

THAR COMMERCIAL FINANCE PRIVATE LIMITED

COLLECTION POLICY

Document Details	Information
Policy Title	Collection Policy
Applicable Entity	Thar Commercial Finance Pvt. Ltd. (TCFPL)
Registration	Registered NBFC — Non-Banking Financial Company
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Prepared By	CFO & Collection Head
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1. Preamble and Applicability

Thar Commercial Finance Pvt. Ltd. (hereinafter referred to as 'TCFPL' or 'the Company') is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI). The Company offers a diversified portfolio of financial products including Insurance Claims Finance, Patient Finance, Health Insurance Premium Finance, Business Loans, Personal Loans, and Real Estate Construction Finance.

This Collection Policy ('Policy') has been formulated in strict compliance with the RBI Master Direction – Non-Banking Financial Company Directions, 2016 (as amended), RBI Fair Practices Code for NBFCs, RBI Guidelines on Digital Lending (2022), and other applicable circulars and statutory provisions governing recovery and collection practices of NBFCs in India.

The Policy governs all collection, recovery, and delinquency management activities across TCFPL's loan portfolio, including:

- Health Insurance Premium Financing (Personal Loan for Insurance Premium)
- Hospital Finance (Short-Term Bridge Finance for Hospitalization)
- Personal Loan
- Business Loan
- Real Estate Project Loan
- Working Capital Loan
- Solar Loan

1.1 Objectives

- To establish a standardised, ethical, and legally compliant framework for loan recovery and collections.
- To ensure all collection activities are conducted in a fair, transparent, and non-coercive manner in line with RBI's Fair Practices Code.
- To protect borrower rights while ensuring effective portfolio quality management.
- To define DPD-based escalation frameworks, settlement norms, write-off procedures, and legal recovery mechanisms.
- To align TCFPL's practices with RBI's supervisory expectations on responsible lending and recovery.

1.2 Applicability

This Policy applies to:

- All employees of TCFPL engaged in collections, credit monitoring, and recovery functions.
- All outsourced collection agents, recovery agencies, and third-party service providers.
- All legal counsel and enforcement agencies engaged for loan recovery.
- All digital and technology platforms used for automated collections and dunning.

2. Regulatory Framework

TCFPL's collection operations are governed by the following key regulatory instruments:

Regulatory Instrument	Relevance to Collections
RBI Master Direction for NBFCs, 2016 (as amended)	IRAC norms, NPA classification, provisioning, Fair Practices Code
RBI Fair Practices Code for NBFCs	Non-coercive recovery, borrower communication standards, grievance redressal

RBI Digital Lending Guidelines, 2022	Digital dunning, auto-debit consent (e-NACH), direct recovery mandates
SARFAESI Act, 2002	Security enforcement and asset repossession (if applicable)
IBC (Insolvency and Bankruptcy Code), 2016	Insolvency proceedings for corporate defaulters
PMLA, 2002	AML obligations during settlement and recovery

3. Key Definitions

Term	Definition
DPD	Days Past Due – number of days a scheduled repayment remains outstanding
NPA	Non-Performing Asset – asset classified as per RBI IRAC norms (90+ DPD for standard NBFC classification)
SMA	Special Mention Account – SMA-0 (1–30 DPD), SMA-1 (31–60 DPD), SMA-2 (61–90 DPD)
OTS	One-Time Settlement – a negotiated full and final settlement below outstanding dues
Write-Off	Removal of a fully provisioned NPA from the books (does not waive borrower's legal liability)
e-NACH	Electronic National Automated Clearing House – auto-debit mandate for EMI collection
IRAC	Income Recognition and Asset Classification – RBI norms governing NPA recognition and provisioning
GRO	Grievance Redressal Officer – designated officer for handling borrower complaints

4. Core Collection Principles (RBI Fair Practices Code)

TCFPL's collection operations shall be guided by the following principles mandated under RBI's Fair Practices Code for NBFCs:

4.1 Ethical and Non-Coercive Recovery

- All collection personnel shall behave courteously and professionally with borrowers at all times.
- No use of force, threats, intimidation, harassment, or abusive language in any collection communication.
- Collection calls shall only be made between 8:00 AM and 7:00 PM on working days. Contact outside these hours is strictly prohibited.
- Visits to borrower residences or workplaces shall be pre-announced and conducted during reasonable hours.
- Borrower's family members, neighbours, or employers shall not be pressured or humiliated during recovery.

4.2 Transparency and Disclosure

- The collection representative must identify himself/herself by name and the organisation they represent at the start of every interaction.
- All outstanding dues, breakup of charges, penal interest, and total amount payable must be clearly communicated.
- Borrowers must be informed of the consequences of continued default, including legal action and credit bureau reporting.
- No unauthorised or undisclosed charges shall be collected from the borrower at any stage of recovery.

4.3 Borrower Rights

- Every borrower has the right to receive a written acknowledgement of any payment made during recovery.
- Borrowers shall be provided a clear statement of account upon request.
- Borrowers shall not be discriminated against based on caste, religion, gender, or geography in any recovery action.
- Borrowers in genuine financial distress shall be given a reasonable opportunity to present their case before enforcement action.

5. Delinquency Management and DPD-Based Collection Framework

TCFPL shall follow a structured, DPD-bucket-based escalation and collection strategy as outlined below:

5.1 SMA Classification (RBI Norms)

Category	DPD Range	Collection Action
Current / Standard	0 DPD	Preventive outreach; pre-due reminders via SMS, WhatsApp, IVR
SMA-0	1 – 30 DPD	Automated digital dunning; tele-calling by collections team; e-NACH re-presentation
SMA-1	31 – 60 DPD	Field collections; enhanced tele-calling; senior collections officer involvement; contact with co-applicant/guarantor
SMA-2	61 – 90 DPD	Legal notice; OTS discussion initiation; SARFAESI action (if secured); collections manager escalation
NPA (Sub-Standard)	91 – 180 DPD	Recovery agent deployment; legal proceedings initiation; credit bureau reporting; insurance claim utilisation (where applicable)
NPA (Doubtful)	181 – 360 DPD	Aggressive legal recovery; civil suit / arbitration; asset enforcement where secured
NPA (Loss)	360+ DPD	OTS/write-off assessment; continued legal pursuit

5.2 Pre-Due Reminder Protocol

TCFPL shall implement a proactive pre-due communication framework to minimise delinquencies:

- T-7 days: SMS and email reminder with EMI amount and due date.
- T-3 days: WhatsApp / IVR automated reminder.
- T-1 day: Final SMS / push notification reminder.
- Due Date: e-NACH auto-debit presentation on the scheduled date.

- T+1 day: Bounce notification and first collection call if e-NACH fails.

5.3 e-NACH and Auto-Debit Policy

- All borrowers shall mandatorily execute an e-NACH / NACH auto-debit mandate at loan disbursement.
- e-NACH presentation shall be made on the due date or the next working day.
- In case of bounce, a maximum of three (3) re-presentations may be made within the same billing cycle.
- Cheque bounce charges and NACH return charges shall be as disclosed in the KFS and Loan Agreement.
- UPI AutoPay may be used as an alternative to NACH for eligible borrowers.

6. Borrower Communication Standards

6.1 Permitted Communication Channels

Channel	Permitted Use	Restrictions
Phone / Tele-calling	Reminders, collections, negotiation	Only 8AM–7PM; no repeated harassing calls
SMS / WhatsApp	Automated dunning, payment links	No threatening or abusive content; TRAI DLT registered
Email	Notices, statements, formal communication	Must use TCFPL's official domain only
Field Visits	SMA-1 and above; document collection	Pre-announced; no intimidation; ID mandatory
Legal Notices	SMA-2 and above; demand notices	Via registered post / advocate only; proper documentation

6.2 Prohibited Communication Practices

- Calling borrowers before 8:00 AM or after 7:00 PM on any day.
- Using anonymous, untraceable, or unofficial phone numbers or messaging accounts.
- Sending threatening, abusive, or defamatory messages in any form.
- Contacting borrowers at their workplace in a manner that causes embarrassment or professional harm.
- Misrepresenting TCFPL's authority, the amount due, or legal consequences.
- Publicising or disclosing a borrower's default to third parties not involved in the recovery process.
- Contacting individuals registered under the TRAI DND / NDNC registry without consent.

7. Field Collection and Recovery Agent Guidelines

7.1 Engagement of Recovery Agents

TCFPL may engage authorised external recovery agents for field collections, subject to the following:

- All recovery agents must be engaged through a formal written agreement with TCFPL.
- Recovery agents must be trained and certified on RBI's Fair Practices Code and TCFPL's Collection Policy prior to deployment.

- Recovery agents must carry an official authorisation letter / identity card issued by TCFPL at all times during field visits.
- Recovery agents must not sub-contract or delegate recovery activities without prior written approval from TCFPL.

7.2 Code of Conduct for Recovery Agents

- Must introduce themselves with full name, designation, and name of TCFPL before initiating any recovery discussion.
- Must carry and present valid photo identity proof issued by TCFPL on demand.
- Must maintain a written record (visit report) of every field visit including date, time, borrower's response, and amount collected.
- Must issue an official receipt for any cash or cheque collected from the borrower.
- Must never accept payments in cash exceeding amounts permitted under applicable law.
- Must not intimidate, harass, or threaten the borrower or any family member.
- Must not enter borrower's premises without permission.

7.3 Monitoring and Oversight of Recovery Agents

- TCFPL shall maintain a register of all engaged recovery agents and submit the same to RBI as required.
- Recovery agent performance (recovery rate, complaint rate, compliance violations) shall be reviewed monthly.
- Any recovery agent found guilty of misconduct shall be immediately terminated and reported to authorities.
- TCFPL retains ultimate accountability for all acts or omissions of its recovery agents.

8. NPA Classification, Provisioning, and Income Recognition

8.1 NPA Classification (IRAC Norms)

TCFPL shall classify Non-Performing Assets in accordance with RBI's Income Recognition and Asset Classification (IRAC) norms:

Asset Category	DPD / Criterion	Provisioning Requirement
Standard	Current / 0–90 DPD	0.25% of outstanding (general provision)
Sub-Standard NPA	90 DPD – up to 12 months NPA	10% of outstanding
Doubtful NPA	12–36 months NPA	25%–100% depending on age; 100% for unsecured
Loss NPA	36+ months NPA / identified as loss	100% provisioning mandatory

8.2 Income Recognition Policy

- Income on NPA accounts shall not be recognised on an accrual basis; income shall be recognised only on actual cash receipt.
- Interest accrued but not received on NPA accounts shall be reversed from P&L and held in a suspense account.
- Upon upgrade from NPA to Standard, income recognition on accrual basis shall resume only after the account demonstrates satisfactory repayment for a period of at least one quarter.

8.3 Credit Bureau Reporting

- All borrower accounts shall be reported to credit bureaus (CIBIL, Experian, Equifax, CRIF) on a fortnightly basis.
- NPA accounts shall be flagged as 'Doubtful' or 'Loss' on bureau records as applicable.
- Upon full repayment or settlement, bureau records shall be updated within 30 calendar days.
- Incorrect or erroneous bureau reporting must be rectified within the timelines specified by the bureau.

9. One-Time Settlement (OTS) and Write-Off Policy

9.1 Eligibility for OTS

One-Time Settlement may be considered for borrower accounts meeting the following criteria:

- Account classified as NPA (Sub-Standard, Doubtful, or Loss) for a minimum period.
- Borrower has demonstrated inability to repay in full due to genuine financial hardship (unemployment, medical emergency, business failure, etc.).
- Partial recovery through settlement is determined to be more economically viable than continued litigation.
- No active fraud or wilful default finding on the account.

9.2 OTS Approval Authority

Settlement Amount (Outstanding)	Waiver Threshold	Approval Authority
Up to Rs. 1 Lakh	Up to 30% waiver	Collections Head
Rs. 1 Lakh – Rs. 10 Lakh	Up to 40% waiver	MD / CEO
Above Rs. 10 Lakh	As determined by Committee	Board / Risk Committee

9.3 OTS Process

- Borrower submits a written request for OTS with supporting documentation of financial hardship.
- Collections team evaluates the account history, collateral value, legal cost of recovery, and recovery probability.
- Settlement terms (amount, timeline, mode) are documented in a formal OTS Agreement.
- No oral settlements shall be recognised; all settlements must be in writing and signed by authorised signatories.
- Bureau records must reflect settlement within 30 days of receipt of the full settlement amount.

9.4 Write-Off Policy

- A loan account may be recommended for write-off only when it has been classified as a Loss NPA (100% provisioned) and all recovery efforts have been exhausted.
- Write-off is a balance-sheet treatment and does NOT discharge the borrower's legal liability.
- Post write-off, TCFPL shall continue legal and recovery efforts and recognise any cash recovery directly in the P&L.
- Write-off proposals must be approved by the Board of Directors and placed before the Audit Committee.
- A register of written-off accounts shall be maintained and submitted to RBI as required.

10. Legal Recovery Mechanisms

10.1 Legal Action Framework

Mechanism	Applicability	Trigger Condition
Demand / Legal Notice	All products	60+ DPD; issued via advocate / registered post
Civil Recovery Suit	All unsecured loans	90+ DPD; board-approved threshold; recovery of outstanding principal + interest
Arbitration	As per loan agreement	Loan agreement provides for arbitration; expedited recovery route
SARFAESI	Secured loans only	If applicable; asset enforcement after statutory process
IBC / Insolvency	Corporate borrowers	On meeting threshold criteria under IBC 2016
FIR / Criminal Complaint	Fraud / wilful default	Post fraud investigation; cheque dishonour under NI Act

10.2 Legal Cost Authorization

- Legal actions above a Board-defined cost threshold require prior approval from the Legal Head and Collections Head.
- All legal costs incurred shall be documented and charged to the borrower's account as permissible under the loan agreement and applicable law.
- A quarterly legal recovery dashboard shall be presented to the Board / Audit Committee.

11. Grievance Redressal in Collections

In compliance with RBI's Fair Practices Code and Digital Lending Guidelines, TCFPL maintains a robust grievance mechanism for collection-related complaints:

- A dedicated Grievance Redressal Officer (GRO) shall be designated with contact details displayed on all loan documents.
- All collection-related complaints shall be acknowledged within 2 working days and resolved within 30 calendar days.
- Recovery agents and collection staff are prohibited from directly handling borrower complaints; all complaints must be routed to TCFPL's GRO.
- Unresolved complaints may be escalated to the RBI Ombudsman under the Integrated Ombudsman Scheme (2021).
- TCFPL shall maintain records of all collection complaints, their nature, resolution timeline, and outcome for a minimum period of 5 years.

12. Monitoring, Oversight, and Reporting

Collection MIS and Monitoring

Metric	Monitoring Frequency	Reported To
DPD bucket-wise portfolio analysis	Weekly	Collections Head
NPA ratio and provisioning adequacy	Quarterly	Board / Risk Committee
Recovery rate by channel and product	Monthly	Collections Head
e-NACH bounce rate and re-presentation success	Monthly	Collections Head, CFO
OTS approvals and write-off register	Quarterly	Board / Audit Committee
Collection complaint rates and resolution TAT	Monthly	GRO, CFO, Board
Recovery agent performance and misconduct	Monthly	Collections Head
Legal recovery dashboard	Quarterly	Board / Audit Committee
Credit bureau reporting accuracy	Monthly	Compliance / Risk

13. Data Privacy in Collections

- All borrower data used for collections purposes shall be governed by TCFPL's Data Privacy Policy aligned to the DPDP Act, 2023.
- Collection-related communication (SMS, email, calls) shall only use data provided by the borrower and consented for this purpose.
- Recovery agencies shall not retain, copy, or use borrower personal data beyond the scope of their engagement.
- Call recordings of collection interactions shall be retained for a minimum period of 3 years and may be used for grievance resolution, audit, and regulatory purposes.
- Any data breach involving borrower collection data shall be reported to the relevant authority and affected borrowers as per applicable law.

14. Policy Governance, Review, and Amendments

14.1 Ownership

Function	Responsibility
Board of Directors	Approval of Collection Policy and material amendments; OTS above threshold
Risk & Compliance Committee	Periodic review, oversight, and monitoring of Policy compliance
Chief Compliance Officer (CCO)	Day-to-day implementation and regulatory adherence
Collections Head	Operational oversight of all collection activities, agent management
Legal Head	Legal recovery proceedings and SARFAESI / court actions
Internal Audit	Independent audit of collection activities and policy adherence

14.2 Review Cycle

- This Policy shall be reviewed at least once every financial year or earlier in case of material changes in RBI guidelines, TCFPL's product portfolio, or significant compliance failures.
- Any material amendments shall require Board approval prior to implementation.

17.3 Version Control

Version	Date	Amendment Summary	Approved By
V1.0	April 01, 2026	Initial Policy formulation and adoption	Board of Directors

Declaration

This Collection Policy has been reviewed and approved by the Board of Directors of Thar Commercial Finance Private Limited. All employees, recovery agents, outsourced service providers, and channel partners are required to adhere strictly to the provisions of this Policy. Non-compliance may result in disciplinary action, immediate termination of engagement, and/or reporting to appropriate regulatory authorities including the Reserve Bank of India.