

COLLECTION POLICY – STANDARD OPERATING PROCEDURE

BEST CAPITAL SERVICES LIMITED

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This Collection Policy Standard Operating Procedure reviewed and approved in the Board meeting held on 01.04.2025.

1. Objective: The key objectives of this Standard Operating Procedure (SoP) is as follows;

- Minimize delayed payment post due date.
- Ensure that the customer is educated about the product features and continued availability of the product to the customer which is linked to his/her loan performance.
- Liaise with the lending partners and ensure steps taken with the delinquent customers are in sync with Company's agreed policy on support from partners.
- Reduce the impact of provision and losses on different products.
- Control cost of collection by ensuring lower forward flow from initial buckets.
- Ensure compliance with the applicable regulations and Code of conduct.

2. Foreword:

The Collections Code encapsulates minimum requirements that need to be adhered by collection agents and all other employees while contacting a Customer for overdue payments. The requirements are aligned to minimum standards set forth by regulatory authorities.

3. Scope:

This code is applicable to all the Employees/agents/subcontractors a) who are hired or retained to collect dues and over dues from the customer b) who are authorized by the company for contacting Customers c) applicable for all soft collections. The code details the mandatory standards that all employees, individuals /persons are required to adhere as a qualification before engaging a Customer.

4. Summary:

All Customers (including those Customers who are late in making their payments or have defaulted in their payment schedule) must be treated with respect, dignity, courtesy and fairness in debt collection efforts. The company believes that this is not only the right thing to do, but also the most effective thing to pursue as well.

It is imperative that the persons involved in collection related activities should adhere this code, abide by standards mentioned below before commencement of collection activities.

5. The following are the core bedrocks of the collection process:

- Customers to be treated with dignity:** Employees/agents should always have a professional approach while addressing the Customer over the telephone or during visits. No verbal or written threats, mishandling or boorishness is permitted. Employees/agency or its employees use only acceptable business language even if the other party does not.
- Employee or the Agent to be treated with dignity:** In case of an abusive Customer, every employee or of an agent has to bring it to the notice of his line manager or team leader. If the Customer becomes abusive or threatening over a call, the same should be documented appropriately.
- Call Recordings:** All calls being made to the Customer(s) must be recorded as per the requirement of the code of conduct stipulated by Reserve bank of India. Employee or the agency employee should first identify herself/himself and the company/entity that they represent at the very beginning of every interaction with Customers.
- Privacy:** Customer are entitled to privacy, privacy policy to be applied to all conversation with agents of the company.
- Code:** All collection activities should be unswerving with the guidelines provided in the document and in compliance with code for collections of dues stipulated (from time to time) by Reserve Bank of India. All emails, letters, and other communications must be in the format

approved by collections and legal department.

- f. **Timings:** Customers should be called only between **0700 Hrs and 1900 Hrs** unless exceptional circumstances as described in this Code warrant deviation from this timeframe. Under no circumstances, Customer can be called beyond **2100 Hrs**.
- g. **Convenience:** Customers should be called only to the extent reasonable in the context of the debt and the convenience of the Customer(s) to talk, should be enquired at the beginning of each call. Such conversations should be logged on the system for record purposes.
- h. **Alternative:** Customer requests that calls/visits to place of work be stopped are to be honored, if he/she provides a suitable alternate where he/she may be reached during collection working hours. Such Customers should be asked to provide an alternate address/phone number where they may be reached.
- i. **Information:** Customer's questions should be answered in full. They should be provided with information requested, given assistance and attempt to resolve the issues within the permitted parameters if any. Accounts with unresolved issues are to be escalated to line managers or team leaders.
- j. In case the Customer or related party requests to speak to supervisor the same should be honored.
- k. **Updates:** Update by the employee on the collection system should be clear, concise and accurate. All attempts, contacts, conversation and actions for a particular case are to be recorded on the collection system.

6. The need for contacting a customer

A Customer is to be contacted for debt collection only under the following circumstances:

- When not contacting the Customer it may lead to the imposition of an additional cost on Customer or may impact Customers credit history/rating; and/or.
- When the Customer has not paid on payment date (including grace days) and this is likely to impact the Customer's credit history and/or is likely to cause a financial loss to company.

7. When to get in touch with a Customer

Calls must normally be limited from **0700 Hrs to 1900 Hrs**.

A Customer may be contacted at a time when the call is not expected to cause inconvenience to him/her. In addition, if a mobile number is called and the Customer is driving, then the call may be discontinued, in the interest of safety.

Calls either earlier or later than normal hours, while effective in contacting the Customer, are also likely to be inconvenient to the Customer and could be viewed as harassment. Hence such calls may be placed only under the following conditions:

- At the behest of the Customer to call at an agreed time.
- To visit at his place of business or residence at a given point of time as agreed upon.
- Agent should individually visit the Customer by himself/herself only and not in a group, however, the agent can be accompanied by the agent's supervisor/ manager for any assistance in handling the Customer account; and/or

8. Language or mode of communication and how to address a Customer

The agents need to try and use the language with which the Customer is comfortable. In case of a language barrier, the employee or the agent may take the assistance of an intermediary (i.e. immediate supervisor) to explain in detail. To have a professional approach while addressing the Customer, to be

treated with respect and dignity and not use impolite/harsh/threatening words during a collection call or discussions or deliberations.

9. Frequency of calls

The purpose of a collection call is to bring to the Customer's notice the obligation to pay and to seek a commitment to pay on a specified date. Once a promise is elicited, a call/visit may be made to serve as a reminder and for confirmation of payment.

In the event a commitment is not forthcoming or has been broken, calls/visits may be made at reasonable frequency, based on amount owed, product, ageing of debt and account history, so is the case with field visits. Excessive number of calls or visits closely bunched together in the same day may be construed as a harassment.

10. Borrowers/Customer's Privacy

The borrower/Customer's debt/obligation may normally be discussed only with the borrower and co-borrower or the guarantor/surety to the loan agreement, and the employer in cases of corporate facilitated loans. Not to be discussed with the third party unless and until explicitly authorized by the Customers.

As informed to borrowers/Customers in the terms and conditions of the credit facility, Customer debt details can be discussed with Regulatory/Law enforcement agencies, as well as third party service providers who are contracted with, to provide debt collection and support services.

Employee of the company, may communicate with a third party about the Customer's debt to the extent doing so is necessary to enforce a decree.

Leaving messages and contacting persons other than the borrower at the telephone numbers/addresses provided by the Customer or made available to company, during the time when attempts are being made to contact the Customer.

Calls must first be placed to the Customer and in the event the borrower is not available, a message may be left for the Customer to an adult family member. The aim of the message should be to elicit a return call from the Customer only and not to divulge the details of the credit facility availed by the Customer.

Post leaving a message and when there is no reciprocity from the borrower, then it is permissible in follow-up calls to include:

- In generic terms to state that the call is pertaining to the NBFC's related loan.
- In generic terms to state that his/her/company's account has become overdue.
- To mention about the overdue amount that needs to be paid immediately to regularize the account.
- Under any circumstances no third party can be asked to make payment on behalf of the Customer and Collections can disclose the loan obligations to co-borrower or the co-guarantor.

11. Leaving messages and contacting the third party

When the Customer cannot be contacted at the assigned numbers/ address message with a call back request may be left with the third party.

There could be a situation, wherein the Customer has alienated the [vehicle/asset] or pledged to a third party and not making repayments in spite of loan being recalled, collection team can disclose to such third party about the overdue obligations on the part of borrower to resolve the impending issue.

If third party who is in the custody of the [vehicle/asset] wishes to resolve the issue by closing the loan, then the payments can be received from the third party with prior consent being obtained from the borrower.

Employee/agents can always seek the help of the third party in case the borrower cannot be contacted on the given phone numbers and addresses. While seeking such help, the employee or the agent need to identify himself or may not identify depending on the situation.

In case of any financial guarantee by the third party, in such cases the third party may be summoned to discuss the obligation.

12. No misleading of statements or Misrepresentation facts

- No misleading of statements or misrepresentation of facts are permitted on the part of the employee or the agent.
- Not to use legal jargon or threatening the borrower with legal consequences.

13. Gifts or Bribes

Employee or the agents shall not accept any form of inducements/gifts of any kind from the Customer, in case of any, the employee or the agent should bring it his/her immediate supervisor.

14. If the Customer declines to pay

If the Customer declines to pay, consequences of such decision may be explained to him/her,

- Impact on Credit History.
- Possible inclusion in repository of negative data base.
- Possible Legal actions and its ramifications.
- Costs and consequences thereof in case of a legal action and/or
- Further denial to pay in such cases the case may be referred to line managers.

15. In case of a dispute with respect to borrowers account

For dispute resolution the case may be referred to line manager in case of an employee and in case of agent it shall be referred to agency supervisor.

16. Appearances and Dress Code

Well-groomed appearance by employee or the agent is desired.

17. Letter and other communications

Communications to the Customer either through letters or mails to be handled by the employee of the company. Mail dunning/telegrams/Phonograms/ shall be in a format approved by collections, compliance and the legal unit of the company.

All such mails shall be in envelopes that do not bear any marking on the outside to indicate their content. Post cards/other open media is strictly out of bonds.

18. Recruitment, Training and Supervision

- To ensure quality of employees and agents, the required due diligence is excised while recruiting the employee, preferably minimum 12th Standard pass.
- Company's employees/collection managers to impart training to the new employees/agents along with hand outs with respect to do's and don'ts while carrying out collection activity and the same to documented from an audit perspective.
- Collection managers to review/supervise the collection agency at regular intervals with respect to process and policies adherence, compliance issues, from audit perspective and the same to be adequately documented.

Compensation/ Remuneration: The Company ensures that its employees are adequately compensated for the services rendered and the same needs to be documented and to be open for inspections.

Penalties: Any act of misconduct, misrepresentation of facts, misappropriation of company funds or assets, any malafide act on the part of any employee which would result in monetary loss, collateral damage or reputational risk, service level agreement (SLA) or such similar agreement to be invoked for levying penalties or strict disciplinary action on the concerned employees including termination of services.

19. Important points:

Key Factors	Do's	Don'ts
Appearance and Dress Code	• Well Groomed • Clean & Tidy • Formals	No Chappals or Sandals
Speech	• Introduce Yourself with identity card • To address formally • Tone to be polite • Decency and decorum to be maintained	• Do not get aggressive or abusive • Do not shout or scream • Not to get personal
Belongings	• Identity Card • Letter of Authority	
Ethics	• Being fair and ethical while dealing with Customers • Collections interaction should be based on courtesy, fair treatment and persuasion	• No false promises verbally or in writing • No personal dealing with the borrower/Customer
Information and Confidentiality	• Present only the Customer information required in an orderly fashion. • Company to maintain the records of the interaction	• Unauthorized info written/verbal cannot be revealed to any Customer/competitor/or any other person • No info one Customer to be shared with other Customers
Process Product	Collectors to perform within the prescribed frame work, to work in accordance with laid	

Key Factors	Do's	Don'ts
Discipline	down policy and procedures and manuals.	
Privacy Promise	Soft copy files and hard copy Customer confidential info to be maintained without any compromise on privacy promise.	
Timing	Earliest -0700hrs & Latest 1900hrs	
Repossession	To be carried out strictly as per the company's norms.	No repossession beyond 1900hrs

20. Regulatory Compliance:

The collection SoP of the company shall strictly adhere to and comply with the regulatory guidelines issued by Reserve Bank of India from time to time. The policy shall be updated as and when any new instructions or guideline is issued by Reserve Bank of India.