GVS VENTURES

Recovery Process Document

30, Surveyor Street, DVG Road, Basavanagudi, Bangalore – 560004 | 080-41493493 | sridharraman@gmail.com | gvsventures.com

CONCEPT NOTE

Security Structures for Financial Support to NGOs Participating in the No Hungry Child Programme

1. Purpose

This concept note explains the proposed security structures under which GVS Ventures may consider financial assistance to eligible NGOs participating in the No Hungry Child programme. It explains what security may be offered, how it is documented, how repayment works and what may happen if the borrower defaults.

The facility is subject to independent appraisal, legal due diligence, valuation, documentation, approval and the final financing agreement. The amount, tenure, margin, EMI and applicable financing cost will be communicated before execution.

2. Security Options Available

Security route	Basic structure	Repayment / recovery principle
A. Individual-owned property	Original title documents of the NGO chief functionary/trustee/director or other eligible individual, subject to title and valuation checks.	EMI as agreed. Financing cost/interest, if applicable, is disclosed before execution. Default is handled through the legally created security.
B. Gold	Gold offered as pledged security, subject to ownership verification, purity and independent valuation. Proposed commercial route: no interest on the gold-security facility.	Principal repaid through agreed EMI. On continuing default, gold may be realised through the lawful pledge/enforcement process.
C. NGO-owned land/building	Original title documents of property owned by the NGO, together with required trustee/board/governing-body approvals and a legally enforceable security instrument.	EMI as agreed. On continuing default, the mortgage/charge/security may be enforced through the applicable legal process.

3. Option A — Property Owned by the NGO Chief Functionary / Individual

An eligible chief functionary, trustee, director or other authorised individual may offer personally owned immovable property as security, subject to clear and marketable title, satisfactory valuation, encumbrance checks and legal due diligence.

The intention is not that ownership automatically passes to GVS Ventures merely because original documents are deposited. The final transaction should create a legally enforceable security interest. Depending on the property, location and applicable law, this may involve a registered mortgage, mortgage by deposit of title deeds where legally available, or another appropriate security structure.

A simple 'sale deed agreement' should not be used as an informal substitute for a properly created security interest. The exact structure must be prepared and vetted by qualified legal counsel.

4. Default — Individual-Owned Property

- Default will first trigger the notice and cure process specified in the financing agreement.
- The borrower will receive the contractual opportunity to regularise the account or settle the outstanding dues.
- If the default remains unresolved, GVS Ventures may enforce the security through the legally permitted mechanism recorded in the final security documents.
- Any sale, transfer or enforcement of the property must follow applicable law, registration requirements and the executed security documents.
- Net realisation may be applied to the legally recoverable principal, agreed interest/charges and permitted enforcement costs.
- Any surplus remaining after lawful adjustment of the outstanding dues will be dealt with according to the final agreement and applicable law.

5. Option B — Gold Security

The applicant may offer gold as collateral. The proposed commercial concept is gold with an agreed/appraised value of approximately ₹15 lakh, subject to independent valuation, purity, ownership verification and the final loan-to-value criteria.

Under the proposed commercial route, GVS Ventures does not intend to charge interest on the gold-security facility. The borrower must nevertheless repay the principal through the agreed EMI schedule and comply with all documentation, valuation and custody requirements.

The security value will be the value determined through the approved appraisal process at the time of the transaction. A market estimate supplied by the applicant will not by itself determine the lending value.

6. Default — Gold Security

- The borrower receives the contractual default notice and opportunity to cure the default.
- If the default continues, GVS Ventures may enforce the pledge/security according to the executed agreement and applicable law.
- Where lawful, the gold may be realised through the prescribed sale/auction process after required notice and safeguards.
- Sale proceeds are applied to the legally recoverable outstanding dues and permitted enforcement expenses.
- Any surplus is dealt with according to the agreement and applicable law.

7. Option C — NGO-Owned Land / Building

GVS Ventures may also consider land or a building owned by the NGO itself. This route requires particular care because an NGO may be a trust, society, Section 8 company or another legal entity, and its power to borrow and encumber property depends on its governing documents and applicable law.

The NGO should provide original title documents and supporting records. It should also provide the trustee/board/governing-body resolutions, approvals and authorisations required to borrow and create security.

The security should be created through an appropriate mortgage, charge or other legally enforceable instrument. Original title documents alone should not be treated as giving GVS Ventures a right to sell the NGO's property.

8. Recovery Mechanism for NGO-Owned Property

This is the key recovery principle: GVS Ventures should not attempt an informal sale of NGO property merely because the original documents are in its custody.

- Create and document the mortgage/charge/security at the time of the loan, using the instrument appropriate to the NGO and the property.
- Obtain all required resolutions, consents and authorisations from the NGO's competent governing body.
- Complete required stamping, registration, filing or other perfection steps applicable to the chosen security.
- On default, issue contractual notices and provide the agreed cure period.

- If the default continues, invoke the contractual enforcement route. Depending on the legal structure and lender status, this may involve enforcement of the mortgage/charge or civil, arbitration, tribunal or other statutory proceedings.
- Where court or other statutory intervention is required, recovery will proceed through that lawful process.
- After lawful realisation, apply proceeds to recoverable dues and permitted costs. Any surplus is dealt with according to the final agreement and applicable law.

9. Why Original Documents Are Requested

Original title documents help establish the documentary chain of title and form part of the security-control process. Possession of originals does not by itself transfer ownership to GVS Ventures. The enforceable rights arise from the properly executed security documents and applicable law.

The borrower should retain copies/scans of the title documents and all signed loan and security documents.

10. Protection of the Borrower

- The borrower should receive a written statement of the facility amount, EMI schedule, tenure, financing cost/interest, security and default provisions before signing.
- On full repayment, the security should be released and original documents returned in accordance with the executed agreement.
- Property and gold valuations should be performed through an appropriate independent/approved process.
- Any sale or enforcement following default should follow the contract and applicable law, with proper accounting of realisation proceeds.

11. Legal & Compliance Note

This is a commercial concept note, not a loan agreement, mortgage deed, pledge agreement or legal opinion. The final structure must be reviewed by qualified legal and compliance professionals before any security is accepted or funds are disbursed.

Indian property law recognises several forms of mortgage, including mortgage by deposit of title deeds in specified circumstances; the rights and enforcement route depend on the form of security created. citeturn0search0turn0search1

For gold collateral, appropriate ownership verification, valuation, safe custody, insurance and a transparent default-realisation process should be incorporated into the final operating policy. RBI materials for regulated lenders illustrate these safeguards; their direct applicability depends on the legal and regulatory status of the lender. citeturn0search25turn0search7

12. Simple Message to Prospective NGOs

The objective is to make financial support possible without making the security arrangement ambiguous.

A committed NGO can choose the security route that it can legitimately provide. GVS Ventures will evaluate the security, document the facility and communicate the repayment terms before disbursement. The security exists to protect the financing arrangement—not to transfer ownership of an NGO's or individual's property at the beginning of the transaction.

GVS VENTURES
Financial Support for Eligible No Hungry Child Programme Partners