



INDUSTRIAL INVESTMENT TRUST LIMITED

COLLECTION & RECOVERY POLICY

Industrial Investment Trust Limited

CIN: L65990MH1933PLC001998

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V.2	05-08-2026
Recommended By	CEO NBFC
Approved By	Board of Directors

1. Background & Policy Intent

IITL is a non-deposit taking NBFC – Base Layer with asset size below ₹500 crore. The Company currently has no NPA. Accordingly, this Policy is designed primarily as a proactive collection, early-warning and account-monitoring framework, rather than as an extensive post-NPA recovery manual. It nevertheless provides a complete escalation and recovery framework should any account become overdue, stressed or impaired.

2. Regulatory Basis

This Policy shall be read with applicable RBI directions on responsible business conduct, fair practices, credit information reporting, outsourcing, KYC/AML, prudential norms, grievance redressal and any other applicable law. The RBI's Third Amendment Directions, 2026 require an NBFC to maintain a Board-approved policy covering recovery triggers, graded escalation, employee/recovery-agent conduct, cases involving death, financial distress and resolution options; where recovery agencies are used, the policy must also cover due diligence, training, performance monitoring, audit/control and consequences for non-compliance. The 2026 Directions take effect from 1 January 2027. Where any applicable law, RBI direction or regulatory requirement is more stringent than this Policy, the legal/regulatory requirement shall prevail.

3. Objectives

Maintain a zero-NPA / minimal-overdue culture through proactive monitoring; identify early warning signals before an account becomes materially overdue or stressed; use courteous, transparent and proportionate collection practices; provide structured assistance to genuine borrowers facing temporary financial stress; ensure documented escalation before legal enforcement or possession; protect IITL's reputation and customer information; ensure consistent treatment and documented decisions; maintain adequate records, MIS and management oversight.

4. Core Principles

Collection shall be fair, lawful, transparent, respectful and proportionate. Recovery shall focus first on resolution and regularisation where appropriate. No employee or recovery agent shall use intimidation, harassment, humiliation, violence, misleading statements or coercive practices. Customer privacy and confidentiality shall be respected. Only authorised personnel may undertake collection/recovery. Every material recovery action shall be traceable. Legal action, security enforcement or possession shall follow applicable law, loan documentation and approved authority.

5. Governance & Responsibility

Role	Responsibility
Board	Approve/review Policy; oversee material collection/recovery risks, significant settlements, material complaints and major legal/recovery matters.
CEO / Senior Management	Implement Policy, approve escalation within delegated powers, monitor portfolio and ensure resources/controls.
Credit/Business Owner	Monitor repayment behaviour, identify early warning signals and recommend remedial action.
Collection/Recovery Officer	Conduct authorised follow-up, document interactions, issue approved communications and escalate cases.
Legal/Compliance	Advise on notices, enforcement, litigation, repossession, settlements and regulatory compliance.
Finance/Accounts	Confirm dues, receipts, allocations, interest/charges and reconciliations.
Grievance Officer	Handle recovery-related complaints and document closure.
Recovery Agency, if appointed	Comply with contract, RBI requirements and IITL Code of Conduct; maintain records and report incidents.

6. Portfolio Monitoring & Early Warning

Each account shall be reviewed for payment regularity, financial capacity, covenant compliance, security cover where relevant and other material adverse developments.

Trigger	Illustrative Action
Payment due / routine follow-up	Courtesy reminder and confirmation of expected payment.
1–7 days overdue	Direct borrower contact; ascertain reason; record commitment date.
8–30 days overdue	Written follow-up; senior officer review; assess cash-flow issue and cure plan.
31–60 days overdue / repeated missed commitments	Formal escalation; financial position/cash-flow review; consider structured resolution.
Persistent overdue / material stress	Management/legal review; evaluate resolution, settlement or enforcement options.
Material covenant breach / security concern / adverse event	Immediate escalation irrespective of days overdue.

This is an internal escalation framework and does not replace statutory asset-classification or RBI day-count requirements.

7. Collection Process

1. Review outstanding amount, due date, contractual terms and payment history.
2. Contact borrower through approved channels and explain amount due clearly.
3. Ascertain whether non-payment is administrative, temporary cash-flow related, disputed or indicative of deeper stress.
4. Where genuine difficulty exists, document the discussion and agreed regularisation plan.
5. Issue written communication where required, particularly before material recovery/legal action.
6. Monitor promised payments and escalate missed commitments promptly.
7. Maintain records of material communications, commitments and actions.

8. Communication Standards

- Communication shall be factual, professional and in clear business language.
- The employee/agent shall identify themselves and IITL and explain the purpose of contact.
- Only information necessary for collection shall be disclosed.
- Communication shall ordinarily occur between 08:00 and 19:00. Contact outside these hours shall occur only where the borrower has expressly requested/authorised it or applicable law permits/requires otherwise.
- A borrower's reasonable request regarding suitable time/place of contact shall be honoured as far as practicable.
- Excessive calling/messaging is prohibited.
- Where calls are recorded, applicable legal requirements and appropriate notice shall be followed; records shall be retained as required.

9. Prohibited Recovery Practices

- Abusive, threatening, humiliating or intimidating language.
- Threats of violence or harm.
- Public disclosure of borrower information.
- Contacting relatives, friends, colleagues or referees for harassment or humiliation.
- Use of social media to publish borrower details or recordings.
- Excessive calls/messages or contact outside permitted hours.
- False statements about dues or consequences.
- Unauthorised visits or collection by unapproved persons.
- Misuse, sale, copying or unauthorised disclosure of customer data.

10. Financial Distress & Resolution

Where a borrower demonstrates genuine financial distress, IITL shall adopt a documented, case-by-case approach. The objective shall be sustainable resolution without compromising credit discipline or applicable prudential requirements.

- Understand cause, duration and quantum of stress.
- Obtain updated financial/cash-flow information where appropriate.
- Assess viability and repayment capacity.
- Consider revised repayment schedule, restructuring/resolution or other permissible relief where justified.
- Document rationale, concessions, approvals and conditions.
- Monitor the revised arrangement closely.

11. Death / Incapacity of Borrower

- Treat family/legal representatives with sensitivity and dignity.
- Obtain appropriate documents and verify legal status.
- Identify co-borrowers, guarantors, legal heirs and insurance/security proceeds, as applicable.
- Keep recovery action proportionate until rights and obligations are established.
- Coordinate with Legal/Compliance before enforcement where succession is unclear.
- Document all decisions.

12. Recovery Agencies

IITL may undertake recovery through its own employees or, where justified, appoint a recovery agency. Given IITL's small portfolio, outsourcing shall not be presumed necessary; any appointment shall be supported by documented need and due diligence.

- Conduct due diligence and antecedent verification before appointment and periodically thereafter.
- Execute a written agreement covering scope, conduct, confidentiality, customer data, audit rights, incident reporting, records, termination and appropriate indemnity/penalty provisions.
- Ensure recovery agents meet applicable RBI training/certification requirements.
- Obtain a written undertaking from the agency that its agents comply with IITL's Code of Conduct.
- Monitor performance, complaints and compliance; take corrective/penal action for violations.
- Maintain required public disclosure of recovery agencies from the applicable effective date.

13. In-Person Visits

- Borrower/guarantor shall ordinarily be contacted at a place of their choice; residence/business may be used where appropriate.
- Only authorised representatives may visit.
- Representative shall carry/display valid identification and authorisation.
- Where a recovery agency is used, required advance information about the agency shall be given before the first visit.
- The representative shall act courteously and discuss dues only with the borrower/guarantor, as applicable.
- Visits shall avoid inappropriate occasions such as bereavement or medical emergency, except where genuinely necessary and legally appropriate.

14. Security Enforcement / Repossession

Where a loan is secured, repossession or enforcement shall be undertaken only where contractually and legally permitted and after following applicable notice, due-process and approval requirements. IITL shall not use possession merely as a punitive measure.

- Confirm contractual right and legal enforceability.
- Issue required notices and opportunity to cure/pay.
- Obtain Legal/authorised management approval before possession.
- Use authorised personnel/service providers.
- Prepare inventory and acknowledgement of assets taken into custody.
- Maintain safe custody and insurance as applicable.
- Obtain valuation through an appropriate independent/professional process where required.
- Dispose/sell security transparently and in accordance with law and contract.
- Appropriately adjust sale proceeds against dues and deal with surplus according to applicable law/contract.

15. Settlement / Compromise / OTS

A settlement may be considered where normal repayment is unlikely, delayed or uneconomical, or where a documented commercial resolution is in IITL's interest. Each settlement shall be evaluated case-by-case.

Assessment	Minimum Documentation
Reason	Background and cause of stress/default
Recovery prospects	Security, cash flow, legal position and alternatives
Offer	Amount, source and payment schedule
Sacrifice	Principal/interest/charges waived, if any
Approval	As per Board-approved delegation matrix
Conditions	Upfront payment, documentation and closure terms
Closure	No-dues/closure documentation after compliance

No settlement shall be approved merely to avoid appropriate asset classification or regulatory reporting.

16. Legal Action

- Legal action shall be proportionate and based on review of dues, documentation, limitation, security, borrower response and recovery prospects.
- Notices and pleadings shall be vetted/handled by Legal or authorised counsel.
- Actions shall comply with applicable law and court/tribunal procedures.
- Where multiple recovery routes exist, IITL shall choose the legally appropriate and commercially prudent route.

17. Write-off

Write-off is an accounting/recovery decision and does not automatically extinguish the borrower's legal liability unless expressly settled/released. Any write-off shall require approval under the Board-approved authority matrix and documented recovery rationale.

18. Credit Information Reporting

IITL shall report borrower credit information accurately, completely and within applicable regulatory timelines. Before reporting default/disputed information, IITL shall follow applicable RBI/credit-information requirements and internal procedures. Corrections shall be made promptly where inaccuracies are identified.

19. Grievance Redressal

IITL shall maintain a dedicated mechanism for recovery-related grievances. Recovery communications shall provide the designated grievance redressal contact details as required. Complaints shall be logged, investigated and closed with reasons/evidence. Material or repeated complaints shall be escalated to Senior Management and reviewed for control improvement.

20. Compensation / Customer Remediation

Where a borrower/guarantor suffers loss due to recovery-related action by IITL or its recovery agency that is inconsistent with applicable RBI directions or IITL's approved procedures, IITL shall assess the matter and provide appropriate compensation/remediation where required.

21. Records & MIS

Record / MIS	Minimum Monitoring
Overdue report	Account-wise overdue, ageing and action taken
Promise-to-pay tracker	Commitment, amount, due date and fulfilment
Collection contacts	Date/time/mode/person and material outcome
Recovery complaints	Nature, owner, status and closure
Legal cases	Stage, next action and expected outcome
Security enforcement	Notice, possession, valuation, sale and proceeds
Settlements/OTS	Approval, sacrifice, receipts and closure
Recovery agencies	Agency, agents, training, complaints, performance and breaches

22. Review of Collection Effectiveness

- Periodic management review proportionate to portfolio size.
- Review overdue trends, repeated delays, complaints and recovery outcomes.
- Analyse root causes of any overdue/stress.
- Review agency performance where applicable.
- Escalate material adverse trends to the Board/appropriate Board-level forum.

23. Technology-based Recovery

IITL shall not deploy technology that restricts or disables a borrower's mobile device as a recovery tool except where the financed device itself is the subject of the loan and all conditions prescribed by applicable RBI directions are met. Any such proposal shall require Legal/Compliance and IT/Security review before deployment.

24. Data Privacy & Information Security

- Share only customer information necessary for recovery.
- Provide recovery agencies data on a need-to-know basis.
- Do not download/copy or retain customer data outside approved systems without authorisation.
- Protect recovery records and call records against unauthorised access.
- Report suspected data leakage under IITL's Information Security/Cyber and DPDP frameworks.

25. Exceptions & Violations

Any exception shall be documented, risk-assessed and approved by the competent authority. Violations may result in disciplinary action, suspension/termination of assignment, contractual penalties/termination, customer remediation and/or legal action, as appropriate.

26. Review & Approval

This Policy shall be reviewed at least annually and earlier upon material change in RBI requirements, applicable law, business model, customer profile, collection practices or use of recovery agencies. Material amendments shall be placed before the Board.

Appendix A – Collection Escalation Matrix

Stage	Trigger	Primary Action	Escalation
0	Before due date	Courtesy reminder / payment confirmation	Business Officer
1	1–7 days overdue	Direct contact; reason and payment date	Business Officer
2	8–30 days overdue	Written follow-up; cure plan	Senior Officer
3	31–60 days overdue	Management review; stress assessment	CEO / Senior Management
4	Persistent/material default	Resolution/legal/security review	Management + Legal
5	Enforcement stage	Approved legal/recovery action	Competent authority / Board where required

Appendix B – Minimum Collection Contact Record

Field	Details
Customer	
Loan / Account	
Outstanding	
Date/time	
Mode	
Person contacted	
Reason for delay	
Commitment	
Next action/date	
Officer/Agent	