



Amrit Malwa Capital Limited

(Formerly known as Amrit Hire Purchase Limited)

"Leading Automobile Financiers"

Regd & Corp Office : "Jay Ess Towers" Cool Road, Opposite IDBI Bank, Jalandhar City-144001 (Punjab.) Ph : 0181-5036000
CIN : U65921PB1987PLC007523 Email : amcgroup@amritmalwacapital.com , Website: www.amritmalwacapital.com

Board of Directors approved on 20.03.2024

Compromise Settlement & Technical Write-off Policy

The Reserve Bank of India vide notification No, DOR.STR.REC.22/21.04.048/2023-24 dated 8th June 2023 extended comprehensive guidelines framework for OTS and technical write off to Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks) Primary (Urban) Co-operative Banks/State Co-operative Banks/ Central Co-operative Banks All-India Financial Institutions, Non-Banking Financial Companies (including Housing Finance Companies)

These guidelines aimed at strengthening the process for all regulated entities. It also further emphasizes the need for settlement policy and focuses on maximizing recovery and minimizing expenses with permissible sacrifice. As it has been mandated to have a Board Approved Policy for undertaking compromise settlement.

Introduction

Amrit Malwa Capital Limited (Formerly Amrit Hire Purchase Limited) is a Public Limited Company in business Vehicles, Passenger Vehicles, Two Wheelers, Four Wheeler, E-vehicles, LAP Loan, Pre-owned (Personal) Loan etc.

Aim of Policy

The aim of this policy is to define the procedure and timeline of write off amount.

One-Time/Compromise Settlement

Before considering a loan for write off, the Company officials shall make concerted effort for negotiating a one-time settlement with the borrower. One-time settlement refers to a negotiated settlement where a borrower offers to pay and the Company agrees to accept in full and final settlement of its dues, an amount less than the total amount due to the Company under the relative loan contract. The Company officials shall frame a settlement based on the circumstances necessitating its consideration to protect the Company's interest to the maximum possible extent.



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Repossessed Vehicle Amount Write off

- a) An Auction Committee or authorized person tried to get maximum value of Vehicle's from dealers available in market.
- b) After Auction, loss will be present in front of management and write off in books accordingly. If earn Profit then it will be refunded to customers after approval from Risk Head .
- c) Write off amount will be send to Legal & CIBIL department for further procedure to take action as per policy.
- d) In some cases if any write off amount received from customers then it will be treated as income in books.

Technical Write off

Amount will be write off as following scenario's.

- a. In case of death of customer and there is no capacity of payment for customers or in case of vehicle damage and insurance claim can't be initiated in certain circumstances then amount will be write off. It's consider after proper investigation.
- b. A list of write off cases will send by Collection head quarterly to Risk head which is non recoverable from a long time. Risk head taken into consideration after proper investigation.
- c. A police case is filled against vehicle from a long time, the customer is also under any investigation and there is no capacity to pay in that case amount will be written off.
- d. Minor penalties has been written off after approval of Risk Head on day to day basis.

Eligible accounts for write off:

- a) The accounts proposed to be written off should be classified as doubtful or loss assets. The minimum ageing for a technical write-off should be at least 3 years from



Since 1987

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the date of the account classified as NPA.

- b) The loan account should have adequate provision to contain the loss at a minimum level.
- c) Accounts where suits have been filed but chances of recovery are bleak even if the cases are decreed.
- d) Accounts that become substandard due to the death of the main earner can also be considered for write off as often the claim amount from the Insurance Company is not sufficient to fully settle the dues.

Process for write-off/compromise settlements:

- a. The Collection Head shall submit a report on non-recoverability of dues along with the proposal to write off the loan accounts to the Risk Head.
- b. All write off proposals shall be thoroughly examined at Head office by the Risk Head before submitting for approval to the Board.
- c. The follow up for recovery of a written off loan shall be continued on par with other Compromise Settlement & Technical Write-off Policy live accounts. All possible steps to recover the dues shall be initiated even after write off in the larger interest of the Company.
- d. The collection manager at all locations shall be advised to ensure that writing off loans should not in any manner dilute the recovery mechanism and should not give any negative signals to regular and prompt borrowers.
- e. The Collection Head shall ensure that all the relevant loan documents are enforceable and legal options / compromise proposals shall be explored.
- f. The credit department shall ensure that the details of accounts written off are informed to the Bureaus / Credit Information Companies.
- g. The details of loan accounts written off shall be informed to the Board Members on quarterly basis.

Accounting treatment of Write off of loan accounts:

- a) The writing off a loan account shall be accounted for by passing auto journal entry to debit the "Rebate & Remission" and a credit to the loan account.



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- b) In case the borrower resumes servicing its debt, or the exposure is sold, a recovered amount would be directly recorded as income in the profit and loss (P&L) account.

Staff Accountability

For all cases being written-off or undergoing OTS/compromise settlement, the internal audit team & Risk Team will do a thorough check / investigation of the proposal including sourcing, credit underwriting and disbursement process to ensure that there is no lapse or ethical violation on account of any of the employees. If any lapses or ethical violations is found, the case report will be submitted to the Board and Risk Head for taking suitable action.

Reporting to Board

Compromise settlements and technical write-offs approved by the Board would be reported to the Board on a quarterly basis.

- a. trend in number of accounts and amounts subjected to compromise settlement and/or technical write-off (q-o-q and y-o-y).
- b. out of (a) above, separate breakup of accounts classified as fraud, red-Flagged, willful default and quick mortality accounts.
- c. Amount-wise, sanctioning authority wise, and business segment / asset-class wise Compromise Settlement & Technical Write-off Policy grouping of such accounts.
- d. extent of recovery in technically written-off accounts. The Board may suggest amendments / additions to the format.

Amendments to the Policy

The policy shall be amended suitably to incorporate relevant changes as and when required with the approval of the Board of Directors.

Sd/-
Amrit Malwa Capital Limited