

VSJ INVESTMENTS PRIVATE LIMITED SETTLEMENT POLICY

Version	Updates	Reviewed Date	Approved by
2024	Settlement Policy	21/05/2024	Board of Directors

VSJ Investments Private Limited is Company incorporated under the provisions of the Companies Act, 1956 and is a Systemically Important, Non-Deposit taking, Non-Banking Finance Company (NBFC-ND-SI) registered with RBI. It is base layer NBFC as defined under master directions Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, RBI/DoR/2023-24/105 DoR.FIN.REC. No.45/03.10.119/2023-24 dated 19 October 2023.

1. Objective

This policy provides a framework for offering settlements to borrowers who are unable to repay their dues in full due to genuine financial difficulties. The aim is to balance recovery with empathy, reduce NPAs, and maintain a healthy loan book.

2. Scope

This policy applies to all loan accounts classified as:

Non-Performing Assets (NPA)

Written-off accounts

Accounts with prolonged default and limited recovery prospects

3. Eligibility Criteria

Settlement may be considered in the following situations:

Borrower is facing genuine financial hardship (e.g. job loss, business failure, medical emergency)

No significant cash flow or asset-based recovery expected in the near term

Legal recovery is impractical, costly, or time-consuming

Borrower expresses willingness to make a lump sum or staggered payment as full and final settlement

4. Types of Settlement

One-time Settlement (OTS): A mutually agreed lump sum amount is paid in full and final settlement.

Structured Settlement: Settlement amount is paid in installments over a defined period (usually not exceeding 6 months).

Compromise Settlement: A portion of the principal and/or interest is waived after borrower pays a specified amount.

5. Documentation

Each settlement must be supported by:

Borrower's written request with reason

Due diligence report from credit/recovery officer

Settlement offer letter duly signed by both parties

Payment receipt and "No Dues Certificate" after final payment

6. Write-off & Reporting

Any waiver must be accounted as a write-off in books.

Settled accounts should be flagged in the system and removed from active recovery lists.

All settlements should be reported to the Credit Bureau with accurate status.

7. Exceptions

Any deviations from this policy must be justified in writing and approved by the Board.

8. Review and Audit

This policy will be reviewed annually or as required by regulatory changes. Internal audit will verify compliance during regular audits.