POLICY ON COLLECTIONS AND RECOVERY OF LOANS

Version V 1.0

VERSION CONTROL

Version No	Owner	Date on which the Policy was created/updated	Effective Date	Version Description
V 1.0	Amandeep Singh Sandhu – Chief Operating Officer (Vehicle Finance)	July 29, 2026	July 29, 2026	The Collection Policy and Repossession Policy have been consolidated. The Policy was formulated by ICFL in compliance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Amendment Directions, 2026.

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POLICY ON COLLECTIONS AND RECOVERY OF LOANS

I. Introduction

1.1. This Policy on Collection and Recovery of Loan, including taking possession of security ("**Policy**"), sets out the framework governing the collection and recovery of loan dues by IndoStar Capital Finance Limited ("**Company**" or "**ICFL**"), whether undertaken through its employees or recovery agencies engaged by the Company. This Policy is issued in compliance with Chapter III of the Reserve Bank of India (Non-Banking Financial Companies — Responsible Business Conduct) Directions, 2025, as amended by the Reserve Bank of India (Non-Banking Financial Companies — Responsible Business Conduct) Amendment Directions, 2026, and as may be further amended, modified and supplemented from time to time ("**Directions**"), and shall be read together with the (i) ICFL's Code of Conduct for DSAs, DMAs and Recovery Agents ("**Code of Conduct**") which shall form an part and parcel of this Policy and (ii) ICFL's Standard Operating Procedure for Repossession of Security ("**SOP**") governing the procedure for taking possession of security, where applicable and other applicable internal policies of ICFL, as more particularly set out under **Annexure A** to this Policy.

II. Applicability

This Policy applies to the collection and recovery of loan dues by ICFL from borrowers in default, including taking possession of security, whether undertaken by ICFL Employees or Recovery Agents. The provision of this Policy is without prejudice to any statutory rights available to ICFL, and / or obligations, relating to enforcement of security under any statute, as well as provisions relating to specific recovery actions such as one-time settlement contained in other applicable laws/ relevant directions.

III. Definitions

3.1. "**ICFL Employees**" means the employees of ICFL who are deployed for recovery of loan dues, including taking possession of security.

3.2. "**Recovery Agents**" means an entity or individual (other than ICFL Employees) who has been engaged by ICFL, irrespective of the contractual designation / nomenclature used for such engagement, under an outsourcing arrangement to assist in recovery of loan dues from a borrower in default, including taking possession of a security, and shall include the representatives, agents and personnel of Recovery Agents who is involved in recovery related activities, on behalf of ICFL, at the point of customer interface.

IV. Governance

This Policy shall be approved by the Board of Directors of the Company ("**Board**") and shall be reviewed periodically, or as and when required, to ensure continued alignment with the Directions and applicable laws. Any amendments to this Policy shall be subject to the approval of the Board. The Collections Head of ICFL shall oversee the implementation of this Policy.

V. Trigger Events for Initiation of Recovery Process

5.1. The Company may initiate the collection and recovery process upon occurrence of any of the following trigger events:

(a) Threat of losing the asset:

(i) the borrower is a market defaulter; or
(ii) the vehicle is with a third party; or

(iii) the borrower has absconded or hiding; or
(iv) the borrower is dodging the payments; or
(v) there is a probability of the vehicle going missing, getting dismantled or being used for illegal transportation; or
(vi) when the borrower has the ability to make the repayment but delays the repayment or defaults in repayment.

(b) Depreciation of assets:

(i) customer's vehicle lies idle or abandoned.
(ii) customer's vehicle is in an accident condition and the borrower does not intend to repair the vehicle.

In all such scenarios, the vehicle may be repossessed provided that the necessary legal and compliance steps are executed in terms of this Policy and the SOP.

(c) Qualification for all loans:

(i) the borrower has overdue amounts.
(ii) occurrence of any payment default or any other event of default (howsoever defined) under the loan agreements/ financing documents executed for the benefit of ICFL.

(d) Borrower's demise:

Where loan dues remain outstanding post the demise of the borrower or any other material event threatening ICFL's security interest, as approved by the Collection Head of ICFL.

5.2. In addition, a vehicle financed by ICFL may be sold without physical repossession of such vehicle by ICFL upon occurrence of any of the following events:

(a) threat of losing the asset financed or depreciation of asset.
(b) the borrower's vehicle lies idle or abandoned or the vehicle is in an accident condition and the borrower does not undertake repair to such vehicle.
(c) the vehicle is impounded by the regional transport office ("**RTO**") or any governmental authority.
(d) the borrower has pledged the vehicle with a local unorganized money lender.
(e) any other impediment as identified by the Branch team on a case-to-case basis and the same is approved by the Central Collections Team.

5.3. Where a grievance relating to the loan dues or the collection/recovery thereof has been lodged by a borrower, ICFL shall not assign or forward the concerned recovery case to any ICFL Employee or Recovery Agent until such grievance has been finally resolved in accordance with ICFL's Customer Grievance Redressal Policy.

VI. Graded Actions for collection and recovery of loans

6.1. ICFL has adopted a graded approach for initiation of collection and recovery actions based on the ageing of overdue loan accounts/ Days Past Due (DPD) status.

(a) Accounts where repossession and enforcement action may be undertaken under applicable law and/or contractual rights:

Sr. No.	Eligibility	Condition	Recovery Actions
1.	Bucket 1-30 DPD	Minimum 1 EMI overdue	Issuance of reminder letter
2.	Bucket 30-60 DPD	Minimum 2 EMI overdue	Issuance of demand/ vehicle production notice
3.	Bucket 60+ DPD	Minimum 2 EMIs overdue	Issuance of Loan Recall Notice (LRN)
4.	Bucket 90+ DPD	More than 2 EMIs overdue	Initiation of repossession by exercise of ICFL's contractual rights under the loan documents or through court orders

(b) Accounts with total outstanding (TOS) below INR 20 lakh where Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 is not applicable:

Sr. No.	Eligibility	Condition	Recovery Actions
1.	Bucket 1-30 DPD	Minimum 1 EMI overdue	Issuance of reminder letter
2.	Bucket 30-60 DPD	Minimum 2 EMI overdue	Issuance of demand/ vehicle production notice
3.	Bucket 60+ DPD	Minimum 2 EMIs overdue	Issuance of Loan Recall Notice (LRN)
4.	Bucket 90+ DPD	More than 2 EMIs overdue	Enforcement through exercise of ICFL's contractual rights under the loan documents or through appropriate court/legal proceedings

6.2. The graded actions set out above are subject to modification in accordance with prevailing legal processes, regulatory requirements and decisions of ICFL from time to time.

VII. Recovery of Loan Dues in case of Borrower's Demise

In the event of the demise of a borrower, ICFL shall adhere to the following procedure with due sensitivity to the borrower's family:

(a) ICFL shall observe a grace period of at least 15 (fifteen) days from receiving information of the borrower's demise before initiating recovery communications with legal heirs, co-borrowers, or guarantors, except where there is an immediate threat to the secured asset.

(b) Repossession shall be pursued against co-borrowers and guarantors. In their absence, ICFL may pursue the legal heirs to the extent of the deceased's estate.

(c) All communications to legal heirs, co-borrowers, guarantors or legal heirs shall be conducted with due sensitivity and in accordance with this Policy, the SOP and the Code of Conduct. No recovery agent shall contact the family of the deceased during the moratorium period without specific written authorisation from the Collection Head.

(d) If dues remain unrecovered, ICFL may initiate repossession of the secured asset in terms of this Policy, SOP and the Code of Conduct, with prior written intimation to the co-borrower, guarantor, or legal heirs.

VIII. Recovery Agents

8.1. Engagement of Recovery Agents

ICFL may engage Recovery Agents for the collection of loan dues and recovery/ repossession of secured assets. Such engagement shall be subject to a comprehensive due diligence process as prescribed under the Reserve Bank of India (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025, as amended from time to time and the Outsourcing Policy of ICFL. The Recovery Agents engaged by ICFL shall be subject to the compliance of Code of Conduct.

8.2. Eligibility

(a) Only recovery agencies whose agents have obtained the certificate from Indian Institute of Banking and Finance (IIBF) after completing the training programme for Debt Recovery Agents offered by IIBF or any other institute having a tie-up arrangement with IIBF will be eligible.

(b) The Recovery Agents who do not hold the aforesaid certificate, shall obtain the certificate from IIBF, within period of one year from date of issuance of the Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Amendment Directions, 2026 or such other timelines prescribed under applicable laws.

(c) None of the red flags (if any) identified against the Recovery Agent in the due diligence report of the Risk Containment Unit (RCU) are substantial/ material/ unresolved at the time of onboarding.

8.3. Performance Evaluation Standards

ICFL shall conduct thorough verification of the antecedents of its Recovery Agents, both at the pre-engagement stage and subsequently, on an ongoing basis at quarterly intervals. Further, ICFL will continuously monitor compliance by the Recovery Agents of the statutory/ regulatory requirements and the terms of the engagement agreement entered between the Recovery Agent and ICFL.

8.4. Inspection and Audit

ICFL shall conduct periodic inspections of recovery agencies engaged by it half-yearly, to enable it to verify: (a) records and documentation as required under this Policy and applicable RBI directions; (b) background verification and IIBF certification of the Recovery Agents; (c) adherence to Code of Conduct while undertaking the repossession activities; and (d) proper maintenance and security of borrower information and repossessed assets.

8.5. Intimation

(a) Whenever any loan account is assigned or forwarded to a Recovery Agent for collection and recovery of defaulted loan dues, ICFL shall intimate the customer/ borrower about the details of the Recovery Agent through written communication. Such communication shall be made to the customer/ borrower by way of SMS and/ or email sent to the registered mobile number and/ or email at least 1 (one) day prior to the first visit by the Recovery Agent. In case the registered mobile number and/ or email is not available with ICFL, such intimation can be sent by way of a letter sent to the customer's/ borrower's current address at least 3 (three) days prior to the first visit by the Recovery Agent, to ensure proper authorization and prior intimation to the customer/ borrower.

(b) In case of change of the Recovery Agent during an ongoing recovery process, ICFL shall immediately notify the customer/ borrower of such change.

(c) In the event of termination of the agreement with a Recovery Agent for any reason, ICFL is required to immediately notify the same to the borrowers / guarantors, to whom such Recovery Agent was assigned, to ensure that they do not continue to deal with its Recovery Agents

IX. Control Mechanism and Penal Actions

10.1. Disclosure of any Borrower's information by ICFL to Recovery Agents and ICFL Employees shall be limited to the extent required to enable them to discharge their loan recovery related duties.

10.2. ICFL shall ensure that its agreement with Recovery Agents contains adequate control mechanisms and necessary provisions (a) to ensure compliance with all applicable statutory and regulatory requirements; (b) to provide for appropriate remedial and penal actions in the event of non-compliance by the Recovery Agency; and (c) in relation to safeguards and their implementation to prevent any misuse, unauthorised access, disclosure or use of customer information by the Recovery Agency and ICFL Employees.

10.3. The requirements listed above are without prejudice to the requirements set out in the Outsourcing Policy of ICFL.

X. Compensation for loss arising from recovery related actions

ICFL shall ensure that borrowers /guarantors are treated fairly and with dignity during the collection and recovery/ repossession process. In the event any loss, damage, harassment, or inconvenience is caused to a borrower/ guarantor on account of any collection and recovery/ repossession related action undertaken by ICFL or ICFL Employee or its Recovery Agents in a manner inconsistent with applicable law, regulatory directions, or this Policy, ICFL shall examine such complaints and, where warranted, provide appropriate compensation and/or remedial measures in accordance with its internal grievance redressal mechanism and applicable regulatory requirements.

XI. Grievances Redressal Mechanism

ICFL has a dedicated mechanism for redressal of grievances relating to the collection and recovery of loan dues. The details of the grievance redressal mechanism, including the name, designation, email address, telephone number and correspondence address of the Grievance Redressal Officer, will be communicated to the borrower through the loan agreement, while notifying the borrower of the details of the Recovery Agent, where applicable, and in all recovery-related communications issued by ICFL. The borrowers/ guarantors may approach the Grievance Redressal Officer for resolution of any grievance arising from the recovery process, and such grievances shall be addressed in accordance with the ICFL's Customer Grievance Redressal Policy and applicable regulatory requirements.

XII. Adherence to other regulations

13.1. The Company shall ensure compliance with:

(a) The Directions;
(b) guidelines issued by the relevant authorities from time to time, including the guidelines issued by Telecom Regulatory Authority of India (TRAI) on aspects related to commercial communication such as the Telecom Commercial Communications Customer Preference Regulations (TCCCPR), 2018, as amended from time to time; and
(c) any relevant guidelines issued by the Reserve Bank of India on related matters, as applicable to ICFL, such as outsourcing of financial services, etc.

Annexure A
List of related policies and procedures

(a) The Code of Conduct for DSAs, DMAs and Recovery Agents;
(b) The Standard Operating Procedure on Repossession of Security;
(c) The Outsourcing Policy; and
(d) The Customer Grievance Redressal Policy.