SEIZE & REPOSSESSION POLICY
OF
SHRI RAM FINANCE CORPORATION PRIVATE LIMITED

(Approved by the Board of Directors on 30.06.2025)

1. **Purpose**

The purpose of this policy is to provide clear and comprehensive guidelines for the seizure of assets by Shri Ram Finance Corporation Private Limited ("SRFC") in cases of default. It outlines the responsibilities and procedures for authorized personnel involved in asset seizure, ensuring that actions are conducted in a fair, legal, and transparent manner.

2. **Organizational Setup**

The seizure operations are managed under the administrative control of the Head Office, overseen by the Department Head assisted by the Divisions allocated at various branch offices, which manages the working of the entire procedure of seizure, recovery and grant approval of sale wherever required.

The task performed in these units coordinate among the staff of various mobile units in maintaining General Administration, Vigilance sections, Accounting treatment, preventive measures, recovery sections, maintenance of Inventory, protocol related works, engaged in pre-seizure, post seizure, on the spot investigation, Conduction of enquiries, follow-up, investigation, recording statement, Collection of information/data/report from lower level, formation and compilation of same and send to head office and the legal aspects of the case such as issuance show cause and adjudication sections, legal and prosecution sections.

The efforts made for recoveries are always documented along with the gist of interactions with the borrower and the assistance is given to resolve the disputes in a mutually acceptable and orderly manner.

3. **Repossession of Security**

Repossession of security shall be aimed at recovery of dues and not to deprive the borrower of the property. The recovery process through repossession of security shall involve repossession, valuation of security, and realization of security through appropriate means. All these shall be carried out in a fair and transparent manner. Repossession shall be done only after issuing notice as detailed above. Due process of law shall be followed while taking repossession of the property. The Company shall take all reasonable care to ensure the safety and security of the property after taking custody, in the ordinary course of business. The Company shall generally sell the asset repossessed to recover the underlying loan and shall not use it for internal operations. Any surplus funds shall be returned to the borrower.

4. **What allows Repossession**

The right to repossess the vehicle should be clearly stated in the Loan Agreement. Loan Agreements typically includes the security interests, which are the properties that can be used as collateral in case the debtor fails to pay the loan. In an Agreement for a vehicle payment plan, the vehicle is the security interest. When a debtor does not make a scheduled payment and has violated the contract the authorized person starts the repossession process. The security interest identified in the contract will legally allow to repossess the vehicle as collateral.

The Company has a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure the transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding:

(a) Notice period before taking possession;
(b) Circumstances under which the notice period can be waived;
(c) The procedure for taking possession of the security;
(d) Provision regarding final chance to be given to the borrower for repayment of loan before the sale of the asset;
(e) The procedure for giving repossession to the borrower and
(f) The procedure for sale of the asset.

A copy of such terms and conditions must be made available to the borrowers in terms of circular wherein it was stated that Company may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such loan agreements.

5. Opportunity for The Borrower to Take Back the Security

The Company will resort to repossession of asset, 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 Company will be willing to consider handing over repossession but before concluding sale transaction of the property, provided the Company's dues are paid 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 security, the Company may consider handing over the property after receiving the instalments in arrears. However, this would be subject to the Company being convinced of the arrangements made by the borrower to ensure timely repayment of remaining instalments in future.

How Long Is the Repo Process

The duration between a defaulted payment and a repossession can take a matter of days or months, depending on your standing of the amount and default.

6. Procedure

I. **Pre-Seizure Formalities**

a) After a loan is financed and any default occurs, only authorized personnel from the organization can follow up and must provide their identity. All relevant evidence is collected to facilitate proper reward after executing seizure formalities.

b) During contact with the borrower, privacy must be respected, and communication should be conducted in a simple business language with courtesy.

II. **Follow-Up Action**

a) Initial follow-up is done through telephonic reminders or visits to the borrower's residence or business. Written notices are then issued to inform the borrower about the due EMI and request payment.

b) If the borrower avoids communication and fails to make payments, repossession proceedings are initiated.

III. **Planning of Seizure of Asset**

a) The seizure process is initiated when borrowers fail to make EMI payments despite continuous reminders and visits.

b) The repossession involves recovering dues, asset valuation, and realization through sale.

IV. **Preparation of Inventory**

a) A detailed inventory report of seized assets is prepared, including exact location, ownership details, and photographs.

b) The inventory should include details of the seized vehicle and be verified by the person in charge and the Vigilance officer before submission to the Department Head.

V. **Conduct of Seizure of Asset**

a) Seizures are carried out by collection executives from various branches.

b) Seizure is done only after the final notice is sent, ensuring legal formalities and asset security.

c) Borrowers are given an opportunity to reclaim the asset if they provide a genuine reason and arrange for timely repayment.

d) After seizure, the asset is sent to the branch for evaluation. A report is prepared detailing the reasons for seizure, location, officer details, proceedings, inventory, and other relevant information.

VI. **Notice Before Sale**

A notice of at least 30 days must be provided to the borrower before the sale of the seized asset. This notice will inform the borrower of the intent to sell the asset and provide details of the sale process.

VII. **Turnaround Time (TAT)**

a) The entire process from seizure to sale of the asset should be completed in reasonable time or the ceiling decided by the senior management. This includes repossession, inventory preparation, valuation, and sale.

b) After the sale, a final report detailing the sale proceedings and any outstanding balance or recovery will be sent to the borrower. If a loss is incurred, the Company will pursue recovery from the borrower.

c) Timelines for Initiation and Disposal of Seized Assets:

- The Company shall initiate the process of valuation and sale within 15 days from the date of seizure of the asset.
- The disposal (sale) of the seized asset, whether through auction or any other approved method, shall be completed within 90 days from the date of seizure.
- These timelines are in addition to and aligned with the 30-day borrower notice period prescribed under this policy.
- Any deviation from the above timelines must be documented with reasons, approved by the Department Head, and escalated to Senior Management.

VIII. **Seizure of Goods**

The Department Head evaluates the seized assets and approves the valuation, which is communicated to the borrower before proceeding with the sale.

7. Selection Criteria for Stockyards/Godowns:

I. Location Accessibility and Security:

a) The stockyard/godown should be easily accessible for transportation.

b) It must be located in a secure area with minimal risk of theft or vandalism.

II. Adequate Storage Space and Infrastructure:

a) The facility must have sufficient space to accommodate the number of seized vehicles.

b) It should be equipped with proper infrastructure, including covered storage to protect vehicles from weather conditions.

III. Compliance with Safety and Regulatory Standards:

a) The stockyard/godown must comply with all local safety regulations and standards.

b) Adequate fire safety measures, such as extinguishers and alarms, must be in place.

IV. Cost-Effectiveness:

The selection process should consider the cost-effectiveness of the facility, ensuring that the expenses incurred are reasonable and justified.

V. Proximity to Nearby Branches:

The stockyard/godown should be located near a branch office to facilitate easy monitoring and management.

VI. Disposal of Vehicles:

Vehicles should be disposed of based on their condition, ensuring that they are either sold, auctioned, or scrapped in a manner that maximizes value and minimizes losses.

8. Storage and Maintenance Protocols:

I. Regular Inspections:

a) Vehicles stored in the stockyard/godown must undergo regular inspections to ensure their proper upkeep.

b) Inspection checklists should be maintained and updated regularly.

II. Maintenance Protocols:

a) Routine maintenance activities, such as cleaning and minor repairs, should be performed to prevent deterioration or damage.

b) A maintenance log should be maintained for each vehicle.

9. Preventive Measures:

I. Security Personnel and Surveillance Systems:

a) The stockyard/godown must have security personnel present around the clock.

b) Surveillance cameras should be installed to monitor the premises and deter unauthorized access.

II. Documentation and Inventory Management:

a) A detailed inventory of all seized vehicles should be maintained, including their condition and location within the facility.

b) Proper documentation should be kept for all movements of vehicles in and out of the stockyard/godown.

10. Valuation Process for Repossessed Securities

I. Initial Assessment:

Upon repossession, an initial assessment of the security's condition is conducted. This includes a review of documentation and, where applicable, the physical condition of the asset.

II. Standardized Valuation Methodology:

a) A standardized valuation methodology is employed to ensure consistency. This may include market comparisons, cost approach, or income approach, depending on the type of security.

b) Qualified personnel, including appraisers or valuation experts, conduct the valuation.

III. Market Analysis:

a) A thorough market analysis is performed to determine the current market value of the repossessed security. This includes reviewing recent sales data and trends in the relevant market.

b) External valuation reports, such as those obtained yearly from any other professional agency, are used to ensure accuracy, particularly for high-value or complex securities.

IV. Documentation of Valuation

a) All valuation processes and results are meticulously documented. This includes notes on the valuation method used, market conditions considered, and the final appraised value.

b) Documentation is accessible for review and audit purposes.

V. Departmental Review and Approval

The Department Head evaluates the seized assets and approves the valuation. This is then communicated to the borrower before proceeding with the sale.

11.Sale of Seized Assets

I. Modes of Sale

a) The sale of repossessed assets is conducted through a transparent and fair process, prioritizing competitive bidding or public auction.

b) Alternatively, assets may be sold through brokers, dealers, or individuals at mutually agreed rates if competitive processes are deemed impractical.

II. Terms and Conditions

Clear terms for the sale, including:

a) Minimum acceptable price (based on valuation reports or market trends).

b) Payment methods (e.g., upfront payments, EMIs).

c) Timelines for payment and asset handover.

d) Sale conditions are communicated to potential buyers to ensure transparency.

III. Post-Sale Procedures

After the sale, borrowers are issued a final intimation detailing:

a) The sale price achieved.

b) Adjustments made against the outstanding loan amount.

c) Consideration of regular interest, overdue interest, penal and repossession cost.

d) Any balance amount payable by or refundable to the borrower.

e) All proceeds are appropriately accounted in the books of accounts.

12.Credit Policy

Once the process of sale has been completed, if any loss has been incurred in the sale of asset than the same is recovered from the borrower. The Company also provides a credit period of up to 6 (six) month to make the payment of the Sale Value of the vehicles depending upon the customers.

13.Legal Action

In case if there is any legal implication involved during the procedure than the case is being forwarded to the Legal team of the Company to look after the same.

The Notice should be issued only after proper inquiry/investigation i.e. when the facts used are ascertained and allegations are justified.

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