

HYTONE MERCHANTS PRIVATE LIMITED

CIN: U51109WB1994PTC063994 | RBI Regn. No.: 05.02294

Registered Office: 87, Diamond Harbour Road, Kolkata - 700038

DUE DILIGENCE PROCESS FOR ENGAGEMENT OF RECOVERY AGENTS

Board Approved Internal Process Document

Prepared in line with applicable RBI directions on responsible lending conduct, fair practices, outsourcing and engagement of recovery agents.

DOCUMENT CONTROL

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1. PURPOSE AND OBJECTIVE

Hytone Merchants Private Limited (“Company” / “Hytone”) is committed to conducting all recovery and collection activities in a fair, transparent, lawful, ethical and borrower-sensitive manner. The Company recognizes that recovery agents, whether engaged directly or through third-party agencies, act as representatives of the Company while interacting with borrowers, co-borrowers, guarantors, references and other concerned persons.

Any improper conduct, misrepresentation, harassment, coercive practice, privacy breach, unlawful recovery action or misuse of borrower data by a recovery agent may adversely affect the reputation, regulatory standing and legal position of the Company. Therefore, engagement of any recovery agency or recovery agent shall be subject to a structured, documented and risk-based due diligence process.

The objective of this Due Diligence Process is to lay down a detailed framework for identification, selection, empanelment, engagement, training, monitoring, review, re-verification, suspension and termination of recovery agents and recovery agencies engaged by the Company. The process is intended to ensure that only suitable, competent, trained, verified and compliant persons and entities are permitted to carry out recovery-related activities on behalf of the Company.

This process shall be read together with the Company’s Fair Practice Code, Recovery Policy, Outsourcing Policy, Grievance Redressal Policy, Code of Conduct for Recovery Agents, Information Security Policy, Privacy Policy and all applicable directions, circulars, notifications and guidelines issued by the Reserve Bank of India and other competent authorities from time to time.

2. SCOPE AND APPLICABILITY

This Due Diligence Process shall apply to all external recovery agencies engaged by the Company; all individual recovery agents engaged directly by the Company; and all employees, field staff, tele-calling staff, supervisors, team leaders, managers, collection executives, repossession personnel, legal recovery coordinators and other representatives of recovery agencies involved in recovery or collection activity on behalf of the Company.

This process shall also apply to any outsourced service provider, lending service provider, collection-technology partner, call centre, digital collection service provider, field collection partner or other third party performing borrower-facing or recovery-related functions for the Company.

For the avoidance of doubt, this process shall not automatically apply to all employees of the Company. It shall apply to persons who are directly or indirectly involved in recovery and collection activity, or who have access to borrower data for such purpose. However, the Company may, at its discretion, extend similar due diligence requirements to any other employee, vendor, consultant or service provider if the nature of work so requires.

No individual shall be allowed to contact borrowers, conduct field visits, send recovery communications, access borrower data for recovery, collect repayment information, negotiate settlement or represent the Company in recovery matters unless such person is duly verified, trained, authorized and approved under this process.

3. DEFINITIONS

“Recovery Agent” means any individual, agency, company, firm, proprietorship, partnership, LLP, outsourced service provider, employee of such service provider, field collector, tele-caller, supervisor or representative engaged by or on behalf of the Company for recovery of dues from borrowers, co-borrowers, guarantors or other obligated persons.

“Recovery Agency” means any external entity engaged by the Company for carrying out recovery, collection, field visit, tele-calling, repayment reminder, settlement coordination, repossession support, legal recovery support or similar services.

“Individual involved in the recovery process” includes every person who directly contacts borrowers or borrower-related persons, handles borrower information, supervises recovery calls or visits, allocates recovery cases, records recovery actions, carries recovery notices, collects repayment-related information or otherwise participates in the recovery process.

“Due Diligence” means the process of verifying the legal existence, ownership, credentials, background, reputation, financial standing, regulatory compliance, manpower details, systems, controls, data security, antecedents, experience, capability and suitability of a proposed recovery agency or recovery agent before engagement and on an ongoing basis thereafter.

“Police Verification” means verification of criminal antecedents and background of an individual through the competent police authority or any other legally acceptable process as may be applicable in the relevant jurisdiction.

“Empanelment” means inclusion of a recovery agency or recovery agent in the approved list of persons or entities permitted to act on behalf of the Company for recovery-related activities, subject to execution of required agreements, undertakings, training, authorization and compliance requirements.

4. GOVERNANCE AND RESPONSIBILITY

The Board of Directors or a committee / authority authorized by the Board shall approve the broad policy framework relating to engagement of recovery agents. Senior management shall be responsible for implementation of this Due Diligence Process and for ensuring that no recovery agency or recovery agent is engaged without completion of prescribed checks.

The Collections Department shall be the primary owner of the engagement process. The Compliance Department shall review regulatory compliance aspects. The Legal Department shall vet the agreement, indemnity, confidentiality, data protection and termination provisions. The HR / Administration / Vendor Management Department, wherever applicable, shall assist in verification and documentation. The Information Technology / Information Security team shall review system access, data-sharing controls and technology-related risks.

No recovery agency or recovery agent shall be onboarded merely on the basis of business requirement or operational urgency. Completion of due diligence shall be mandatory prior to allocation of any live borrower account, overdue case or recovery assignment.

Where any urgent operational requirement exists, the same shall be recorded in writing and placed before the competent authority. However, such urgency shall not be used to bypass mandatory identity verification, police verification requirements, training, confidentiality undertakings or Code of Conduct undertakings.

5. DUE DILIGENCE FRAMEWORK

The due diligence process shall be risk-based, documented, proportionate to the scope of work and conducted before onboarding and throughout the engagement period. The Company shall ensure that each proposed recovery agency and each individual involved in recovery is assessed for suitability, integrity, competence, conduct risk and data protection readiness.

The due diligence process shall ordinarily include: preliminary identification and business requirement assessment; collection of documents and basic information; legal existence and registration verification; ownership, management and beneficial ownership review; experience, capability and manpower assessment; antecedent verification of the agency and individuals; police verification of individuals involved in recovery; reputation, litigation, regulatory and adverse media checks; infrastructure, office, system and data security review; review of recovery practices, scripts, training and conduct controls; commercial evaluation and conflict-of-interest review; approval by competent authority; execution of agreement and undertakings; training and issuance of authorization; controlled activation and allocation of cases; and ongoing monitoring, audit, re-verification and performance review.

The Company shall maintain documentary evidence of all stages of due diligence. Oral confirmations or informal references shall not be treated as sufficient substitutes for documented checks.

6. PRELIMINARY BUSINESS REQUIREMENT ASSESSMENT

Before initiating engagement of any recovery agency or recovery agent, the Collections Department shall prepare a brief business requirement note. The note shall mention the portfolio for which the recovery agency is proposed to be engaged, the geography, the type of activity, expected monthly volume and whether the activity is tele-calling, field collection, soft bucket calling, hard bucket recovery, legal recovery support, repossession support, settlement coordination or any other activity.

The note shall also mention whether the existing internal team or existing empanelled agencies are insufficient for the proposed requirement. The Company shall not engage multiple recovery agents merely for aggressive collection pressure. Engagement shall be based on legitimate operational requirements, service capability, borrower convenience, geographical reach, skill requirement and regulatory compliance.

The business requirement note shall also identify the expected borrower contact channels, data fields proposed to be shared, monitoring controls required, and risk level of the proposed engagement.

7. ELIGIBILITY CRITERIA FOR RECOVERY AGENCIES

A proposed recovery agency should ordinarily be a legally recognized entity such as a company, LLP, partnership firm, proprietorship concern or other valid business form. It should have valid PAN, GST registration wherever applicable, and such other statutory registrations as may be required for its operations.

The agency should have a registered office / principal place of business with proper address proof and should have reasonable experience in recovery, collections, customer service, financial services support, call centre operations, legal recovery support or other relevant activities.

The agency should not have been blacklisted, banned, debarred or terminated for misconduct by any bank, NBFC, financial institution, regulator, law enforcement authority or government authority, to the knowledge of the Company.

The agency should have adequate manpower, infrastructure, supervision, call recording capability where applicable, field monitoring process, complaint escalation mechanism and internal controls suitable for recovery activity.

The agency must agree to follow the Company's Fair Practice Code, Recovery Policy, Code of Conduct for Recovery Agents, borrower privacy requirements, data protection obligations and applicable regulatory directions. It must also agree to carry out antecedent verification and police verification of all employees / representatives deployed for the Company's recovery work.

The agency shall not subcontract or further outsource the recovery activity without prior written approval of the Company. It shall provide complete details of every person who will work on the Company's recovery portfolio and shall submit periodic compliance certificates, manpower lists, verification records, training records, call recordings, visit reports and other documents as may be required by the Company.

8. DOCUMENTS TO BE OBTAINED FROM RECOVERY AGENCY

Before empanelment, the Company shall obtain and verify documents relevant to the legal existence, ownership, operations and compliance readiness of the recovery agency. The following documents shall ordinarily be obtained, as applicable: certificate of incorporation / registration certificate / partnership deed / LLP agreement / shop and establishment registration / proprietorship declaration; PAN of the entity and PAN of proprietor / partners / directors / designated partners / key managerial persons; GST registration certificate, if applicable; Udyam registration, if available; registered office and operating office address proof; list of directors, partners, designated partners, proprietor, beneficial owners and key managerial persons; board resolution or authorization letter authorizing execution of agreement with the Company; cancelled cheque and bank account details in the name of the agency; audited financial statements / income tax returns / financial declaration depending on size and nature of engagement; details of existing clients and past experience; and declarations regarding blacklisting, debarment, regulatory action, criminal conviction, pending litigation and material disputes.

The agency shall also provide data security and confidentiality undertakings; the list of proposed employees / representatives to be deployed for the Company's work; KYC documents, address proof, photographs, mobile numbers and emergency contact details of all such individuals; police verification records or proof of initiation of police verification for individuals proposed to be deployed; previous employment or experience details; training records, if any; declaration that the agency shall not use threatening, abusive, coercive, misleading, defamatory, humiliating or unlawful methods for recovery; and undertaking that borrower information shall be used only for the specific recovery work assigned by the Company.

The Company may call for additional documents depending on the size of engagement, risk level, geography, nature of recovery activity, past complaint history or any regulatory or internal audit requirement.

9. OWNERSHIP AND MANAGEMENT REVIEW

The Company shall review the ownership and management structure of the proposed recovery agency. Details of directors, partners, designated partners, proprietor, beneficial owners, senior managers and operations heads shall be obtained and reviewed.

The Company shall verify whether any owner, director, partner or senior manager has any conflict of interest with the Company, its directors, senior management, employees, borrowers or vendors. The recovery agency shall disclose whether any of its owners or key persons are related to any employee or director of the Company. Any such relationship shall be reviewed by the Compliance Department and approved by senior management before engagement.

The Company may reject the proposal if the ownership structure is opaque, beneficial ownership is not disclosed, the agency refuses to provide management details, or there are indications of doubtful integrity, criminal association, adverse regulatory history or reputational concerns.

10. ANTECEDENT VERIFICATION OF RECOVERY AGENCY

The Company shall carry out background checks on the proposed recovery agency before engagement. Such checks may include verification of legal existence through available statutory records; verification of PAN / GST / MCA / LLP / firm registration details, wherever applicable; review of public profile, business presence and office address; adverse media search; litigation search through publicly available records, where feasible; review of references from existing or past clients, if available; confirmation that the agency has not been terminated by any regulated entity for serious misconduct, borrower harassment, data misuse, fraud, unauthorized collection, impersonation or regulatory breach; review of complaints history, if disclosed or available; review of financial stability and operational capability; and review of sample recovery scripts, borrower communication templates, field visit formats, call recording practices and escalation procedures.

The Company shall document the results of such due diligence in a vendor due diligence note. Any adverse finding shall be escalated to the Compliance Department and senior management. Engagement may be refused, deferred, restricted or approved with additional conditions depending on the severity of the finding.

Where adverse findings are not material but require monitoring, the agency may be approved with enhanced controls, shorter review cycles, restricted case allocation, mandatory audit, or additional reporting requirements.

11. DUE DILIGENCE OF INDIVIDUALS INVOLVED IN RECOVERY

The due diligence process shall specifically cover individuals involved in the recovery process. No individual shall be permitted to contact borrowers, visit borrowers, access borrower data, make recovery calls, send recovery communications or represent the Company unless his / her details have been submitted to and approved by the Company.

For every individual proposed to be deployed, the recovery agency shall provide full name as per identity proof; father's / spouse's name; date of birth; current residential address and permanent address; mobile number and email ID; photograph; valid identity proof; PAN where available; address proof; educational qualification where relevant; previous employment details; declaration of no criminal conviction and no pending criminal proceedings or complete details if any matter is pending; police verification certificate / report / acknowledgement / status; role proposed to be assigned; training completion details; and undertaking to comply with the Company's Code of Conduct for Recovery Agents.

The Company shall maintain a centralized list of approved individuals. The recovery agency shall not substitute, rotate, add or deploy any person for the Company's work without prior written intimation and approval by the Company.

The Company may refuse deployment of any individual if verification documents are incomplete, identity is doubtful, police verification is adverse, there is serious complaint history, or the person is considered unsuitable for borrower-facing recovery activity.

12. POLICE VERIFICATION

Police verification shall be mandatory for individuals involved in recovery activities on behalf of the Company. The recovery agency shall ensure that antecedent verification of its employees / representatives includes police verification. The Company may also directly require police verification records where the recovery agent is engaged individually or where the Company considers the risk profile to be higher.

For newly deployed personnel, police verification should preferably be completed before deployment. Where police verification is pending due to administrative delay, the Company may, after approval from the authorized official, permit limited deployment only if the recovery agency has submitted proof of application for police verification, self-declaration of the individual, identity and address proof, and an undertaking from the agency accepting full responsibility for the conduct of such individual. Such provisional deployment shall not continue beyond the timeline approved by the Company.

No person shall be permitted to undertake field recovery visits, repossession-related activity, borrower residence visits, workplace visits or high-risk recovery activity unless police verification is completed, except with specific written approval of senior management for reasons recorded in writing.

If police verification reveals criminal antecedents, pending serious criminal proceedings, history of violence, fraud, extortion, impersonation, harassment, data theft, cyber offence, financial crime, or any offence involving moral turpitude, such individual shall not be permitted to act as recovery agent for the Company unless specifically reviewed and approved by senior management and Compliance with reasons recorded in writing. As a general rule, such approval should not be granted in serious cases.

Police verification requirement under this process is not intended to apply to all employees of the Company. It applies to recovery agents and individuals involved in the recovery process, including personnel of recovery agencies and Company personnel, if any, specifically assigned to recovery functions.

13. PERIODIC RE-VERIFICATION

The Company shall follow a periodic re-verification framework for recovery agents and individuals involved in recovery. Unless otherwise approved, police verification and antecedent re-verification of field recovery personnel shall be carried out at least once every two years, and police verification and antecedent re-verification of tele-calling recovery personnel shall be carried out at least once every three years.

Re-verification shall be carried out immediately in case of any serious complaint, borrower allegation, fraud suspicion, misconduct report, data breach, adverse media report, regulatory observation or criminal proceeding. Re-verification shall also be carried out whenever an individual rejoins after a long gap or is transferred from a non-recovery role to a recovery role.

An annual certification shall be obtained from every recovery agency confirming that all persons deployed for the Company's work continue to satisfy antecedent and police verification requirements. The Collections Department shall maintain a due diligence tracker showing the date of last verification and next due date of re-verification for each agency and individual.

14. TRAINING AND CODE OF CONDUCT UNDERTAKING

Before assigning any recovery case, the Company shall ensure that recovery agents and individuals involved in recovery are properly trained on borrower conduct, fair practices, privacy, permissible communication, timing restrictions, escalation procedure, grievance redressal, regulatory obligations and consequences of misconduct.

Training shall cover the Company's Fair Practice Code, Recovery Policy, Code of Conduct for Recovery Agents, prohibition on harassment, intimidation, humiliation, threats, abusive language, violence, public shaming and coercion, prohibition on contacting borrowers outside permitted hours, rules regarding contact with third parties, confidentiality of borrower information, data privacy and information security, manner of identifying oneself as authorized representative, requirement to carry identity card and authorization letter wherever applicable, procedure for field visits, procedure for call recording and documentation, grievance escalation process, settlement and payment collection restrictions, prohibition on false legal threats or false police threats, and borrower-sensitive conduct in cases of medical emergency, death, dispute, financial distress or vulnerability.

Every recovery agency and every individual deployed for recovery activity shall sign an undertaking confirming that they have read, understood and agreed to comply with the Company's Code of Conduct, Recovery Policy and applicable law. Refusal to sign the undertaking shall result in non-deployment.

Training shall be refreshed periodically and immediately after any major regulatory update, serious borrower complaint, audit finding or change in Company policy.

15. DATA SECURITY AND CONFIDENTIALITY REVIEW

Since recovery agents may receive borrower information, the Company shall assess the data security controls of the recovery agency before sharing any borrower data. Borrower information shall be shared strictly on a need-to-know basis and only to the extent necessary for recovery activity.

The recovery agency shall confirm that borrower data shall be used only for recovery work assigned by the Company; data shall not be copied to personal devices, unauthorized spreadsheets, private email IDs, messaging groups, cloud storage or unapproved systems; access shall be restricted to approved individuals only; data shall not be shared with

family members, friends, other borrowers, employers, neighbours or unrelated persons; data shall not be used for cross-selling, marketing, personal follow-up, harassment or any purpose unrelated to assigned recovery activity; all documents, data, call recordings, visit reports and borrower information shall be returned, deleted or destroyed upon termination or completion of assignment as directed by the Company; and any suspected data breach, unauthorized access, loss of device, misuse of data or borrower complaint shall be reported immediately to the Company.

Where the agency uses any software, dialer, CRM, mobile application, call recording tool, location tracking tool or field collection application, the Company may require a technical and information security review before permitting use of such system for Company cases.

16. FIELD RECOVERY REVIEW

Where the recovery agency is proposed to conduct field visits, the Company shall conduct additional due diligence. Such review may include confirmation of office presence in the relevant geography; list of field executives with address and police verification status; field supervisor details; visit allocation process; process for recording borrower visit details; GPS tagging or visit proof mechanism, if available; process for escalation of borrower disputes; prohibition on unauthorized seizure, intimidation, public pressure or forced entry; process for ensuring that visits are conducted only at permitted times and in a civil manner; process for ensuring that women borrowers are treated with dignity and sensitivity; mechanism to ensure that agents do not visit borrower's workplace, residence or other location in a manner that causes public embarrassment or reputational harm; and incident reporting process.

Field recovery agencies shall be subject to stricter monitoring due to higher conduct risk. The Company may conduct sample borrower confirmations, surprise checks, supervisor calls and audit reviews of visit reports.

17. TELE-CALLING AND DIGITAL RECOVERY REVIEW

Where recovery activity is carried out through calls, SMS, WhatsApp, email, app notification, IVR or other digital means, the Company shall review the communication process of the agency.

The agency shall submit proposed calling scripts, SMS templates, WhatsApp templates, email templates and escalation scripts for approval. No unapproved message, threat-based communication, misleading legal notice, fake police message, defamatory message, public group message or unauthorized social media communication shall be used.

The Company shall ensure that calls are made only during permitted hours; calls are not excessive, abusive, threatening or persistent beyond reasonable limits; agents disclose their identity and authority; calls are recorded wherever legally and operationally feasible; borrowers are not misled regarding consequences of non-payment; no obscene, defamatory, humiliating or intimidating content is used; borrower data is not disclosed to unauthorized persons; and digital communication is made only through approved channels and approved templates.

18. COMMERCIAL AND INCENTIVE STRUCTURE REVIEW

The Company shall review the proposed commercial arrangement with the recovery agency to ensure that the incentive structure does not encourage unlawful, coercive, aggressive or questionable recovery behaviour.

The Company shall avoid purely aggressive recovery-linked incentive structures that may create undue pressure on agents to violate fair practice norms. The agreement may provide for performance-linked payments, but such payments shall be subject to compliance with the Company's Code of Conduct and zero tolerance for borrower harassment or misconduct.

Any agency found to be using threats, force, humiliation, privacy intrusion, unauthorized third-party contact, fake legal threats or abusive methods to achieve collection targets shall be liable for penalty, suspension, withholding of payment, termination, blacklisting and reporting to appropriate authorities, as may be applicable.

19. EMPANELMENT APPROVAL PROCESS

After completion of due diligence, the Collections Department shall prepare an empanelment note. The note shall include name and details of the proposed recovery agency / agent; nature and scope of services; geography and portfolio proposed; due diligence documents received; summary of legal existence verification; summary of ownership and management review; manpower details and police verification status; infrastructure and capability assessment;

data security review; adverse findings, if any; proposed commercial terms; risk rating of the agency; and recommendation for approval, rejection or conditional approval.

The empanelment note shall be reviewed by Compliance and Legal, wherever required, and approved by the competent authority as per the Company's Delegation of Authority. No case shall be allocated before approval is recorded.

Conditional approval may specify restrictions on geography, product, bucket, case count, period, field visits, system access, payment handling or borrower communication channel.

20. AGREEMENT AND UNDERTAKINGS

The Company shall execute a written agreement with every recovery agency before assigning any recovery work. The agreement shall include scope of work; permitted and prohibited activities; obligation to comply with applicable law, RBI directions, Company policies, Fair Practice Code and Code of Conduct; requirement of antecedent verification and police verification of deployed personnel; requirement to provide updated manpower list; confidentiality and data protection obligations; borrower privacy obligations; prohibition on subcontracting without approval; call recording and documentation requirements, if applicable; field visit requirements, if applicable; reporting and audit rights of the Company; right of inspection by the Company or its auditors; right to suspend or terminate engagement for misconduct; indemnity in favour of the Company for breach, misconduct, fraud, unlawful conduct, data breach or regulatory violation; obligation to cooperate in borrower complaints, regulatory inspections, audits and investigations; obligation to return / delete borrower data upon termination; penalty and clawback provisions for breach; and dispute resolution and jurisdiction provisions.

Individual recovery agents and agency personnel shall execute separate undertakings acknowledging borrower conduct obligations, data confidentiality, identity verification, police verification, no-harassment obligations and consequences of misconduct.

21. IDENTITY CARD AND AUTHORIZATION

Every individual recovery agent or agency representative approved to work on Company cases shall be required to carry proper identity proof and authorization while interacting with borrowers. Where the identity card is issued by the recovery agency, the Company shall ensure that the agency has issued proper identity cards to its personnel. The Company may also issue authorization letters or agency-level authorization confirming the scope of engagement.

While initiating recovery through an agency, the Company shall ensure that the borrower is informed of the details of the recovery agency / authorized representative as required under applicable policy. If the agency or agent is changed during the recovery process, the borrower shall be suitably informed.

A recovery agent shall not interact with a borrower without disclosing name, agency name, authority and purpose of contact. The agent shall not misrepresent himself / herself as police officer, court officer, government officer, RBI officer, lawyer, employee of credit bureau or any other authority unless such representation is legally correct and specifically authorized.

22. BORROWER COMMUNICATION

Before or at the time of forwarding default cases to a recovery agency, the Company shall ensure that appropriate communication is provided to the borrower, containing details of the recovery agency, manner of contact, grievance redressal mechanism and relevant contact details, wherever required by Company policy or applicable regulatory directions.

The recovery agent shall, wherever applicable, carry identity card, copy of authorization letter, copy of notice / communication issued to borrower, contact details of the Company and recovery agency, and any other document required by the Company.

Borrower communication shall be truthful, respectful and limited to recovery of legitimate dues. No communication shall be designed to cause public embarrassment, social pressure, reputational harm or mental harassment.

23. PROHIBITED RECOVERY PRACTICES

During due diligence and training, the Company shall clearly communicate that the following practices are strictly prohibited: use of threatening or abusive language; use or threat of violence; intimidation or harassment of borrower or family members; public humiliation or social shaming; contacting neighbours, colleagues, employers, friends, relatives or references except as legally permissible and strictly necessary for locating borrower, without disclosure of loan details; sending inappropriate messages through SMS, WhatsApp, email, social media or any other medium; making anonymous calls; impersonation of police, court, regulator, lawyer or government authority; false threat of arrest, FIR, criminal case, property attachment, job loss, passport cancellation or social media exposure; persistent calling beyond reasonable frequency; contacting borrower before 8:00 a.m. or after 7:00 p.m., unless permitted by applicable law or justified by special circumstances of borrower's occupation and recorded accordingly; visiting borrower's residence or workplace in a manner that breaches privacy or causes public embarrassment; forcibly entering premises; taking possession of movable or immovable property without due legal process; collecting cash or personal benefit unless expressly permitted under the Company's documented process; using borrower data for any unauthorized purpose; using personal mobile numbers or personal accounts for unauthorized collection activity; retaining borrower documents after assignment closure; and continuing recovery activity where the Company has instructed hold, recall, settlement review, complaint review, legal review or account suspension.

Any violation of prohibited practices shall be treated as a serious compliance breach and may lead to immediate suspension of the concerned individual and / or agency pending investigation.

24. RISK CLASSIFICATION

The Company may classify recovery agencies as low, medium or high risk based on type of recovery activity, geography, volume of cases, field visit involvement, borrower complaint history, past conduct, vintage of relationship with the Company, data access level, police verification completion status, staff turnover, audit findings, adverse media or litigation history.

High-risk agencies shall be subject to enhanced monitoring, more frequent audits, stricter reporting, restricted case allocation and shorter review cycles. Risk classification shall be reviewed at least annually or earlier if any serious event occurs.

25. ONGOING MONITORING

Engagement of a recovery agency shall not end with onboarding. The Company shall monitor the agency on an ongoing basis. Monitoring may include review of borrower complaints, sample call audits, review of call recordings, review of field visit reports, surprise checks, verification of manpower actually deployed, review of police verification and re-verification status, review of recovery performance along with conduct score, review of data handling practices, periodic compliance certificates, review meetings with agency management and assessment of regulatory observations, if any.

The Company shall not evaluate recovery agencies only on collection efficiency. Behaviour, compliance, borrower treatment, grievance history, audit results and data security shall be key parameters of performance evaluation.

Where monitoring indicates high complaint incidence, unauthorized personnel deployment, non-compliant communication or weak data controls, the Company may freeze further case allocation until corrective action is completed.

26. PERIODIC COMPLIANCE CERTIFICATE

Every recovery agency shall submit a compliance certificate at such periodicity as may be decided by the Company, preferably monthly or quarterly. The certificate shall confirm that only approved individuals were deployed on Company cases; no unapproved subcontractor was used; all deployed persons have undergone required training; antecedent and police verification records are maintained; no prohibited recovery practice was used; borrower data was used only for authorized purposes; no borrower data breach occurred; all borrower complaints received by the agency were reported to the Company; all call recordings / visit records / communication logs are preserved as required; and the agency continues to comply with applicable law and Company policies.

Failure to submit a compliance certificate within the stipulated time may result in withholding of new case allocation or other corrective action.

27. AUDIT AND INSPECTION

The Company shall have the right to audit and inspect the recovery agency's records, systems, office, call centre, field records, training records, police verification records, call recordings, borrower communication logs and data security controls.

Audits may be conducted by the Company's internal team, compliance team, internal auditor, external auditor or any authorized representative. The recovery agency shall cooperate fully and provide access to all relevant records.

Audit observations shall be classified based on severity. Material observations shall be placed before senior management and corrective action shall be tracked until closure. Repeated or material audit failures may lead to suspension or termination.

28. BORROWER COMPLAINTS AGAINST RECOVERY AGENTS

All complaints relating to recovery agent conduct shall be treated seriously. Complaints may include allegations of harassment, abusive calls, excessive calls, threats, unauthorized third-party contact, privacy breach, public humiliation, misrepresentation, forced recovery, unlawful visit, data misuse or demand for personal benefit.

On receipt of such complaint, the Company shall acknowledge and record the complaint; identify the agency and individual involved; retrieve call recordings, messages, visit reports and account notes; seek written explanation from the agency; temporarily suspend the concerned individual from handling the complainant's account if required; stop further field visit or aggressive recovery action until review, where appropriate; investigate the complaint through Collections, Compliance and Grievance Redressal teams; communicate resolution to the borrower as per grievance redressal timelines; and take corrective or disciplinary action if misconduct is established.

Repeated complaints against an agency or individual shall trigger enhanced review, retraining, suspension, termination or blacklisting.

29. SUSPENSION, TERMINATION AND BLACKLISTING

The Company may suspend or terminate a recovery agency or recovery agent in case of failure to complete due diligence requirements; deployment of unapproved personnel; failure to complete police verification; adverse police verification report; borrower harassment or abusive conduct; unauthorized contact with third parties; data breach or misuse of borrower information; misrepresentation of authority; collection of unauthorized charges or personal benefit; use of threats, coercion or unlawful methods; refusal to provide records or cooperate in audit; repeated borrower complaints; regulatory adverse observation; criminal proceeding or serious litigation affecting suitability; breach of agreement or Code of Conduct; subcontracting without approval; or reputational risk to the Company.

Depending on severity, the Company may also blacklist the agency or individual from future engagement and may report the matter to law enforcement or regulatory authorities, if required.

In case of immediate risk to borrowers or to the Company, interim suspension may be ordered pending completion of investigation.

30. EXIT PROCESS

Upon termination, expiry, suspension or completion of assignment, the recovery agency shall immediately stop using the Company's name and stop contacting borrowers on behalf of the Company. The agency shall return or permanently delete all borrower data, documents, call lists, account details, communication templates, access credentials and other Company information.

The Company shall disable system access, recall pending cases, inform relevant internal teams and, where necessary, inform borrowers regarding change of agency. The agency shall certify that no borrower data has been retained except as required by law or permitted by the Company in writing.

Final settlement of agency dues may be withheld until the Company receives all required confirmations, data deletion certificates, records and pending complaint responses.

31. RECORD MAINTENANCE

The Company shall maintain proper records of due diligence and engagement of recovery agents. Records shall include empanelment note; agency documents; management and ownership details; due diligence checklist; adverse search results, if any; approval note; agreement and undertakings; list of approved individuals; KYC documents of individuals; police verification records; training records; Code of Conduct undertakings; borrower communication records; audit reports; compliance certificates; complaint records; suspension / termination records; and re-verification tracker.

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

Records shall be stored securely and access shall be restricted to authorized personnel only.

32. MINIMUM CHECKLIST BEFORE ALLOCATION OF CASES

No recovery case shall be allocated to any agency or individual unless the following minimum checks are completed: agency legally verified; KYC and registration documents obtained; no major adverse finding noted, or adverse finding approved with reasons; agreement executed; confidentiality and data protection undertaking obtained; Code of Conduct undertaking obtained; list of deployed individuals received; KYC of deployed individuals obtained; police verification completed or approved as pending under controlled exception; training completed; borrower communication process approved; system access approved, if applicable; and senior management / competent authority approval recorded.

The system or operational process for case allocation should be designed to prevent allocation to unapproved agencies or unapproved individuals wherever technically feasible.

33. EXCEPTION HANDLING

Any exception to this Due Diligence Process shall require written approval from the competent authority. The reason for exception, risk involved, compensating control and timeline for closure shall be documented.

Exceptions shall not be granted for serious matters such as known criminal antecedents involving violence, extortion, fraud, harassment or data theft, except with approval of senior management and Compliance with detailed reasons recorded. Operational urgency shall not be treated as a sufficient reason to bypass mandatory due diligence.

All exceptions shall be tracked until closure and reviewed during periodic compliance review.

34. REVIEW OF PROCESS

This Due Diligence Process shall be reviewed at least annually or earlier if required due to change in law, RBI directions, internal audit observation, regulatory inspection, borrower complaint trend, business model change or management decision.

Any material change shall be placed before the Board / Committee / authorized management forum for approval as per the Company's governance framework.

35. RESPONSIBILITY OF THE COMPANY

The Company shall remain responsible for the actions of recovery agents acting on its behalf. Engagement of an external recovery agency shall not dilute the Company's responsibility to ensure fair treatment of borrowers, lawful recovery practices, protection of borrower data and timely grievance redressal.

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

The Company shall maintain effective oversight over recovery agents and shall ensure that borrower dignity, privacy and lawful recovery standards are preserved at all times.