

AKARA CAPITAL ADVISORS PRIVATE LIMITED

OF

RECOVERY POLICY

INTRODUCTION

Akara Capital Advisors Private Limited (“Akara” or “Company”) is a non-banking financial company registered with RBI. Its principal area of operation is to extend personal loans to Individuals. Our loans range from ₹1000 to ₹5,00,000 with repayment periods starting from 3 months to 36 months. We offer interest rates ranging from 11.99% - 59.99% APR (Annual Percentage Rate), however, rates may vary from case to case. All loans are paid through Equal Monthly Installments (EMIs) via electronic payment. We do charge low processing fees and have no other hidden costs.

In order to address this segment of advancing personal loans in a systematic manner and provide clear guidelines to operational personnel to contain, monitor, and recovery of such loans, ‘Recovery Policy’ as approved by the Board of Directors of the Company is put in place.

OBJECTIVES

- To reduce the Company’s NPA level in absolute terms by preventing slippage of accounts and accelerating recoveries in the existing NPAs.
- To take a pro-active approach in finding solutions that could involve the restructuring of loans if the intent of borrower is positive.
- To update the system of identification and reporting of accounts showing signs of slippage of the ‘NPA’ category.
- To provide directions to contain slippage to the NPA category.

MONITORING OF THE NON-PERFORMING ASSETS

The following steps should be initiated once the account has been identified as NPA:

- The borrower be vigorously followed up for recovery/regularization of the account in centre meetings or otherwise. In case no desired response is received, recovery notice to be served on the borrower within 15 days followed by a legal notice through an advocate to the borrower within 30 days from the date of identification of the account as NPA with prior approval of the Head Office.
- An assessment will be done to understand if the borrower is cooperative or non-cooperative.
- In exceptional cases if there are genuine difficulties being faced by certain borrowers, their accounts may be rescheduled/restructured preferably prior to such loans becoming NPAs.

It should be ensured that the statements showing the position of NPA's for the quarter ending are computed after the closing of quarter.

COMPROMISE/SETTLEMENTS

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The basic guidelines governing compromise settlements of NPAs are listed below.

- A compromise should be negotiated settlement, which would ensure recovery of the dues to the maximum extent possible at minimum expense and within the shortest possible timeframe.
- While taking NPAs a proper distinction will have to be made between willful defaulters and defaulters due to circumstances beyond their control. While in the case of the former, a strict action in line with the applicable has to be taken, in the latter cases a moderate view is to be taken.

Due weightage to be given to present activities of the borrower, their present means etc.

The internal reporting system should ensure prompt reporting of all compromise proposals approved.

THE COMPROMISE AND SETTLEMENT HELP IN SPEEDY RECOVERY

With a view to accelerating the recovery process by way of compromise/settlement, delegated powers for write off of principal / waiver of interest / absorption of legal expenses of NPAs the approving authority shall be the Head Collections.

PAYMENT OF SETTLEMENT AMOUNT

As far as possible, settlement amounts should be recovered in a lump-sum manner. Where the borrowers desire to pay the settlement amounts in installments, a maximum timeperiod of 6 months from the date of approval, be allowed.

The sanctioning authority will have the authority to waive the interest for delayed payment if it deems fit.

NORMS IN RESPECT OF FILING OF SUITS

- Considering the long-drawn process in the litigation and difficulties in executing the decrees action of filing of suit be taken as a last resort. Following norms be observed before the filing of a suit.
- A suit be filed only after making all the efforts such as personal contacts, demand notice from the branch or through an advocate, there is no alternative but to file a suit for recovery.
- Before filing of the suit it should be ensured that the loan documents are complete in all respects and that the suit is well within the limitation period. The position of documents be got examined from the approved advocate of NBFC.
- Before the filing of the suit final notice through advocate be issued.

WAIVER OF LEGAL ACTION

There may be accounts where borrowers have died or are not traceable and their security / net worth is nil. In such cases, legal action only added to the cost and does not result in any recovery. With more and more stress on retail loans, there may arise some cases, where the cost of legal action will be more than

the loan granted. In all such cases, discretion should be available for waiver of legal action.

- There may be accounts where the outstanding amount (running ledger) is less than Rs.0.25 lakhs, in such cases if we decide to initiate legal action which is an expensive one. In all such cases, discretion should be available for waiver of legal action.
- Powers for waiver of legal action for the above accounts rest with the Head Collections

COLLECTION OF DUES

The debt collection of the Company is built around dignity and respect for customers where there are genuine problems. The Company will not follow policies that are unduly coercive in the collection of dues. The policy is built on courtesy, fair treatment, persuasion and finding solutions. The Company 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 repayment schedule for any loan sanctioned by the Company will be fixed taking into account paying capacity and cash flow pattern of the borrower. The NBFC will explain to the customer upfront the method of calculation of interest and how the Equated Monthly Installments (EMI) or any other mode of repayment will be appropriated against interest and principal due from the customers. The method of collection of EMI (say postdated cheque, direct debit, ECS, etc.) would be fixed taking in to consideration the convenience of the borrower. The Company would expect the customers to adhere to the repayment schedule agreed to and approach the NBFC for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

GENERAL GUIDELINES:

- All the members of the staff or any person authorised to represent their Company in the collection would follow the guidelines set out below:
- Identity and authority of persons authorised to represent the Company for follow-up and recovery of dues would be made known to the borrowers at the first instance. The Company staff or any person authorised to represent the Company in the collection of dues or / and security repossession will identify himself / herself and display the authority letter issued by the NBFC upon request.
- The Company would respect the privacy of its borrowers.
- The Company is committed to ensuring that all written and verbal communication with its borrowers will be in simple business language and Company will adopt civil manners for interaction with borrowers.
- Normally the Company's representatives will contact the borrower between 0900 hrs and 1800 hrs, unless the special circumstance of her/his business or occupation requires the Company to contact at a different time.
- Borrower's requests to avoid calls at a particular time or at a particular place would be honored as far as possible.
- The Company will document the efforts made for the recovery of dues and the gist of interactions with the borrowers.
- All assistance will be given to resolve disputes or differences regarding dues in a mutually

acceptable and in an orderly manner.

- Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls /visits to collect dues.
- The Company has also adopted the following code of conduct for collections:

Company COLLECTION DOS AND DON'TS	
Dos	DON'Ts
<ul style="list-style-type: none"> • Do dress in formal clothes and carry identity card during work hours • Do talk in a pleasant, polite and non-aggressive manner at all times. Answers should be factual and to the point. • Collection interactions should be based on fair conduct and persuasion. • Present all the information required by the customer in an appropriate manner • Do answer borrower's query to the satisfaction of the borrower • Keep records of interactions with the customer • Do provide a valid receipt for each loan instalment payment received (partial or full) and record the payment immediately after the transaction and educate customers to keep all the receipts for all future references. • Visit the Customer on Promise to Pay dates given by them on working days only. • Maintain a reasonable distance from the customer. • Contact customer at appropriate hours only (i.e., from 9 am to 7 pm) • Do keep borrower information confidential and use it only for permissible purposes. 	<ul style="list-style-type: none"> • Do not get personal, tough or aggressive or abusive. • Do not use coercion of any sort to make the recovery of payments. • Do not humiliate borrowers in public places by discussing their loan over dues with third parties/neighbours • Do not threaten that assets will be seized • Do not pressurise the members or make unrealistic demands • Do not claim that the personal documents collected earlier will form part of the collateral • Do not humiliate the customer, lose temper, get angry or irritated irrespective of the situation. The tone should not be harsh or loud • Do not seize customer assets or any personal documents, e.g., Voter ID, ration card etc. • Do not share customer's information with other member borrowers/customers • Do not call borrowers between 7 pm to 9 am or at inappropriate times such as bereavements, illness, social occasions such as marriages, births, etc. • Do not discriminate based on gender, religion or caste