confidentiality	<ul style="list-style-type: none">Present only the Customer information required in an orderly fashion.Company to maintain the records of the interaction	<ul style="list-style-type: none">Unauthorized info written/verbal cannot be revealed to any Customer/competitor/or any other personNo info one Customer to be shared with other Customers
Process Product Discipline	Collectors to perform within the prescribed frame work, to work in accordance with laid down policy and procedures and manuals.	

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Key Factors	Do's	Don'ts
Privacy Promise	Soft copy files and hard copy Customer confidential info to be maintained without any compromise on privacy promise.	
Timing	Earliest -0900hrs & Latest 1900hrs	
Repossession	To be carried out strictly as per the company's norms.	No repossession beyond 1900hrs



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20. Notice to the Borrower

The Company will use written communications, telephonic reminders and visits by the Company staff/designated official to the borrower's place of residence as follow up measures for Collection of Dues. However, company will not initiate any legal proceedings or any recovery measures, including but not limited to Repossession of Security, without giving due notice in writing. The Company shall follow all such procedures as mandated by law for Collection of Dues and Repossession of Security. The notice period will be mentioned by the Company along with the maximum time given to the borrower for the settlement of dues, failing which the Company will undertake Repossession of Security. In case, the borrower intentionally avoids contact with the Company or acknowledgement of communication received from the Company, the Company will undertake Repossession of Security immediately.

21. Repossession of Secured Assets

Repossession of secured assets shall be aimed at recovery of dues and not to deprive the borrower of the secured assets. Repossession shall be done only after issuing the notice. The recovery process through repossession of secured assets shall involve repossession, valuation of secured assets and realisation of secured assets through appropriate means, in a fair and transparent manner. Due process of law shall be followed while taking repossession of the secured assets. The Company will ensure that the process will follow all the necessary legal steps and guidelines as advised by the relevant regulatory authority. The Company will take all the necessary steps for ensuring the safety and security of the property after taking its custody under normative situations, in the ordinary course of the business and relevant cost shall be charged to borrower.

22. Sale of Property

The process of sale of property repossessed by the Company will be carried out in accordance with the law in a fair and transparent manner. The Company will have a right to recover from the borrower any due balance left, if any, after sale of property. In case an excess amount is left after recovery of all dues and meeting all the other related expenses from the sale of property, it will be duly returned to the borrower provided the Company do not have any other claim against the borrower. The Company will give a separate notice for the sale of the property. In case of hypothecated assets (collateral), the Company will send a pre-sale notice, after repossession, giving borrower a reasonable period for payment of dues. In case no payment is paid within the said period the Company will arrange for the sale of such asset in a manner as deemed fit by the Company.

In case of property backed loans (e.g. MSME/Loan against Property), under the provisions given under SARFAESI Act, a notice will be issued to the borrower giving 30 days of time for payment. In case a sale is proposed to be made by a public auction or a tender, the Company will publish a notice in two leading newspapers, out of which one will be in a local vernacular newspaper.

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

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The Company shall resort to repossession of secured assets only for the purpose of realisation of its dues as the last resort and not with intention of depriving the borrower of the secured assets. Accordingly, Company 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 the Company's dues are cleared in full. If satisfied with the genuineness of borrower's inability to pay the loan instalments as per the schedule, which resulted in the repossession of secured assets, the Company may consider handing over the secured assets after receiving the instalments in arrears. However, this shall be subject to giving an undertaking by the borrower to repay the remaining instalments / dues 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 Company. In case the pending amounts have been paid to the Company as per the repayment agreement made between the Company and the borrower, the Company will ensure that the possession of any seized asset will be returned to the borrower within a reasonable period from the date of permission from a competent authority, such as a court, in which recovery proceedings have been filed by the Company.

24. Compromised Settlement

Definition of Compromised Settlement: -

- Compromise settlement for this purpose shall refer to any negotiated arrangement with the borrower to fully settle the claims of the company against the borrower in cash; it may entail some sacrifice of the amount due from the borrower on the part of the REs with corresponding waiver of claims of the RE against the borrower to that extent.
- Compromise settlements where the time for payment of the agreed settlement amount exceeds three months shall be treated as restructuring as defined in terms of the Prudential framework on Resolution of Stressed Assets dated June 7, 2019.
- Compromise settlement and technical write-off shall impact future contingent realizations or recovery by the company, subject to such claims not being recognized in any manner on the balance sheet of company. Any such claims recognized on the balance sheet of the company shall render the arrangement to be treated as restructuring.

Conditions when company will enter Compromised Settlement: -

- If the Borrower is experiencing genuine financial difficulties due to job loss, Reduction in income, unexpected medical expenses or other unforeseen Circumstances.
- If the Borrower is undergoing bankruptcy proceedings and a settlement is agreed upon as part of the bankruptcy discharge process.
- If the Borrower acknowledge an inability to repay the entire outstanding debt due to financial constraints and propose a reduced Lump-Sum Payment as settlement.
- If the Borrower is skipped and settlement is requested by Family person or any third party.

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- If customer is identified willful defaulter without prejudice to the criminal proceeding underway against such debtors.
- In Secured loans If Customer is suffering from any of above condition and the cost of asset is less than the compromised amount or the asset is deteriorated/Skip/Lost.

Work Process: -

- Case identify and Visits for Recovery by collection, Risk and legal team.
- Asset Valuation will be taken from the authorized valuer.
- Assess the customer's Financial situation, outstanding debt and repayment capacity to determine a realistic settlement offer. The objective shall be to maximise the possible recovery from a distressed borrower at minimum expense, in the best interest of the company.
- Contact the customer to discuss their financial difficulties and propose a potential settlement plan or option.

Recommendation: -

- Case proposed for compromised settlement by collection manger to the approving authority. At the time of proposal collection manager will mention the entire activity's done from the first day of default, he will also produce supporting to justify the base of entering into the settlement.
- Indorsement from Risk/legal required for every proposed settlement.

Approvals: -

- Settlement Approval will be given by at Least One Level Higher Authority from the Loan Approving Authority. Minimum Grade of Approver Should Be Executive Director of the company.
- Any compromised settlement will not last more than 3 months from the date of settlement.
- Wavier Matrix will be approved by CEO & Director.
- After receiving the complete settlement amount, NOC/No Due letter will be issued to the party and the case will be closed.

Cooling Period: - If Customer entered in compromised settlement than he will not eligible for any loan from the company in future.

Reporting Mechanism: - Company will establish a reporting mechanism to the next higher authority, at least on a quarterly basis, with respect to compromise settlements and technical write offs approved by a particular authority. On a quarterly basis detailed report of the all compromised settlement will be publish to board. The Report will be Published in a suitable reporting format so as to ensure adequate coverage of the following aspects at the minimum: (i) trend in number of accounts and amounts subjected to compromise settlement (ii) out of (i) above, separate breakup of accounts classified as fraud, red-Flagged, wilful default and quick mortality accounts; (iii) amount-wise, sanctioning authority wise, and

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business segment / asset-class wise grouping of such accounts; (iv) extent of recovery in technically written-off accounts.

25. Engagement of Recovery Agents

The Company may utilize the services of recovery agents for collection of dues and repossession of securities. Recovery agents shall be appointed as per regulatory guidelines issued in this regard.

- The Company may use the services of recovery agents for Collection of dues and Repossession of Security.
- Company shall communicate to the borrower, at the time of sanctioning of the loan and also at the time of passing on the recovery responsibilities to an LSP/ Recovery agent who is authorized to approach the borrower for recovery.
- Company will also impart necessary guidance to LSPs/agent acting as recovery agents to discharge their duties responsibly and ensure that they comply with the extant instructions in this regard.
- The Company shall follow guidelines pertaining to Outsourcing of Financial Services issued by RBI for appointing a recovery agency for Collection of Dues and/or Repossession of Security.
- The Company shall ensure that its collection & recovery agents follow a code of conduct which will govern their dealings with the borrowers.

26. Website Disclosure

The company shall display information in respect of the borrowers whose secured assets have been taken into possession on the company's website in the Annexure -1 format and update the information from time to time.

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