

COLLECTION, REPOSSESSION & CUSTOMER GRIEVANCE REDRESSAL POLICY

BEST CAPITAL SERVICES LIMITED

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This Policy on Collection, Repossession & Customer Grievance Redressal reviewed and approved in the BOARD meeting held on 02.04.2025.

COLLECTION, REPOSSESSION & CUSTOMER GRIEVANCE REDRESSAL POLICY

Introduction

This document lays down a transparent and clear Policy that Best Capital Services Limited (“the Company”) will follow in respect of Collection of Dues and Repossession of Security.

This document governs the requirements that needs to be met by the Company and its designated official while collection of loan instalments and overdue payments. This Policy document recognizes the rights of the borrowers and will serve as a helpful tool by providing them the requisite information relating to collection and repossession. The word “borrower” or “applicant”, whenever used in this Policy collectively refers to borrowers, co-applicants and guarantors, as the context requires.

The purpose of this Collections and Repossession Policy is to create a set of standardized policies and procedures for collection activities undertaken by the Company. An effective collections and Repossession policy is essential to keep a strong control on the portfolio of Best Capital Services Limited (“Company”) and thereby ensuring that the credit expense of the organization is low. It is essential to adopt effective collection strategies that promote on-time repayment as well as manage delinquencies in an efficient and effective manner.

Guiding Principles

This Policy is built around dignity, courtesy, fair treatment, persuasion and respect to the borrowers. This Policy clearly states that the Company will not resort to coercive measures during Collection of Dues. It lists down the fair practices with regards to Collection of Dues and Repossession of Security and thereby fostering customer confidence and long-term relationship.

This Policy also aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of property. It recognizes the need for fair and transparent procedures in repossession, valuation (if required) and realization of security. The procedures practiced by the Company for follow up, Collection of Dues and Repossession of Security will be in consonance with the law.

Scope, Objectives and Principles

The quality and performances of advances have a direct bearing on the profitability of the Company. Despite an efficient credit appraisal, disbursement and monitoring mechanism, challenges may arise due to various external factors and after advance developments thereby increasing defaults and the overall Non- Performing Asset (NPA) of the Company.

Scope:

Policy outlines structured collection mechanism for all recognized critical and stressed accounts. The Loan Review Mechanism to be triggered on detection of early warning signals to ensure an effective and expeditious response for correction. The Policy emphasizes a broad approach, including critical parameters to be taken into account, towards the collection, recovery and resolution of loans through restructuring, rehabilitation, compromise settlements etc. The Policy also proposes an approach for cleansing of NPA portfolio through judicious write-offs.

Objectives:

- To minimize delayed payment post due date (or minimize bounce rate of PDC/ECS).
- To ensure lower forward flow from initial bucket (from 0-30 DPD to >30 DPD and thereon).
- To reduce the impact of provision and losses on different products – secured & unsecured.
- To reschedule loans of customers who have short term genuine repayment inability with the right intent of payment.
- To educate customers the benefits of prompt repayment and consequences of non-payment.
- To ensure collection cost is under control.
- To provide inputs to credit policy based on collection experience.

- To ensure compliance with regulations and formalize the Code of conduct
- To manage collection of penal charges based on the schedule of charges prescribed by the Company.

General Guidelines

The repayment schedule for any loan sanctioned by the Company shall be taken into account considering the repayment capacity and cash flow pattern of the borrower. The Company shall explain to the customer upfront the methodology of computation of interest and Equated Monthly Instalments (EMIs). The Company expects the customers to adhere to the repayment schedule agreed to and approach it for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

This Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The policy recognizes fairness and transparency in repossession, valuation and realization of security. All the practices adopted by the Company for follow-up and recovery of dues and repossession of security are in consonance with the law . The Company will initiate security repossession procedures only after it has exhausted all other attempts to advise the borrower on overcoming financial hurdles. It may also be initiated in case the borrower has been intentionally avoiding contact for a reasonable period of time. It may be noted that in case of violation by the borrower of any terms mentioned in the Credit Facility Agreement/ Loan Agreement as executed by the borrowers, the Company will have the right to repossess the financed asset / collateral assets, even if there has been no default, as a preventive measure.

All the designated official or persons authorized by the Company for Collection of Dues and repossession of Security will adhere to the following guidelines:

Under normal circumstances the designated official will contact the borrowers at the place of their choice. In case no place has been specified, the representative will contact the borrower at the place of residence. In an event when the borrower is not available at the place of residence, they may be contacted at the place of their business/occupation.

The designated officials/Company staff will identify themselves and show the identify card/ official authority letter issued by the Company upon request from the borrower.

The designated officials will ensure that they do not contact the borrower before 08:00 a.m. and after 07:00 p.m. inappropriate occasions such as bereavement in the family or any such other genuine occasion will be avoided for making calls or visiting the borrower to collect dues.

The Company will ensure that they respect the privacy of the borrowers. In order to ensure complete understanding of all the terms and conditions, all the written and verbal communication with the borrowers shall be in simple business language. The Company will ensure that all its designated officials/Company staff resort to civil manners for interaction with borrowers.

In case the borrower requests the Company not to be disturbed while being at a particular place or at a particular time, the Company will try to honour such requests diligently.

All the copies of communication sent to the borrower will be kept on record as per Board approved Preservation of Records Policy of the Company.

The Company will seek to resolve disputes or differences regarding settlement of dues in a mutually acceptable and orderly manner. The Company will be ready to provide any assistance which the borrower may seek in this regard.

- i. All communications to the customer shall be in writing, by telephone or through personal visits.
- ii. The customer shall be contacted by telephone on the numbers (residence/work place/mobile) provided by him/her in the application form filled in at the time of taking the loan/modified subsequently as intimated to the Company. The Company shall contact people other than the Borrowers only to locate the borrower.
- iii. The Company is committed to ensure that all written and verbal communication with its borrowers are in simple business language and language understandable to the borrower.
- iv. The Company shall follow only ethical practices and will not resort to unduly coercive tactics in the process for recovering NPAs.
- v. Tele callers of call-centers will ensure simple business language, decorum and persuasion while making follow-up calls.

- vi. The Company shall provide loan account statement to its customers on request on payment of such fees as mentioned in the agreement or as per the guidelines of the company in this regard.
- vii. Collections team shall disclose the loan obligations only to the customer, co-borrower or the guarantor.
- viii. If the customer is not present and only minors/elderly / infirm are present at the time of the visit, the Collection Representative shall end the visit with a request that the customer call back. The executive shall not enter the house unless invited. He shall not wait for the customer in the customer's residence unless specifically asked to do so by the customer or family.
- ix. The Company's representatives shall not make false, deceptive, or misleading claims for the purpose of collecting repayments. This includes misrepresenting his/ her identity or falsifying facts about debt status or consequences of non-repayment or claiming any monetary or non-monetary awards post tracing of the customer.
- x. Repossession of security is aimed at recovery of dues and not to deprive the borrower of the security. Repossession, valuation and realization of security shall be done in a fair and transparent manner within the purview of RBI's Guidelines.
- xi. Customer's questions shall be answered in full. Information requested shall be provided and customer shall be given due assistance when needed. Accounts with unresolved issues are to be escalated to management.
- xii. Customer or third party requests for supervisor names or requests to speak with supervisor shall also be honoured.

Giving Notice to Borrowers

The Company will use written communications, telephonic reminders and visits by the Company staff/designated official to the borrower's place of residence and or business place or any other place where he is available as follow up measures for Collection of Dues. However, it will not initiate any legal proceedings or any recovery measures, including but not limited to Repossession of Security, without giving due notice in writing. The Company shall follow all such procedures as mandated by law for Collection of Dues and Repossession of Security. The notice period will be mentioned by the Company along with the maximum time given to the borrower for the settlement of dues, failing which the Company will undertake Repossession of Security. In case, the borrower intentionally avoids contact with the Company or acknowledgement of communication received by the Company, the Company will undertake Repossession of Security immediately.

Repossession of Security

The Company will ensure that Repossession of Security will be aimed at recovery of dues and not depriving the borrower of the property. This process of Repossession of Security will involve repossession, valuation of the concerned security (if required) and finally realization of security through appropriate legal means available to the Company. The Company will ensure that all the above mentioned steps are carried out in a fair and transparent manner. The process will be initiated only after giving a due notice to the borrower as mentioned above. The Company will ensure that the process will follow all the necessary legal steps and guidelines as advised by the relevant regulatory authority. The Company will take all the necessary steps for ensuring the safety and security of the property after taking its custody under normative situations.

Sale of Property

The process of sale of property repossessed by the Company will be carried out in accordance with the law in a fair and transparent manner. The Company will have a right to recover from the borrower any due balance left, if any, after sale of property. The company may adopt legal recourse for the purpose of recovery of such residual balance dues. In case an excess amount is left after recovery of all dues and meeting all the other related expenses from the sale of property, it will be duly returned to the borrower provided the Company do not have any other claim against the borrower. The Company will give a separate notice for the sale of the property. The notice given before repossession of the property shall not be construed as a notice for sale. In case of hypothecated assets (collateral), the Company will send a pre-sale notice, after repossession, giving borrower a reasonable period for payment of dues. In case no payment is paid within the said period, the Company will arrange for the sale of such asset in a manner as deemed fit by the Company.

In case of property backed loans (e.g. Loan against Property or landed property taken as collateral security), under the provisions given under SARFAESI Act, a notice will be issued to the borrower for payment. Section

13(2) of Sarfaesi Act, 2002 requires a Secured Creditor to Issue notice for 60 days to the defaulting borrower stating to clear the due amount or else they will take the steps enumerated under 13(4). The secured creditor has to wait for 60 days before taking any steps under 13(4). The company can take possession of assets, take over management of assets, appoint any person to manage the assets etc. [section 13(4) of SARFAESI Act]. In case a sale is proposed to be made by a public auction or a tender, the Company will publish a notice in two leading newspapers, out of which one will be in a local vernacular newspaper.

Opportunity for the Borrower to take back the repossessed Security

The Company shall recourse to Repossession of Security only for the purpose of recovery of its dues as the last resort and not with the intention of depriving the borrower of the property, therefore the Company will be willing to consider the transfer of possession of the security back to the borrower after repossession within the timelines specified in the pre-sale notice, before completing the sale of the property, provided all the dues are settled completely.

In case the Company is satisfied with the reasons for the borrowers' inability to clear the loan instalments as per the decided schedule, which resulted in the Repossession of Security, the Company may be willing to return the security to the borrower after receiving instalments in arrears. However, this will be at the sole discretion of the Company and would be subject to the Company being convinced with the arrangements the borrower have made for repayment of future instalments in a timely manner. If the borrower defaults again for making timely repayments, the Company may not hand over the possession to the borrower. In case the pending amounts have been paid to the Company as per the repayment agreement made between the Company and the borrower, the Company will ensure that the possession of any seized asset will be returned to the borrower within a reasonable period from the date of permission from a competent authority, such as a court, in which recovery proceedings have been filed by the Company.

Repossession of vehicles financed by the Company

The Company has included the repossession clause in the loan agreement with the borrower that would be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement will include provisions regarding:

1. Notice period before taking possession;
2. Circumstances under which the notice period can be waived;
3. The procedure for taking possession of the security;
4. A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the asset.
5. The procedure for giving repossession to the borrower and
6. The procedure for sale / auction of the property.

Engagement of Recovery Agents

☐ The Company may use the services of recovery agents for Collection of dues and Repossession of Security.

☐ The Company shall follow guidelines pertaining to Outsourcing of recovery agent Services issued by RBI for appointing a recovery agent/agency for Collection of Dues and/or Repossession of Security.

☐ The Company shall ensure that its collection & recovery agents follow and adhere to code of conduct which will govern their dealings with the borrowers.

☐ On-boarding and on-going due diligence shall be mandatorily conducted. No agreements with collection agents shall be renewed without conducting an annual performance review/due diligence of such agents.

☐ The agents on boarded shall not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower

and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.

Collection Do's and Don'ts DO'S	DON'TS
<ul style="list-style-type: none"> * Do dress in formal clothes and carry the company identity card during work hours positively. * Do be punctual and available at Centre Meetings and in the Branch Office. * Visit and analyse the customer situation. * Do talk in a pleasant, polite and nonaggressive manner at all times. * Answers should be factual and to the point. * Collection interactions should be based on fair conduct and persuasion. * Present all the information required by the customer in an appropriate manner. * Do answer borrower's query to the satisfaction of the borrower. * Keep records of interactions with the customer. * Do provide a valid receipt for each loan instalment payment received (partial or full) and record the payment in the borrower's loan passbook/loan card immediately after the transaction and educate customers to keep all the receipts for all future references. * Visit the Customer on Promise to Pay dates given by them on working days only. * Maintain a reasonable distance from the customer. * Do keep borrower information confidential and use it only for permissible purposes defined. * Always talk to female borrowers in presence of family members. * Refrain from action that could damage the integrity and reputation of the Company. 	<ul style="list-style-type: none"> * Do not get personal, tough or aggressive or abusive . * Do not use coercion of any sort to make recovery of payments. * Do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly. * Do not humiliate borrowers in public places by discussing their loan over dues with third parties/neighbours or intrude upon the privacy of the debtors' family members, referees and friends. * Do not threaten that assets will be seized . * Do not pressurize the members & make unrealistic demands * Do not claim that the personal documents collected earlier will form part of collateral . * Do not force the customers to make payments by not giving them an alternative option. * Do not humiliate the customer, lose temper, get angry or irritated irrespective of the situation. *Tone should not be harsh or loud . * Do not give false promises to customers like promising higher loans in case of part payments, providing jobs to family members etc. * Do not seize customer assets or any personal documents e.g. Voter ID, ration card etc. * Do not share customer's information with other member borrowers/customers . * Do not call borrowers at inappropriate times such as bereavements, illness, social occasions such as marriages, births, etc. * Do not send inappropriate messages either on mobile or through social media or make threatening and/ or anonymous calls persistently to Customers. * Do not make calls to the borrowers before 8:00 a.m. and after 7:00 p.m. * Do not visit or call borrowers After Sunset to Before Sunrise positively . * Do not discriminate on the basis of caste and religion. * Do not go for collections in a group of more than 2 staff members at a time . *Do not visit the customers on weekly or public holidays. * Do not misbehave with female borrowers and respect their privacy.

Customers are convinced at the time of finance and accordingly expected to pay all invoices on or before the designated due date as per the terms and conditions of the loan sanction. Proactively, the Collection department should identify the hazards and hurdles in the process and correct defects in the process that would prevent a customer from paying on time.

Best Practice methods will advise displaying process standards, scorecards and other forms of guidance prominently in the workplace, improving Collection productivity and Communication and include KPIs together

with goals and metrics. (DSO, Cash collected, overdues, ageing of receivables, bad debts etc.).

This will lead to following the practice of establishing and conducting routine interactions for reviewing collections performance, managing work and assigning actions, for managing daily operations and driving collection improvement.

When the loan of a customer is past due, the intent of this process is to determine the reason for non-payment and take appropriate steps to collect from customers unable to pay or correct the defect that renders the customer unwilling to pay.

Actions are taken to obtain payment as quickly as possible, in a cost-effective manner, consistent with local laws and business practices. Effective collection practices serve to identify and minimize risk of loss and improve cash flow and serve to identify and minimize risk of loss.

Collections Practices

Customer accounts receivables are aged. The collection call prioritization for collectors will be based on a treatment schedule determined for each customer segment.

It is the responsibility of Operation Department to ensure that the treatment schedules are maintained in accordance with the agreements with.

Operation manager will assess each treatment schedule on an ongoing basis and adjust where required in line with market and economic conditions along with customer behaviour.

Collection priorities are established based upon customer segment, exposure and aging.

Collection responsibility is defined with appropriate performance measurements tied to department and geographic goals.

Effective collection practices include the following:

Customer Segmentation for Collections

In order to ensure the Collections process is efficient and effective, the customers will be broken down in different customer segments. For each customer segment, a separate Reminder/ action strategy will be defined.

Customer segments allow the collectors to focus on high value accounts, whilst the reminder process of lower value accounts is more automated. These accounts will be contacted by collectors when these accounts move to later past due stages.

The customer segments are based on their value along with risk category.

The customer segments should be reviewed on a quarterly basis and adjusted according to the market, economic and customer behaviour.

It is the responsibility of Operation manager to ensure that Collection treatment strategies are kept up to date and, those customers are assigned to the right customer segment

All customer contacts will always have to be conducted in a professional manner in accordance with local customs and practices.

However, the guidelines included in this policy document are not intended to stop the collectors from agreeing specific steps with the customer with regard to the payment of overdue invoices.

Collection strategy

For each customer segment, a specific collection strategy has been developed. It is important that all parts of the organization adhere to the agreed steps and timelines in the strategies to ensure that the way approaches its customers is uniform across the total area of operation. The strategies and timing of the steps are detailed hereunder. The timing of steps can be adjusted to accommodate the requirements and standard practices in different area of operation.

Repayment and Collection of EMI is done through the following modes of payment: - NACH, PDC, ECS and CASH.

After the loan gets disbursed, the responsibility of the customer's first 6 months EMI is of sales executive. Sales executive will make ensure that customer's Emi is clearing on time and Tele caller will make regular follow ups so

that customer pays his/her EMI on time. If the customer fails to pay his/her EMI, then collection team come in to action. Delinquency of a customer is measured as per DPD (Dues Pass Days).

Operations team will provide the delinquency list to the collection team.

Now collection team will sort the list according to the DPDs which involves two bucket list: - Soft bucket list and Hard bucket list (Soft bucket is up to 90 DPD and above 90 DPD the case is considered as hard bucket case). Soft bucket list is provided to tele-callers and the hard bucket list is provided to the collection executive.

Tele caller will make a friendly phone call to make sure that payment is made in one or two days of calling, If customers give PTP (promise to pay) the same will be informed to collection executive to collect the amount in cash from the customer. If customer request to represent his/her EMI in his bank account. The same request will be forwarded to operations team for execution. In case customer do not receive the call or give false PTP to telecaller then the case is also forwarded to hard bucket collection team as customer doesn't have the intention to pay or clear his dues.

Collection executive will visit customer's address to meet customer and convince him to clear his/her dues. If customer is untraceable then collection executive will chase guarantor or co-applicant to clear the dues. If it has been noticed that customer doesn't have the intention to clear his/her dues then the request is forwarded to legal department for legal proceedings.

Post sending legal notices If a customer does not come to clears his/her dues then the case is also forwarded to repo agencies and repo agents to trace the vehicle and if the vehicle is traced, legal action with the help of police is done to repossess the vehicle after following the prescribed guidelines.

Legal process for repossession of vehicle is executed under section 138, section 9 and section 17(1). Suit will be filled against customers depending and or requirement of the case.

Post Repossession of vehicle, if customer doesn't claim to clear his/her dues and release his/her vehicle then section 17(3) is filled and with the permission of court the vehicle is sold to 3rd party to recover the outstanding of customer to avoid the loss to company. In case if a vehicle is sold on a lesser value, then customers outstanding is recovered under section 138 or by way of civil suit as per applicability in the case.

Client Relationship and Grievance Management Policy:

- Best Capital Services Ltd recognizes and give the due importance to the need for protecting the interest of its clients. Establishing an effective and efficient Grievance Resolution Mechanism will contribute in building a long-term relationship with its clients and overall sustained development of the organization. Timely steps for grievance redressal results in higher customer satisfaction which in turn leads to increased outreach of the clients and also helps in retaining the existing ones. It also serves as a Risk Management Tool in providing early warning signals for Operational Risks. Hence the Client Grievance Policy and Procedure document is aimed at minimizing incidences of client complaints and grievances through proper service delivery and review mechanism and to ensure its promptness.
- The Code of Conduct of Best Capital Services Limited (BCSL) lays down guidelines for general ethical behaviors of staff and professionalism. All employees of BCSL should adhere to professional behavior in interaction both within the organization as well as with the clients and external parties.
- The Fair Practice Code of BCSL lays down guidelines for fair practices with respect to Loan Application and its processing, loan appraisal, disbursement, disclosures on interest rate and terms and conditions in loan card/loan agreement and loan recovery.
- Towards this end, BCSL has put in place Client Grievance Policy which is based on the following principles:
 - To provide clients a channel of communication of their grievances / complaints/ feedback/ suggestions.
 - To educate the customers on the grievance redressal mechanism.
 - To ensure that the clients are treated fairly at all times.

- To ensure that clients are protected against fraud, deception or unethical practices.
- To resolve complaints speedily.
- To consistently assess the impact to improve the services.
- Accordingly, the Client Grievance Policy has been formulated with a view to provide mechanism for clients of the BCSL to approach Grievance Officer of the Company.
- The policy is not the route for taking up a grievance about a personal situation.

Coverage of the Policy

Client Grievance can be filed in case of client dissatisfaction/complaint as described below:

- Pilferage of confidential /personal information of the client.
- Staff Related- Field Officer coming late for collections, giving inadequate information about the products, staff using unauthorized agents or demanding personal favors, receipts not provided to clients, mistreatment or misbehavior with clients.
- Breach of Code of Conduct of the company.
- Breach of Fair Practices of the company.
- Insurance related such as delay in insurance, insurance claim refused, etc.
- Incident/possible incident of sexual harassment of client at the workplaces and in operational field.
- Query related - Loan, Insurance, recruitment, BC, MFI related queries.
- Policy should not be used to bring to light personal matters of another person which are no way connected to the organization.

Reporting

Reporting involves provision for timely and accurate information that meets the needs of management team within organization, with respect to the amount, age and content of receivables, while maintaining compliance with local and corporate requirements and also for taking decisions for the relevant fields and actions.

Accounts receivable reporting consists of standard reports from several sources. These include:

- Credit management system
- ERP system
- External sources

In order to ensure consistency and comparability of data, it is important that the same set of reports and calculation methodologies are applied across areas of operation.

Policy Severable:

This policy read with RBI Master Direction constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this policy being held to be a violation of any applicable law, statute or regulation, or the law of land the same shall be severable from the rest of this policy and shall be of no force and effect, and this policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy. Further, the regulatory guidelines as prescribed shall prevail in the event of any amendments or requirements not incorporated in the policy.

Amendment:

Any change in the policy shall be approved by the Board of Directors of the Company. Any amendment in the regulatory guidelines shall prevail and necessary amendment shall be carried out at a subsequent date in the policy. The Board of Directors of the Company shall have the right to withdraw and / or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, subject to applicable laws in force.