

Hytone Merchants Private Limited

BOARD APPROVED POLICY FOR ENGAGEMENT OF RECOVERY AGENTS

OF

HYTONE MERCHANTS PRIVATE LIMITED

CIN	U51109WB1994PTC063994
RBI Regn. No.	05.02294
Registered Office	87, Diamond Harbour Road, Kolkata - 700038

Summary of Policy

Version	Issue and Effective Date	Review periodicity	Approving Authority	Policy Owner
V1	16-08-2019	Annual	Board of Directors	Compliance Department
V2	03-04-2021	Annual	Board of Directors	Compliance Department
V3	01-09-2022	Annual	Board of Directors	Compliance Department
V4	30-06-2023	Annual	Board of Directors	Compliance Department
V5	15-12-2023	Annual	Board of Directors	Compliance Department
V6	21-01-2026	Annual	Board of Directors	Compliance Department

Review Date	Next Review Date	Comments / Remarks / Changes
27-04-2020	Apr'2021	Annual Review of FPC
02-04-2021	Apr'2022	Annual Review of FPC
22-03-2022	Mar'2023	Annual Review of FPC
01-09-2022	Sep'2023	Adoption of revised FPC in line with DLG requirement and relevant guidelines issued by RBI
20-04-2023	Jul 2023	Annual Review of Fair Practice Code and setting periodicity of review of FPC Code
30-06-2023	Oct'2023	Quarterly Review of FPC Code
16-09-2023	Sep'2024	FPC review in line with the RBI Master Directions applicable to NBFCs
15-12-2023	Dec'2024	Adoption of revised FPC in line with changes in penal charges and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023
22-01-2025	Jan'2026	Annual Review of FPC
21-01-2026	Jan'2027	Revision in line with the current business practices and latest RBI guidelines

1. POLICY SUMMARY

Name of Policy: Board Approved Policy for Engagement of Recovery Agents

Name of Company: Hytone Merchants Private Limited

Regulatory Status: Non-Banking Financial Company registered with the Reserve Bank of India

Policy Owner: Collections Department / Compliance Department

Approving Authority: Board of Directors

Effective Date: Date of approval by the Board of Directors

Review Periodicity: At least annually or earlier in case of regulatory change, audit observation, material borrower complaint, change in recovery model, change in outsourcing arrangement, or as may be directed by the Board, Senior Management or RBI.

2. INTRODUCTION

Hytone Merchants Private Limited ("Company" or "Hytone") is a Non-Banking Financial Company registered with the Reserve Bank of India. The Company is engaged in lending activities and, in the ordinary course of its business, may be required to undertake collection and recovery actions in respect of overdue loan accounts.

Recovery is a sensitive borrower-facing function. Recovery activity, whether carried out by employees of the Company or through external recovery agencies / recovery agents, must be conducted in a lawful, fair, transparent, dignified and responsible manner.

Recovery agents act as representatives of the Company while interacting with borrowers, co-borrowers, guarantors, references and other concerned persons. Accordingly, Hytone shall remain responsible for ensuring that recovery agents engaged by it comply with applicable law, RBI directions, the Company's Fair Practice Code, this Policy, the Code of Conduct for DSA / DMA / Recovery Agents, borrower privacy requirements and other applicable internal policies.

This Board-approved Policy establishes a formal framework for engagement, due diligence, empanelment, appointment, authorization, conduct, monitoring, review, suspension and termination of recovery agents engaged by the Company.

3. OBJECTIVES OF THE POLICY

The objectives of this Policy are:

- a. to ensure that recovery agents are engaged only after proper due diligence and approval;
- b. to ensure that all persons involved in the recovery process are suitable, verified, trained and authorized;
- c. to ensure that recovery agents and their employees / representatives undergo antecedent verification, including police verification;
- d. to ensure that borrowers are treated with dignity, respect, fairness and transparency during recovery;
- e. to prohibit intimidation, harassment, coercion, threats, abuse, privacy intrusion, public humiliation, violence or misleading representation in recovery activity;
- f. to ensure that recovery agents observe strict confidentiality of borrower information;
- g. to ensure that borrowers are informed of the details of recovery agents before initiation of recovery action through such agents;
- h. to ensure that recovery agents carry appropriate identity card, notice and authorization letter while dealing with borrowers;
- i. to establish a system for training, undertaking, monitoring and audit of recovery agents;
- j. to ensure proper handling and redressal of borrower complaints relating to recovery agents;
- k. to protect the integrity, reputation and regulatory standing of the Company; and
- l. to ensure compliance with applicable RBI directions and other applicable laws.

4. SCOPE AND APPLICABILITY

This Policy shall apply to:

- a. all recovery agencies engaged by the Company;
- b. all individual recovery agents engaged by the Company;
- c. all employees, officers, representatives, field executives, tele-callers, supervisors, team leaders, managers, agents, consultants, associates or any other persons deployed by recovery agencies for work relating to the Company;
- d. all persons who directly or indirectly contact borrowers for recovery of dues on behalf of the Company;
- e. all persons who handle borrower data for recovery, collection reminder, overdue follow-up, settlement discussion, visit scheduling or other recovery-related purposes; and
- f. employees of the Company who supervise, allocate, manage, monitor or conduct recovery activity.

This Policy shall not automatically apply to all employees of the Company. However, it shall apply to employees and representatives who are directly or indirectly involved in recovery or collection activities.

5. DEFINITIONS

“Board” means the Board of Directors of Hytone Merchants Private Limited.

“Borrower” means a person who has availed a loan or credit facility from the Company and includes co-borrower, guarantor or any other person liable for repayment, wherever applicable.

“Company” means Hytone Merchants Private Limited.

“Recovery Agent” means any agency, company, firm, LLP, proprietorship, individual, employee, officer, representative, field executive, tele-caller, supervisor or any other person engaged by or on behalf of the Company for recovery of dues from borrowers.

“Recovery Agency” means any external entity engaged by the Company for recovery, collection, tele-calling, field collection, repayment follow-up, settlement coordination, legal recovery support, repossession support or any similar activity.

“Individuals involved in the recovery process” means all persons who contact borrowers, access borrower information, make recovery calls, conduct field visits, issue recovery communication, coordinate repayment, collect documents, supervise recovery activity or otherwise participate in the recovery process.

“Due Diligence” means the process of checking and verifying the legal existence, ownership, background, antecedents, experience, reputation, capability, infrastructure, manpower, data security controls and regulatory suitability of a recovery agency or recovery agent before engagement and on an ongoing basis.

“Police Verification” means verification of the criminal antecedents and background of an individual through competent police authority or other legally acceptable process.

“Code of Conduct” means the Code of Conduct for DSA / DMA / Recovery Agents adopted by the Company and applicable to all recovery agents and persons involved in recovery activities.

6. GOVERNANCE FRAMEWORK

The Board of Directors shall approve this Policy and shall provide oversight over the framework for engagement of recovery agents.

The Collections Department shall be responsible for operational implementation of this Policy, including identification, due diligence, empanelment, allocation, monitoring and review of recovery agents.

The Compliance Department shall review regulatory compliance aspects, including adherence to RBI directions, Fair Practice Code, grievance redressal requirements and conduct-related obligations.

The Legal Department shall review agreements, authorization letters, indemnity clauses, confidentiality clauses, termination clauses and legal risk relating to recovery agent engagement.

The Information Technology / Information Security function shall review system access, data-sharing arrangements, data protection and confidentiality controls wherever recovery agents are given digital access to borrower information.

The Senior Management shall ensure that recovery agents are not engaged merely for business convenience without completion of prescribed due diligence and approval requirements.

No recovery agency or recovery agent shall be assigned any borrower account unless the requirements of this Policy are substantially complied with.

7. PRINCIPLES GOVERNING ENGAGEMENT OF RECOVERY AGENTS

The Company shall follow the following principles while engaging recovery agents:

- a. recovery agents shall be engaged only for lawful and legitimate recovery activity;
- b. the Company shall remain responsible for the acts and conduct of recovery agents acting on its behalf;
- c. recovery agents shall be engaged only after due diligence;
- d. individuals involved in recovery shall be verified, trained and authorized;
- e. borrower privacy and confidentiality shall be protected at all times;
- f. recovery agents shall not use intimidation, harassment, threats, abuse, coercion, violence, public shaming, misleading representation or unlawful pressure;
- g. recovery activity shall be documented and capable of being reviewed;
- h. borrower complaints against recovery agents shall be taken seriously and investigated promptly;
- i. recovery agents shall be subject to ongoing monitoring, audit and periodic review; and
- j. any recovery agent found violating this Policy or the Code of Conduct may be suspended, terminated, blacklisted and, where required, reported to appropriate authorities.

8. ELIGIBILITY CRITERIA FOR RECOVERY AGENCIES

A recovery agency proposed to be engaged by the Company should ordinarily satisfy the following criteria:

- a. it should be a legally recognized entity, such as a company, LLP, partnership firm, proprietorship concern or any other lawful business form;
- b. it should have valid PAN and other statutory registrations, as applicable;
- c. it should have a valid business address and operational infrastructure;
- d. it should have adequate experience or capability in recovery, collections, customer service, financial services support, call centre operations, field recovery or similar activities;
- e. it should have adequate manpower and supervisory controls;
- f. it should not have been blacklisted, debarred, terminated for serious misconduct, or prohibited by any bank, NBFC, financial institution, regulator, government authority or law enforcement authority, to the knowledge of the Company;
- g. it should be willing to comply with the Company's Fair Practice Code, this Policy, Code of Conduct, data protection requirements and borrower privacy obligations;
- h. it should agree to undertake antecedent verification, including police verification, of all persons deployed for the Company's work;
- i. it should agree not to subcontract or further outsource recovery work without prior written approval of the Company;
- j. it should agree to submit manpower details, KYC documents, police verification records, training records and compliance certificates as required by the Company; and
- k. it should have appropriate systems for call recording, field visit reporting, complaint escalation and secure handling of borrower data, wherever applicable.

9. DOCUMENTS TO BE OBTAINED FROM RECOVERY AGENCY

Before empanelment, the Company shall obtain such documents as may be considered necessary, including the following:

- a. certificate of incorporation / registration certificate / partnership deed / LLP agreement / proprietorship declaration, as applicable;
- b. PAN of the entity;
- c. GST registration, if applicable;
- d. registered office and operating office address proof;
- e. list of directors, partners, designated partners, proprietor, beneficial owners and key managerial persons;
- f. KYC documents of proprietor / partners / directors / authorized signatories;
- g. board resolution / authorization letter for signing agreement with the Company, wherever applicable;
- h. cancelled cheque / bank account details in the name of the agency;
- i. profile of the agency and details of experience;
- j. list of clients / past experience, wherever available;
- k. declaration of no blacklisting, no debarment and no regulatory prohibition;
- l. declaration of pending litigation, criminal proceedings, regulatory proceedings or material disputes, if any;
- m. list of proposed personnel to be deployed for the Company's work;
- n. identity proof, address proof, photograph and contact details of such personnel;
- o. police verification certificate / police verification report / proof of application for police verification of such personnel;
- p. confidentiality and data protection undertaking;
- q. undertaking to comply with the Company's Code of Conduct and recovery policies; and
- r. any other document required by the Company based on the nature and risk of engagement.

10. DUE DILIGENCE PROCESS

The Company shall carry out due diligence before engaging any recovery agency or recovery agent. The due diligence shall cover the agency as well as the individuals involved in the recovery process.

The due diligence process may include:

- a. verification of legal existence and registration documents;
- b. verification of PAN, GST and other statutory registrations, wherever applicable;
- c. review of ownership, management and beneficial ownership details;
- d. review of business experience and operational capability;
- e. review of infrastructure, office, manpower and supervision controls;
- f. adverse media search, where feasible;
- g. review of litigation, criminal proceedings or regulatory action, where disclosed or available;
- h. reference checks from existing or previous clients, where considered necessary;
- i. review of data security and confidentiality controls;
- j. review of proposed call scripts, field visit process and borrower communication practices;
- k. verification of manpower proposed to be deployed;
- l. antecedent verification and police verification of individuals involved in recovery;
- m. review of training arrangements;
- n. review of complaint handling and escalation mechanism; and
- o. review of whether the agency has the ability and willingness to follow the Company's Code of Conduct.

The results of due diligence shall be documented in an empanelment note / due diligence checklist. Any adverse finding shall be escalated to Compliance and Senior Management for review before approval.

11. ANTECEDENT VERIFICATION AND POLICE VERIFICATION

The Company shall ensure that recovery agents engaged by it carry out verification of the antecedents of their employees / representatives deployed for the Company's recovery work. Such verification shall include police verification.

For every individual proposed to be deployed for recovery work, the recovery agency shall provide the following:

- a. full name as per identity proof;
- b. date of birth;
- c. father's / spouse's name;
- d. current and permanent residential address;
- e. mobile number and email ID;
- f. photograph;
- g. identity proof;
- h. address proof;
- i. previous employment details, wherever available;
- j. role proposed to be assigned;
- k. self-declaration regarding criminal antecedents; and
- l. police verification certificate / report / proof of initiation of police verification.

As a general rule, no person shall be permitted to undertake field recovery visits or borrower-facing recovery activity unless police verification is completed. In exceptional cases, where police verification is pending due to administrative delay, the Company may permit limited and controlled deployment only after recording reasons and obtaining approval from the authorized official, provided that identity verification, address verification, self-declaration and proof of police verification application have been obtained.

No person having serious criminal antecedents, history of violence, extortion, fraud, impersonation, harassment, data theft, cyber offence, financial crime, offence involving moral turpitude or other serious misconduct shall be deployed for recovery work of the Company.

12. PERIODIC RE-VERIFICATION

The Company shall ensure periodic re-verification of antecedents of recovery agents and individuals involved in recovery.

Unless otherwise approved by the Board / Senior Management, the following periodicity shall apply:

- a. field recovery personnel: at least once every two years;
- b. tele-calling / digital recovery personnel: at least once every three years;
- c. agency-level due diligence: at least once every two years; and
- d. immediate re-verification: upon serious complaint, misconduct allegation, adverse media report, regulatory observation, criminal proceeding, data breach, borrower harassment complaint or any other risk trigger.

The Collections Department shall maintain a tracker containing the date of last verification and next due date of re-verification.

13. APPROVAL AND EMPANELMENT

After completion of due diligence, the Collections Department shall prepare an empanelment note containing:

- a. name and details of proposed recovery agency / recovery agent;

- b. nature and scope of work;
- c. geography / portfolio proposed to be assigned;
- d. documents obtained;
- e. summary of due diligence;
- f. manpower details and police verification status;
- g. data security review, if applicable;
- h. adverse findings, if any;
- i. proposed commercial terms;
- j. risk classification; and
- k. recommendation for approval, rejection or conditional approval.

The empanelment note shall be reviewed by Compliance / Legal, wherever required, and approved by the competent authority as per the Company's internal delegation of authority. No borrower account shall be allocated unless approval is recorded and the agreement / undertaking is executed.

14. AGREEMENT WITH RECOVERY AGENCY

The Company shall execute a written agreement with every recovery agency before assigning any recovery work. The agreement shall include, among other things:

- a. scope of work;
- b. obligations of the agency;
- c. requirement to comply with applicable law, RBI directions, Company policies and Code of Conduct;
- d. requirement for antecedent verification and police verification of deployed personnel;
- e. confidentiality and data protection obligations;
- f. borrower privacy obligations;
- g. prohibition on subcontracting without approval;
- h. prohibition on harassment, intimidation, abusive conduct, threats, force, public humiliation, misleading representation or unlawful recovery practices;
- i. requirement to provide updated manpower list;
- j. requirement to issue identity cards to deployed personnel;
- k. requirement to maintain call records, visit reports and communication logs, wherever applicable;
- l. audit and inspection rights of the Company;
- m. complaint handling and cooperation obligations;
- n. indemnity in favour of the Company for misconduct, breach, fraud, data breach, violation of law or regulatory breach;
- o. right of the Company to suspend, terminate, blacklist or remove the agency / individual;
- p. obligation to return or delete borrower data upon termination;
- q. consequence of breach; and
- r. dispute resolution and jurisdiction clauses.

15. TRAINING OF RECOVERY AGENTS

The Company shall ensure that recovery agents are properly trained to handle their responsibilities with care and sensitivity. Training shall cover:

- a. Fair Practice Code of the Company;
- b. this Policy;
- c. Code of Conduct for DSA / DMA / Recovery Agents;

- d. borrower dignity and respectful conduct;
- e. permissible and prohibited recovery practices;
- f. calling hours and communication discipline;
- g. customer privacy and confidentiality;
- h. correct disclosure of loan terms and overdue details;
- i. prohibition on false or misleading representation;
- j. prohibition on intimidation, harassment, threats, violence or public humiliation;
- k. grievance redressal mechanism;
- l. field visit protocol;
- m. use of approved scripts and templates;
- n. data security and information handling;
- o. reporting of borrower disputes and complaints; and
- p. consequences of violation.

Training may be conducted directly by the Company or through approved internal / external trainers. Training attendance records shall be maintained.

16. UNDERTAKING BY RECOVERY AGENTS

Before assigning any recovery-related activity, the Company shall obtain an undertaking from recovery agents and persons deployed by them confirming that they shall abide by:

- a. this Policy;
- b. Code of Conduct for DSA / DMA / Recovery Agents;
- c. Fair Practice Code;
- d. Company's recovery instructions;
- e. borrower confidentiality requirements;
- f. applicable RBI directions; and
- g. applicable law.

No recovery agent or deployed individual shall be permitted to act on behalf of the Company unless such undertaking has been obtained.

17. BORROWER NOTICE AND AUTHORIZATION

While initiating the process of recovery through a recovery agent, the Company shall provide the borrower with details of the recovery agent / recovery agency authorized to act on its behalf.

The recovery agent shall carry:

- a. copy of notice issued to the borrower;
- b. authorization letter from the Company;
- c. identity card issued by the Company or the recovery agency;
- d. contact details of the recovery agency and the Company; and
- e. any other document required by the Company.

If the Company changes the recovery agency during the recovery process, the borrower shall be informed of such change and the new agent shall carry the required notice, authorization letter and identity card.

18. WEBSITE DISCLOSURE

The Company shall host up-to-date details of recovery agencies engaged by it on its website / digital platform, as applicable.

Such disclosure may include:

- a. name of recovery agency;
- b. area / nature of engagement;
- c. period of engagement, where applicable;
- d. contact details, where appropriate; and
- e. such other information as may be required under applicable law or internal policy.

The list shall be updated whenever a recovery agency is added, removed, suspended or terminated.

19. CODE OF CONDUCT FOR RECOVERY AGENTS

Every recovery agent shall comply with the Company's Code of Conduct. The following conduct standards shall be mandatory:

- a. recovery agents shall identify themselves properly;
- b. recovery agents shall disclose that they are acting on behalf of the Company;
- c. recovery agents shall communicate with borrowers in a civil, respectful and professional manner;
- d. recovery agents shall provide correct information regarding overdue amount, repayment status and consequences of non-payment;
- e. recovery agents shall not mislead borrowers regarding the extent of debt or consequences of non-repayment;
- f. recovery agents shall not impersonate police, court officers, government officials, RBI officials, lawyers or any other authority;
- g. recovery agents shall not use threatening, abusive, obscene, defamatory or humiliating language;
- h. recovery agents shall not use or threaten to use violence;
- i. recovery agents shall not harass relatives, friends, co-workers, neighbours or employers of the borrower;
- j. recovery agents shall not publish or disclose the name of borrowers as defaulters in any unauthorized manner;
- k. recovery agents shall not send inappropriate messages through mobile, email, WhatsApp, social media or any other channel;
- l. recovery agents shall not make anonymous or threatening calls;
- m. recovery agents shall not persistently call borrowers in a manner amounting to harassment;
- n. recovery agents shall not contact borrowers before 8:00 a.m. or after 7:00 p.m. for recovery of overdue loans, unless specifically permitted under applicable law and approved internal process;
- o. where a stricter timing requirement is applicable for any product, geography or borrower category, the stricter requirement shall be followed;
- p. recovery agents shall not intrude upon the privacy of the borrower or the borrower's family members, referees or friends;
- q. recovery agents shall not collect any unauthorized payment, charge, fee, gratification, gift or personal benefit;
- r. recovery agents shall not accept cash unless specifically authorized by the Company under a documented process;
- s. recovery agents shall not retain borrower documents or borrower data without authority;
- t. recovery agents shall not use borrower information for any purpose other than the assigned recovery work; and
- u. recovery agents shall maintain strict customer confidentiality.

20. FIELD VISIT PROTOCOL

Where field visits are permitted, the following protocol shall be followed:

- a. field visits shall be made only by approved and verified personnel;
- b. the field agent shall carry identity card, authorization letter and borrower notice;
- c. the agent shall identify himself / herself at the first instance;
- d. the visit shall be conducted in a dignified and non-disruptive manner;
- e. the borrower's privacy shall be respected;
- f. the agent shall not create a scene, raise voice, gather crowd or cause public embarrassment;
- g. the agent shall not forcibly enter any premises;
- h. the agent shall not threaten attachment, arrest, police action or criminal case unless such statement is legally correct and specifically authorized;
- i. the agent shall not contact neighbours, colleagues or third parties for disclosure of debt;
- j. the agent shall document the visit outcome accurately; and
- k. any dispute, refusal, aggression, medical emergency, vulnerable borrower situation or complaint shall be escalated to the Company immediately.

21. TELE-CALLING AND DIGITAL COMMUNICATION PROTOCOL

Where recovery is carried out through calls, SMS, WhatsApp, email, IVR, app notification or other digital channels, the following shall apply:

- a. only approved numbers, systems and channels shall be used;
- b. only approved scripts and templates shall be used;
- c. borrower information shall not be disclosed to unauthorized persons;
- d. calls shall be made during permitted hours;
- e. call frequency shall be reasonable;
- f. call recordings shall be maintained wherever legally and operationally feasible;
- g. no abusive, threatening, defamatory, misleading or humiliating message shall be sent;
- h. no communication shall be sent to social media groups or public platforms;
- i. no message shall falsely state that police action, arrest, criminal case or public disclosure will automatically follow; and
- j. borrower disputes shall be recorded and escalated.

22. CONFIDENTIALITY AND DATA PROTECTION

Recovery agents shall maintain strict confidentiality of borrower information.

Recovery agents shall not:

- a. use borrower data for any purpose other than assigned recovery work;
- b. copy borrower data to unauthorized devices;
- c. share borrower data with unauthorized persons;
- d. upload borrower data to unauthorized systems;
- e. disclose borrower data to family members, friends, colleagues, neighbours or employers, except as legally permissible and strictly necessary;
- f. use borrower data for marketing, cross-selling or personal purposes;
- g. retain borrower data after termination or completion of assignment; or
- h. sell, transfer, publish or misuse borrower data.

Any suspected data breach shall be reported to the Company immediately.

23. RECOVERY RELATED GRIEVANCE REDRESSAL

The Company shall maintain a mechanism for redressal of recovery-related grievances. The borrower shall be provided details of the recovery grievance redressal mechanism at the time of loan disbursal and / or recovery communication, as applicable.

Complaints against recovery agents may relate to:

- a. abusive language;
- b. threat or intimidation;
- c. excessive calls;
- d. calls outside permitted hours;
- e. unauthorized third-party contact;
- f. privacy breach;
- g. public humiliation;
- h. false representation;
- i. unauthorized collection;
- j. data misuse;
- k. improper field visit; or
- l. any other misconduct.

On receipt of a complaint, the Company shall record the complaint, identify the agency and individual involved, obtain call recordings, communication logs, visit reports and account notes, seek explanation from the recovery agency, suspend the concerned individual from the borrower's account if required, investigate through Collections / Compliance / Grievance Redressal team, take corrective action if misconduct is established, and communicate resolution to the borrower as per applicable grievance timelines.

24. MONITORING AND REVIEW OF RECOVERY AGENTS

The Company shall monitor the conduct and performance of recovery agents on an ongoing basis. Monitoring may include:

- a. review of borrower complaints;
- b. sample call audits;
- c. review of call recordings;
- d. review of field visit reports;
- e. review of repayment follow-up logs;
- f. review of recovery performance;
- g. review of compliance with calling hours;
- h. review of police verification status;
- i. review of training records;
- j. review of undertaking records;
- k. review of data security compliance;
- l. periodic compliance certificates from recovery agencies;
- m. periodic meetings with recovery agency supervisors; and
- n. internal audit or compliance review.

Recovery agents shall not be evaluated only on collection efficiency. Conduct, compliance, borrower treatment, complaint history and data protection shall be key evaluation parameters.

25. COMPLIANCE CERTIFICATION BY RECOVERY AGENCY

The Company may require recovery agencies to submit periodic compliance certificates confirming that:

- a. only approved personnel were deployed;
- b. no unverified or unauthorized person handled Company cases;
- c. police verification and antecedent verification requirements are complied with;
- d. all deployed personnel have been trained;
- e. all deployed personnel have signed the Code of Conduct undertaking;
- f. no prohibited recovery practice was used;
- g. borrower data was used only for authorized purposes;
- h. no borrower data breach occurred;
- i. all borrower complaints received by the agency were reported to the Company;
- j. call records, communication logs and visit reports are maintained as required; and
- k. the agency continues to comply with this Policy and applicable law.

26. SUSPENSION, TERMINATION AND BLACKLISTING

The Company may suspend, terminate or blacklist any recovery agency or recovery agent in case of:

- a. failure to complete due diligence;
- b. false declaration or forged document;
- c. deployment of unauthorized personnel;
- d. failure to complete police verification;
- e. adverse police verification report;
- f. borrower harassment;
- g. abusive or threatening conduct;
- h. use or threat of violence;
- i. public humiliation or privacy breach;
- j. false or misleading representation;
- k. unauthorized collection of money;
- l. data breach or misuse of borrower information;
- m. non-cooperation in complaint investigation;
- n. refusal to provide records;
- o. violation of calling hours;
- p. regulatory observation or law enforcement action;
- q. repeated borrower complaints;
- r. breach of agreement, this Policy or Code of Conduct; or
- s. any act which may damage the integrity or reputation of the Company.

In serious cases, the Company may also report the matter to appropriate law enforcement or regulatory authority.

27. EXIT AND DATA RETURN PROCESS

Upon termination, suspension, expiry or completion of assignment, the recovery agency shall:

- a. immediately stop contacting borrowers on behalf of the Company;
- b. stop using the name, logo or authority of the Company;

- c. return or delete borrower data as instructed by the Company;
- d. submit a data deletion / return certificate;
- e. return identity cards, authorization letters and documents, wherever applicable;
- f. provide pending call recordings, visit reports and account notes; and
- g. cooperate in pending complaints, audits or investigations.

The Company shall disable system access and recall all pending accounts from the agency.

28. RECORD MAINTENANCE

The Company shall maintain proper records relating to engagement of recovery agents, including:

- a. due diligence documents;
- b. empanelment note;
- c. approval note;
- d. agreement;
- e. list of approved recovery agencies;
- f. list of approved individuals;
- g. KYC documents of deployed individuals;
- h. police verification records;
- i. training records;
- j. Code of Conduct undertakings;
- k. borrower notice records;
- l. authorization letters;
- m. website disclosure records;
- n. call audit records;
- o. field visit reports;
- p. complaint records;
- q. compliance certificates;
- r. suspension / termination records; and
- s. review and audit reports.

Records shall be maintained for the period prescribed under law, RBI directions, internal policy or as may be required for audit, legal or regulatory purposes.

29. RISK CLASSIFICATION

The Company may classify recovery agents as low risk, medium risk or high risk based on:

- a. type of recovery activity;
- b. volume of accounts handled;
- c. geography;
- d. field visit involvement;
- e. borrower complaint history;
- f. data access level;
- g. past audit findings;
- h. police verification status;
- i. staff turnover;

- j. nature of portfolio assigned; and
- k. overall conduct and compliance record.

High-risk recovery agents shall be subject to enhanced monitoring and more frequent review.

30. REPORTING TO BOARD / SENIOR MANAGEMENT

A consolidated report on recovery agent engagement may be placed before the Board / Board-approved Committee / Senior Management at regular intervals. Such report may include:

- a. list of recovery agents engaged;
- b. additions and removals during the period;
- c. due diligence status;
- d. police verification status;
- e. training and undertaking status;
- f. borrower complaints;
- g. serious conduct incidents;
- h. action taken against recovery agents;
- i. audit findings;
- j. data breach incidents, if any;
- k. status of website disclosure; and
- l. overall compliance status.

31. EXCEPTIONS

Any exception to this Policy shall require written approval of the competent authority. The reason for exception, risk involved, compensating control and closure timeline shall be recorded.

No exception shall be granted for serious matters involving violence, extortion, harassment, fraud, impersonation, serious criminal antecedents, data theft or borrower privacy breach, except with approval of Senior Management and Compliance with reasons recorded in writing.

32. POLICY REVIEW

This Policy shall be reviewed at least annually by the Board of Directors or any committee / authority authorized by the Board.

The Policy may be reviewed earlier in case of:

- a. change in RBI directions;
- b. change in applicable law;
- c. regulatory inspection observation;
- d. internal audit finding;
- e. material borrower complaint;
- f. change in recovery model;
- g. change in outsourcing arrangement;
- h. significant data security incident; or
- i. direction from Board / Senior Management.

33. RESPONSIBILITY OF THE COMPANY

The Company shall remain responsible for recovery activity carried out on its behalf. Engagement of recovery agents shall not reduce or dilute the Company's obligation to ensure fair treatment of borrowers, confidentiality of borrower information, lawful recovery practices and timely grievance redressal.

The Company shall ensure that recovery agents are engaged only after due diligence, trained properly, monitored continuously, and removed promptly in case of misconduct or non-compliance.

34. ANNEXURE A: INDICATIVE DUE DILIGENCE CHECKLIST

S. No.	Particulars	Status / Remarks
1	Name of recovery agency	
2	Constitution	
3	PAN	
4	GST, if applicable	
5	Registered office	
6	Operating office	
7	Registration documents obtained	Yes / No
8	Ownership details obtained	Yes / No
9	KYC of proprietor / partners / directors obtained	Yes / No
10	Bank details verified	Yes / No
11	Experience details obtained	Yes / No
12	No-blacklisting declaration obtained	Yes / No
13	Litigation declaration obtained	Yes / No
14	Adverse media check completed	Yes / No
15	Office / infrastructure reviewed	Yes / No / Not Applicable
16	Data protection undertaking obtained	Yes / No
17	Agreement executed	Yes / No
18	Manpower list obtained	Yes / No
19	KYC of deployed personnel obtained	Yes / No
20	Police verification completed	Yes / No / Pending with approval
21	Training completed	Yes / No
22	Code of Conduct undertaking obtained	Yes / No
23	Borrower communication templates approved	Yes / No
24	Field visit process reviewed	Yes / No / Not Applicable
25	Call recording process reviewed	Yes / No / Not Applicable
26	Risk classification	Low / Medium / High
27	Approved by	
28	Approval date	
29	Conditions of approval, if any	

35. ANNEXURE B: INDICATIVE UNDERTAKING BY RECOVERY AGENCY

We, [●], confirm that we have been engaged by Hytone Merchants Private Limited for recovery-related services.

We undertake that we shall comply with all applicable laws, RBI directions, the Fair Practice Code, Board Approved Policy for Engagement of Recovery Agents, Code of Conduct for DSA / DMA / Recovery Agents, borrower privacy requirements, data protection obligations and instructions issued by Hytone from time to time.

We confirm that all employees / representatives deployed by us for Hytone's work have been properly verified and that antecedent verification, including police verification, has been / shall be carried out as required. We shall not deploy any unapproved person for Hytone's work.

We undertake that we shall not use abusive, threatening, coercive, intimidating, humiliating, misleading, unlawful or unfair recovery practices. We shall not misuse borrower information or disclose the same to any unauthorized person.

We shall cooperate with Hytone in audits, complaint investigations, regulatory requirements and data deletion requirements.

We acknowledge that breach of this undertaking may result in suspension, termination, withholding of payment, indemnity claims, blacklisting and legal action.

For [Name of Recovery Agency]

Authorized Signatory:

Name:

Designation:

Date:

Place:

36. ANNEXURE C: INDICATIVE UNDERTAKING BY INDIVIDUAL RECOVERY AGENT

I, [●], confirm that I have been assigned recovery-related work in respect of borrowers of Hytone Merchants Private Limited.

I confirm that I have read and understood the Code of Conduct for DSA / DMA / Recovery Agents and the instructions issued to me.

I undertake that I shall treat borrowers with dignity and respect. I shall not use abusive language, threats, force, harassment, intimidation, false representation, public humiliation or any unlawful method for recovery.

I shall not contact borrowers outside permitted hours. I shall not disclose borrower information to unauthorized persons. I shall identify myself correctly and carry required identity and authorization documents wherever applicable.

I confirm that the identity documents and verification details submitted by me are true and correct. I agree to undergo antecedent verification and police verification as required.

I understand that any breach of the Code of Conduct or false declaration may result in my removal from recovery work and further legal or disciplinary action.

Name:

Mobile No.:

Agency Name:

Signature:

Date:

Place: