

Credit Circular No 2023/09,

24th August 2023

LOAN / LEASE FACILITIES SUBJECT TO LITIGATION

1. Please note that when we file action to recover a non-performing facility against a borrower, among other documents, a certified copy of the loan / Lease account statement is submitted to courts in support of the amount claimed as due to us. Accordingly, we should not reduce the amount due to us in our accounting records under any circumstances.
2. To meet the requirements in paragraph **1** above the procedures given below should be followed with immediate effect.
3. When a case is filed the loan / Lease account should be marked as **“Legal”** in the e-finance systemfor identification of litigation facilities
4. To implement (a) above **Head of IT** should arrange to provide the option in the system and inform the Branch Managers, under advice to DGMs accordingly.
5. When legal recovery action is filed or subject to Arbitration the relevant legal officer should inform the respective Branch Manager to classify the loan / Lease account as required under (a) above. The Branch Manager is responsible to ensure compliance.
6. With the implementation of ( c) above any deposits **(Cash or Cheques)** made by the borrower should **not be credited to the Loan account** until judgment is delivered.
7. If the customer is willing to place any deposit **(Cash or Cheques)** you may accept them subject to (f) to (i) below.
8. Deposit Cash / Cheque received to the savings account under his/her name and the balance therein should be held underline.
9. Inform the client that the deposits will not be utilized towards the settlement of his existing dues till the judgment is delivered on the ongoing case against him/her
10. Influenc the client to come for a legal settlement considering his/her repayment capacity and it should be conducted in consultation with the Legal Officer in charge of the case to avoid any adverse impact of the case in progress.
11. Branch Manager / Manager Recoveries should update the Legal department of Credits accepted under (f) above. The Legal and Recovery Department should keep a record of the same for their easy reference.
12. Branch Managers should not either **Reschedule, Restructure or Enhance** any facilities subject to Arbitration or Legal Action.
13. Reschedulement should be as per terms of the judgment delivered in our favour by the relevant court or the Arbitrator, guided by legal officials as appropriate
14. Branch Managers and Heads of the Departments are required to bring the contents of this circular to the notice of all staff in the Department / Branch, where applicable and ensure compliance with the requirements herein with immediate effect.

**Signed Signed**

**Head of Legal Deputy General Manager**

**(Credit)**

**Signed Signed**

**Deputy General Manager CEO/ Executive Director**

**(Operations & Recoveries)**