Aeroflex Finance Private Limited

COLLECTION AND RECOVERY POLICY

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1. INTRODUCTION

This Collection and Recovery Policy ("Policy") is formulated by Aeroflex Finance Private Limited ("the Company" / "AFPL") in compliance with the RBI (Non-Banking Financial Companies - Responsible Business Conduct) Directions, 2025 and the RBI (Non-Banking Financial Companies - Managing Risks in Outsourcing) Directions, 2025.

The Company currently conducts collection activities through its outsourcing partners - Roctogen Services Pvt Ltd (for InstaMoney channel) and Finagg Services Pvt Ltd (for Finagg channel). This Policy governs the conduct of all collection and recovery activities.

2. OBJECTIVES

(a) To ensure fair, transparent, and dignified treatment of borrowers during the collection process;

(b) To define acceptable practices and prohibited conduct in recovery activities;

(c) To establish accountability for collection agents and outsourced recovery partners;

(d) To comply with RBI Directions on responsible business conduct in recovery.

3. GENERAL PRINCIPLES

3.1 The Company shall not resort to intimidation, harassment, or humiliation of borrowers or their family members for recovery of dues.

3.2 The Company recognizes the dignity and privacy of borrowers and shall ensure that all collection activities are conducted within the legal framework.

3.3 All recovery personnel (internal or outsourced) shall carry proper identification issued by the Company or the authorized recovery agent.

3.4 The Company shall ensure that its staff, including those dealing with collection and recovery, are adequately trained to deal with customers in an appropriate manner.

4. CODE OF CONDUCT FOR RECOVERY AGENTS

4.1 All recovery agents (including personnel of Roctogen Services Pvt Ltd, Finagg Services Pvt Ltd, and any other outsourced collection agency) shall adhere to the following Code of Conduct:

a) Calling Hours: Recovery calls shall be made only between 8:00 AM and 7:00 PM;

b) Physical Visits: Field visits shall be conducted only between 9:00 AM and 6:00 PM on working days;

c) Identification: Recovery agents shall identify themselves and display the Company's authorization letter and their own identity card;

d) Language: Communication shall be polite and in a language understood by the borrower;

e) Privacy: Recovery agents shall not discuss the borrower's debt with unauthorized third parties including neighbors, colleagues, or family members (other than co-borrowers/guarantors);

f) No Threats: Recovery agents shall not threaten, abuse, or use physical force;

g) No Public Shaming: Recovery agents shall not contact borrowers at their workplace (except as a last resort with prior authorization from the Company) or use social media for recovery;

h) Single Point of Contact: A single point of contact shall be assigned for each delinquent account to avoid multiple calls/visits from different agents;

i) Recording: All recovery calls shall be recorded and maintained for audit purposes.

j) No False Representation: Recovery agents shall not make false or misleading representations regarding the extent of the borrower's debt or the consequences of non-repayment, nor make anonymous calls to the borrower;

5. COLLECTION STAGES

5.1 Pre-Due Reminders (0 to -3 days):

(a) Automated reminders via SMS, email, and push notifications 3 days before the due date;

(b) Payment links shared through the digital platform.

5.2 Soft Collection (1 to 30 DPD):

(a) Automated reminders and digital nudges;

(b) Telephonic follow-up by the LSP collection team;

(c) Sharing of updated payment links and alternative payment options.

5.3 Intensive Collection (31 to 60 DPD):

(a) Intensified telephonic follow-up;

(b) Written demand notices via email/SMS;

(c) Field visits as per the Code of Conduct.

5.4 Hard Collection (61 to 90 DPD):

(a) Formal demand notice sent to borrower and co-borrower/guarantor (if any);

(b) Escalation to senior collection team;

(c) Legal notice if required.

5.5 NPA Management (90+ DPD):

(a) Account classified as NPA per RBI norms;

(b) Legal proceedings may be initiated;

(c) Write-off consideration as per the Company's write-off policy;

(d) Reporting to credit bureaus.

6. EMPANELMENT OF RECOVERY AGENTS

6.1 The Company shall maintain a list of empanelled recovery agents on its website.

6.2 Recovery agents shall be empanelled only after due diligence including: background verification, financial stability check, past experience, and training on the Company's Code of Conduct.

6.2A Such due diligence shall also evaluate the recovery agent's business reputation and culture, compliance record, outstanding or potential litigation, financial soundness and ability to service commitments under adverse conditions, and the adequacy of its security, internal control, audit coverage, and business continuity arrangements.

6.3 Recovery agents shall execute an agreement with the Company incorporating the Code of Conduct and confidentiality obligations.

6.3A The agreement with each recovery agent shall also incorporate: the Company's right to conduct audits of the recovery agent and to obtain copies of audit/review reports; the right of the Reserve Bank of India, or persons authorised by it, to inspect the recovery agent and access relevant records; a termination clause specifying the minimum notice period; and a provision that confidentiality of borrower information shall survive termination or expiry of the agreement.

6.4 The Company shall conduct periodic reviews (at least annually) of empanelled recovery agents.

6.4A The Company shall maintain a central record of all recovery/collection outsourcing arrangements, which shall be placed before the Board or the Risk Management Committee for review at least half-yearly.

6.5 The Company shall require each recovery agent to have a documented business continuity plan, and shall itself maintain a contingency plan, including identification of alternative recovery agents, to ensure continuity of recovery operations in the event of disruption to, or exit of, a recovery agent.

6.6 In the event of termination of an outsourcing arrangement with a recovery agent, the Company shall give due publicity to the same, including display at a prominent place in its offices, posting on its website, and intimation to affected borrowers, so as to ensure that borrowers do not continue to deal with the terminated recovery agent.

7. BORROWER RIGHTS DURING RECOVERY

7.1 The borrower shall have the right to:

(a) Request that recovery calls be restricted to specific hours or modes of communication;

(b) Lodge a complaint against recovery agents through the Company's grievance mechanism;

(c) Receive a receipt for any payment made to a recovery agent;

(d) Be informed of the total outstanding amount, breakup of dues, and settlement options;

(e) Request transfer of the loan account to another lender, subject to applicable terms.

(f) Receive a response to any grievance within 30 days of lodging the complaint, failing which, or if dissatisfied with the response, escalate the grievance to the RBI Ombudsman (where applicable) or the Consumer Education and Protection Cell of the concerned Regional Office of the RBI;

8. SETTLEMENT AND WRITE-OFF

8.1 One-Time Settlement (OTS): The Company may consider OTS proposals from borrowers on a case-by-case basis, subject to approval by the competent authority as per the delegation matrix.

8.2 Write-off: Technical write-off of irrecoverable accounts shall be approved by the Board. Write-off shall not affect the Company's right to continue recovery efforts.

9. REPORTING

9.1 A monthly collection MIS shall be maintained covering: collection efficiency, DPD analysis, recovery agent performance, and customer complaints related to recovery.

9.2 A quarterly collection report shall be placed before the Board/RMC.

10. Grievance Redressal

The Company has in place a grievance redressal policy on its website of the Company which is updated periodically to ensure regulatory compliance

11. POLICY REVIEW

This Policy shall be reviewed by the Board at least annually.

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