



SAYYAM INVESTMENTS PRIVATE LIMITED

Regd. Off: Agyathuri, Chamajali, Amingaon Guwahati

Kamrup assam 781031

CIN- U74900AS2012PTC011294

‘WRITE-OFF POLICY’

of

Sayyam Investments Private Limited

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1. INTRODUCTION

SAYYAM INVESTMENTS PRIVATE LIMITED (“the Company” or “Sayyam”) is a Non-Deposit taking Non Systemically Important Non-Banking Finance Company registered with Reserve Bank of India (“RBI”). The Company is presently engaged in the business of providing short term personal loans and advances without any collateral and/or security.

Reserve Bank of India (“RBI”) guidelines provides for classification of ‘Non Performing Assets’ (NPAs). Slippage from ‘Standard’ to ‘Non Performing’ has a double adverse impact. The first is that income can’t be recognized on such accounts. The second is requirement to make provisions on such accounts depending upon the period elapsed since its classification as ‘NPA’.

The Board of Directors of the Company has adopted this Policy for determination of Non-Performing Assets (“NPA”) (“the Policy”) in accordance with the RBI Directions, to lay out appropriate internal principles and procedures in determining NPA.

This Policy applies to the all categories of product and services offered by the Company.

2. OBJECTIVE OF CODE

The objectives of this Policy are following:

- To reduce the Company’s NPA level in absolute terms by preventing slippage of accounts and accelerating recoveries in the existing NPAs.
- To update system of identification and reporting of accounts showing signs of slippage of ‘NPA’ category.
- To provide directions to contain slippage to NPA category.
- To ensure true and fair view of the financial statements.

3. ASSET CLASSIFICATION NORMS

- I. Standard asset means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
- II. Overdue: Any amount due to under any credit facility is ‘overdue’, if is not paid on the due date fixed by the Company.
- III. Nonperforming asset shall be considered an asset as determined in accordance with this Policy.

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4. NONPERFORMING ASSETS IDENTIFICATION PROCESS

The Non Performing Assets identification process shall be as below:

- If the customer fails to make payment by the due dates, loan account shall be categorised as PAR.
- From DPD1, we connect with the customers over the calls and SMS, making them aware of the overdue fees that they need to bear. If the customer is not contactable on the registered mobile number, try to connect with him on the emergency numbers specifically provided by him.
- Continue to follow up with the customer at regular intervals for the repayment with special focus on PAR>30 days cases.
- Create the provisions for overdue as per the prudential norms for provisioning of advances prescribed by the RBI and complete the required CIC reporting.

5. PROVISIONING NORMS FOR NONPERFORMING ASSETS

The Board of Directors of Sayyam have accorded the below principles for determination of Non performing Assets. Non Performing Assets shall be decided on upon the occurrence of all the below mentioned events:

- More than Twenty (20) reminder calls made to the borrower on the contact number provided or more than twenty (20) calls made to the reference numbers provided by borrower for the purpose of recovery of dues and the repayment has not been made by the borrower in pursuance to the recovery calls;
- More than twelve (12) reminder messages (SMS/WhatsApp) sent to the borrower on the contact number provided by the borrower and the repayment has not been made by the borrower despite to the reminder messages;
- Repayment is overdue for more 90 days from the loan repayment due date despite the measures taken by the company as mentioned above.

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6. LOSS ASSET

- An asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Reserve Bank of India during the inspection of the non-banking financial company, to the extent it is not written off by the non-banking financial company; and
- An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower;

There should be a provision of 100% for loss assets.

7. MONITORING OF THE NON PERFORMING ASSETS

Following steps should be initiated once account has been identified as NPA:

- Follow up with the borrower for recovery/regularization of the account. In case no desired response is received, legal notice to be served on borrower through the associated law firm of Sayyam during the overdue period.
- In exceptional cases if there are genuine difficulties being faced by certain borrowers, their accounts may be rescheduled/restructured in accordance with the internal policies of the Company preferably prior to such loans becoming NPAs, after being conveyed of such difficulties by the borrower and obtainment of written request from the borrower.
- The position of recovery in NPA accounts should be reviewed on a half-yearly basis by the concerned department and the position of recovery be placed before the Management on a monthly basis.
- Recoveries affected in NPA assets be first be appropriated towards principal.
- The company shall monitor the account declared as write off for the next 3 years, if recovery is successful (partial and/or total) during the aforementioned period of 3 years from the date of declaring NPA, such recovered amount shall be considered as income.

8. PAYMENT OF AMOUNTS

Due amounts should be recovered in a lump-sum. In the event the borrower desire to pay the due amounts in installments, a maximum time period of 12 months from the date of approval, be allowed.

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9. NORMS W.R.T. WRITING OFF BALANCES IN THE BORROWER ACCOUNTS

- The accounts, balances of which are to be written off must have been classified as NPA as per the provisioning norms mentioned in this Policy.
- For write off of the account, Operations Head of the Company shall submit report to the Finance Head about the non possibility of recovery beyond the specified period in the account(s), on the basis of report received for the same from the Collection head of the Company and/or any outsourcing agency to whom the recovery services has been outsourced in accordance with the applicable RBI Guidelines/Master circulars as issued from time to time.
- The exercise of writing off of the balance and the aggregate amount to be written off shall be finalized by the Finance Department and shall be approved by the management prior to write off. Recovery efforts shall be continued even after the balance in the account is written off.

The technical write off of NPA is resorted to for accounting purpose in case of “Loss assets” and 100% write off to be made.

- Such write off is essentially a prudent accounting measure to reduce the level of Gross NPA as such accounts are either fully provided for or substantial provision is already available.
- Recovery efforts in such accounts should continue to be pursued.

10. WAIVER OF LEGAL ACTION

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

Sayyam will abide by all guidelines, directive, instructions and advices of Reserve Bank of India as will be in force from time to time. The content in this document shall be read in conjunction with these guidelines, directives, instructions and advices. The Company will apply better practice so long as such practice does not conflict with or violate Reserve Bank of India regulations.