

GUIDELINES ON ENGAGEMENT OF RECOVERY AGENTS

OF

FAMILY HOME FINANCE PRIVATE LIMITED

Adopted/ Amendment	Board Meeting Date(s)	Version No.
Adoption of the Policy	April 25, 2018	1.0
Amendment of the Policy	July 25, 2025	1.1
Amendment of the Policy	July 29, 2026	1.2

Last reviewed on July 29, 2026

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1. Preamble

As part of the best corporate practices, Family Home Finance Private Limited (the "**Company**" or "**FHFPL**") has adopted this 'Guidelines on Engagement of Recovery Agents' (hereinafter referred to as "**Guidelines**") for usage and engagement of recovery agents/ agencies for collection of dues and possession of security. These Guidelines are built around dignity and respect to customer and are prepared in accordance with the provisions of the Reserve Bank of India (Housing Finance Companies) Directions, 2025 ("**HFC Master Directions**") read with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 and the Reserve Bank of India (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025 (collectively, the "applicable RBI Directions").

- 1.1. The objective of these Guidelines is to prevent adverse, uncivilized, unlawful and adoption of questionable practices/ behaviors by the Recovery Agents ("**Agents**") as appointed by the Company from time to time. Hence these Guidelines are built on the principles of courtesy, fair treatment and persuasion by Agents in the process of collection of dues or possession of security.
- 1.2. Possession of security by FHFPL is aimed at recovery of dues in the event of default and not aimed at whimsical deprivation of the property to the borrower. These Guidelines recognizes fairness and transparency in the procedure followed by the Company in the possession, valuation and realization of security. All the practices adopted by FHFPL for follow-up, recovery of dues, and possession of security will remain in consonance with the applicable laws.

2. Applicability

For the purpose of these Guidelines, the Agents will include recovery agencies engaged by the Company and hence would include agents/ employees of these recovery agencies, and also staff members of FHFPL engaged in the process of collection of dues. These Guidelines shall form part of the agreement between the Company and the Agents. The Agents must give a written undertaking to abide by these Guidelines and the Fair Practices Code of the Company, prior to undertaking any recovery operations on behalf of FHFPL; in case of violation of Guidelines the Company may initiate appropriate action against the Agents.

3. Engagement of Recovery Agents

- 3.1 Before engaging Recovery Agents/ Agencies, the Company will conduct a due diligence on them to ensure verification of the antecedents of their employees, which may also include pre-employment police verification. Further, as a matter of abundant caution, the Company may decide the periodicity at which re-verification of antecedents must be resorted to.
- 3.2 The Company, as principal, remains responsible for the acts and omissions of the Agents, including the personnel deployed by them, engaged for the recovery of its dues. Engaging an Agent is an outsourcing of the Company's recovery activity, and does not diminish the obligations of the Company, its Board and its Senior Management, who retain ultimate control of, and responsibility for, that activity and for the confidentiality of the customer information available with the Agent.
- 3.3 The engagement of every Agent shall be governed by a written agreement, , which shall reckon the associated risks, bring out the principal and agent relationship between the parties and provide, inter alia, for the service and performance standards expected of the Agent; the Company's access to the books, records and information of the Agent relevant to the recovery activity; regular and continuous monitoring by the Company; the Company's prior consent to the use of any sub-contractor; controls for the confidentiality of customer information, which shall survive the agreement; the right of the Company, the Reserve Bank of India and NHB to inspect the Agent and its records; and termination. The agreement shall prohibit the Agent from further outsourcing the whole or any part of the activity entrusted to it.
- 3.4 The Company will monitor the activities of Agents on a regular basis through internal feedback and available market and public information to determine any adverse, unlawful, uncivilized practice/ behavior followed by the Agents, to enable appropriate action as may be deemed necessary.

4. Training of Recovery Agents

- 4.1. The Company shall ensure that the Agents are properly trained to handle and execute their responsibilities with reasonable care and sensitivity, which shall include aspects like calling hours, privacy of customer information/ database, etc.
- 4.2. The Company will ensure that the Agents/ staff appointed by the recovery agencies/ Company have undergone requisite training and obtained the certificate from Indian Institute of Banking and Finance ("IIBF") to act as recovery agents, as required by Reserve Bank of India. The recovery agencies engaged by

the Company shall likewise deploy on the Company's work only such personnel as have undergone that training and obtained the IIBF certificate.

- 4.3. The Company will also conduct in-house training session for the Agents/ staff, in line with extant Guidelines and market practices on a regular basis, to ensure uniformity in the standards of training.

5. Intimating Borrowers

- 5.1. The loan recovery process is an essential mechanism for financial institutions, designed to address situations where customers are unable to meet their repayment obligations. As a part of recovery process, the Company shall take necessary measures for collecting overdue amount which shall inter-alia include sending written communications, telephonic reminder(s), or visits by Agents/ staff/ authorized representatives on a regular basis.
- 5.2. The Company shall not initiate any legal or other recovery measures including security possession without giving due notice in writing to the borrower. This written notice shall include name, address, contact number of the Agents and the agency to which he belongs, if any. Where the borrower has not received the notice due to non-availability/ refusal/ avoidance, the Agents/ staff shall carry copy of notice and the authorization letter from the Company along with identity card issued by the Agency/ Company. Also upon any change of Agent/ Agency during the recovery process, the Company shall inform the borrower of the same, and the new designated Agent shall carry the changed notice and the authorization letter along with his identity card.
- 5.3. The notice and the authorization letter should, among other details, also include the telephone numbers of the relevant recovery Agents/ Agency. The Company shall ensure that the Agents/ Agency engaged by FHFPL has the necessary infrastructure for tape recording of the content/ text of the calls made by Agents to the customers, and vice-versa. The Company shall also intimate the customer that all conversation with the recovery agent is being recorded.

6. Incentives to Recovery Agents

- 6.1. The Company shall not set abnormally stiff collection targets or abnormally high incentives as it may encourage Agents to adopt unfair, uncivilized, unlawful and questionable behavior during the recovery process.

6.2. The structure for incentives would be approved by the Chief Executive Officer/ Whole-time Director of the Company and will be reviewed from time to time. The slab-wise rate of fees may be set depending upon the age of NPA, amount involved, prospects of realization of security etc. Higher fees may be considered for uncharged interest and legal expenses.

7. Methods followed by Recovery Agents

As per applicable RBI Directions Agents/ staff/ authorized representative of the Company shall follow the below mentioned instructions, during the process of collection of dues and/or security possession:

- (a) The Customer would be contacted ordinarily at the place of his/ her choice and in the absence of any specified place, at the place of his/ her residence and if unavailable at his/ her residence, at the place of business/ occupation.
- (b) Identity and authority to represent the Company for follow up and recovery of dues should be made known to the customer at the first instance. The Company staff or any person authorized to represent FHFPL in collection of dues or/ and security possession will identify himself/ herself and display the authority letter issued by FHFPL upon request.
- (c) The Company shall respect the privacy of its borrowers.
- (d) The Company is committed to ensure that all written and verbal communication with its borrowers will be in a simple business language and FHFPL will adopt civil manners for interaction with borrowers.
- (e) FHFPL's representatives would contact customers between 08:00 hours and 19:00 hours, unless the special circumstances of the customer's business or occupation requires FHFPL to contact at a different time.
- (f) The Customer's request to avoid calls at a particular time or at a particular place will be honored as far as possible.
- (g) FHFPL will document the efforts made for the recovery of dues and the copies of communications with customers, if any, will be kept in the Company's official records.
- (h) All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- (i) During visits to Customer's place for dues collection, decency and decorum will be maintained. Further, FHFPL's representative shall visit customer's premise for the collection/ recovery activity and no other person shall accompany FHFPL's representative.
- (j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions, or marriage functions, festivals etc. will be avoided for making calls/ visits to collect dues.

- (k) The written communication sent by the recovery agent to the customer shall have the approval of the FHFPL.
- (l) FHFPL's representatives shall interact with the customer and/ or the guarantor, if any and shall not approach any other relatives/ contacts of the customer.
- (m) Recovery Agents/ their representative would resort only to the legally permissible activities during the course of recovery.
- (n) Neither FHFPL nor its Agents shall resort to intimidation or harassment of any kind, whether verbal or physical, against any person in the course of collection of dues, including any act intended to humiliate publicly or to intrude upon the privacy of the borrower's family members, referees and friends, sending inappropriate messages on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower, calling the borrower before 08:00 hours or after 19:00 hours, or making false or misleading representations
- (o) Recovery Agents/ their representative will not accept cash except with approval of the Company and recoveries will be deposited directly in Company's Bank account.
- (p) Recovery Agents/ their representative will not accept any kind of gift or bribe.
- (q) Recovery Agents/ their representatives shall not make any verbal or written promises to customer without prior approval of the Company.

8. Possession of security mortgaged to Company

- 8.1. Possession of security by FHFPL is aimed at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property to the borrower. The recovery process through possession of security will involve possession, valuation of security and realization of security through appropriate means.
- 8.2. All these would be carried out in a fair and transparent manner and as per legal procedures detailed under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002. These procedures will be followed not only for enforcing security interest but also for auctioning the movable and immovable property after enforcing the security interest.
- 8.3. Possession will be done after issuing due notice to the borrower as detailed above. Due process of law will be followed while taking possession of the property. FHFPL will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

9. Valuation and Sale of Property

Valuation and sale of property possessed by FHFPL will be carried out as per law and in a fair and transparent manner. FHFPL will have the right to recover from the

borrower the balance due if any, after sale of property. FHFPL shall have the primary right of set-off and lien, irrespective of any other lien or charge. The lien shall be valid and binding on the borrower and operative until repayment in full of all moneys due to FHFPL from the borrower. Excess amount if any, obtained on sale of property will be returned to the borrower after meeting all the related expenses, provided FHFPL is not having any other claims against the customer. Where, instead of realising the security by sale to a third party, the Company acquires the property in satisfaction or part satisfaction of its claims on the borrower, the acquisition, valuation, holding and disposal of that property shall additionally be governed by the clauses on specified non-financial assets in the Company's Credit Policy, which deal with the recovery efforts to be explored before acquisition, the eligibility criteria and delegation matrix, valuation by independent external valuers, and disposal at the earliest through public auction and in any event within the maximum period specified in that policy.

10. Opportunity for the borrower to take back the security

As indicated earlier, FHFPL will resort to possession of security only for the purpose of realization of its dues as the last resort and not with the intention of depriving the borrower of the property. Accordingly, FHFPL will be willing to consider repossession of property by the borrower any time after taking possession and before concluding sale transaction of the property, provided the Company dues are cleared in full within the time frame specified by FHFPL. If satisfied with the genuineness of borrower's inability to pay the loan installments as per the schedule which resulted in the possession of security, FHFPL may at its sole discretion consider handing over the property to the borrower.. However, this would be subject to FHFPL being fully convinced of the arrangements made by the borrower to ensure timely repayment of the remaining installments in future.

11. Use of Lok Adalats

The Company shall encourage using the forum of Lok Adalats for recovery of housing loans with less than Rs.10 lakhs as suggested by the Honorable Supreme Court of India. However, the Company shall have right to engage Agents depending upon the recovery prospects.

12. Counseling to the borrower

The Company would expect the customer to adhere to the repayment schedule agreed to. The customer may approach the Company for assistance and guidance in case of genuine difficulty in meeting any repayment obligations. The Company will provide suitable assistance to borrower where they become aware that the particular

borrower deserves sympathetic consideration, and for this purpose shall maintain an appropriate mechanism to utilize the services of credit counsellors..

13. Complaints against Recovery Agents

13.1 All Complaints received from the customers in connection with recovery of dues shall be resolved as per the Company's grievance redressal policy as adopted by the Company and as available on the website viz., <https://www.fhfpl.co.in/>. The Company's grievance redressal machinery expressly extends to the services provided by the Agents, and the name and contact number of the designated grievance redressal officer shall be displayed at the Company's offices and branches and given wide publicity, including through electronic and print media.

13.2 In case of any complaint/ grievance lodged by any borrower against any recovery agent, FHFPL will not forward fresh cases to that Agency till final disposal of grievance lodged by the concerned borrower. This condition would not be applicable where the Company is convinced, with appropriate proof, that the borrower is continuously making frivolous/ vexatious complaints in order to avoid the settlement of the dues. Where the subject matter of the borrower's dues is sub judice, the Company will exercise utmost caution, as appropriate, before referring the matter to the recovery agencies.

14. Periodical review, monitoring and control

The Company will have a mechanism for periodical review to effect any improvements on its structure, procedures followed in the engagement of Recovery Agents.

15. General

- a. FHFPL shall, at least on an annual basis, review the financial and operational condition of the Recovery Agents to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the recovery agent shall highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.
- b. The Company shall prominently display the list of recovery agency firms/ companies/ individuals empanelled with it, including the name and period of empanelment, on its website, at its branches/ offices, and on any other platform used for engagement with customers, and shall keep those details up to date.

- c. FHFPL shall have in place a management structure to monitor and control its outsourcing activities. It should ensure that outsourcing agreements with the service providers contain provisions to address their monitoring and control of outsourced activities.
- d. The Company shall maintain a central record of its material outsourcing of recovery services for review by the Board and Senior Management, shall update that record promptly, and shall place half-yearly reviews of it before the Board or the Risk Management Committee.
- e. Regular audits by either the internal auditors or external auditors, if any, of the FHFPL should assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, the FHFPL's compliance with its risk management framework and the requirements of these Guidelines.
- f. In case of breach of these Guidelines, the Company may terminate the services of Recovery Agents. The Company shall mention the reason of termination of any Recovery Agents on its website, to ensure that the customer(s) do not continue to deal with that service provider.

16. Amendments

The Company may amend these Guidelines as and when deemed fit. Any and all provisions of these Guidelines shall also be amended as required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Guidelines, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Guidelines shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines. An interim review and amendment can also be carried out to accommodate minor changes, if any, on regulatory and operating front by the Company Secretary of the Company.
