VRIDHI FINSERV HOME FINANCE LIMITED (VFHFL)

GUIDELINES ON ENGAGEMENT OF RECOVERY AGENTS POLICY
Version V5.0

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1. Preamble

As part of the best corporate practices, Vridhi Finserv Home Finance Limited (the 'Company' or 'VFHFL') an Housing Finance Company ('HFC') has adopted these 'Guidelines on Engagement of Recovery Agents' (referred to as 'Guidelines') in line with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2025 for use of recovery agents/agencies for collection of dues and repossession of security. These Guidelines are built around dignity and respect for the Customer and are in line with the extant guidelines framed by the RBI.

The objective of these Guidelines is to prevent the adverse, uncivilized, unlawful and questionable practices/ behaviors by the Recovery Agents ('Agencies' or 'Agents'). These Guidelines are built on courtesy, fair treatment, and persuasion by Agents in the process of collection of dues.

Repossession of securities by VFHFL is aimed at recovery of dues in the event of default and not aimed at whimsical deprivation of the property offered as security. The policy recognizes fairness and transparency in repossession, valuation, and realization of security. All the practices adopted by the VFHFL for follow-up, recovery of dues, and repossession of security will remain in consonance with the applicable laws.

2. Applicability

For the purpose of these Guidelines, the term 'Agents' will include recovery agencies engaged by the Company and hence would include agents/ employees of these recovery agencies, and also staff members of VFHFL engaged in the process of collection of dues. The Guidelines shall form part of the agreement between the Company and the Agents. The Agencies/ Agents must agree to abide by these Guidelines prior to undertaking any recovery operations on behalf of VFHFL; in case of violation of Guidelines, the Company may initiate appropriate action against the Agencies/ Agent(s).

3. Engagement of Recovery Agents

Before engaging Recovery 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.

The Company will monitor the activities of Agents on a regular basis through internal feedback, and available market information/ public information to determine any adverse, unlawful, uncivilized practice/ behavior by the Agents, to enable appropriate action as may be deemed necessary.

4. Training of Recovery Agents

The Company shall ensure that the Agents are properly trained to handle their responsibilities with reasonable care and sensitivity, which shall include aspects like calling hours, privacy of customer information/ database, etc. This training shall not be mandatory for VFHFL staff.

The Company will ensure that the Agents appointed by the Company have undergone requisite training for collection of dues as suggested by Reserve Bank of India and *ensure that over a period of one year, all their recovery agents have undergone the training as prescribed by Indian Institute of Banking and Finance (IIBF) and obtain the certificate from the institute. Further, the service providers engaged by VFHFL, should also employ only such personnel who have undergone the above training and obtained the certificate from the IIBF*.

The Company will also conduct in-house training sessions 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

The Company shall use written communications, telephonic reminder(s), or visits by Agents/staff/ authorized representatives as measures for collection of dues on a regular basis.

The Company shall not initiate any legal or other recovery measures including security repossession without giving due notice in writing to the borrower. This written notice shall include the Name, Address, Contact Number of the Agent and its Agency. Where the borrower has not received the notice due to non-availability/refusal/avoidance, the Agents/staff shall carry a copy of notice and the authorization letter along with an identity card issued by the Company/Agency. Also, upon any change of Agent/Agency, 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.

The notice and the authorization letter should, among other details, also include the telephone numbers of the relevant recovery Agency.

The Company should ensure that there is a tape recording of the content/text of the calls made by the recovery agents to the customers and vice versa, with the knowledge of the customer. The Company may take reasonable precautions such as intimating the customer that the conversation is being recorded, etc. The recording will be retained in line with KYC and AML Policy.

The details of the recovery agency firms/companies engaged by Company will be posted on the Company's website and updated periodically.

6. Incentives to Recovery Agents

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.

The structure for fee/charges would be approved by the Head of Collection (in consultation with the COO/MD) 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, prospects of realization of security. Higher fees may be considered for uncharged interest and legal expenses.

7. Methods followed by Recovery Agents

As per extant Guidelines on Fair Practice Code, Agents/staff/authorized representatives of the Company shall follow the below-mentioned guidelines during the process of collection of dues and/ or security repossession.

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 VFHFL in collection of dues or/ and security repossession will identify himself/ herself and display the authority letter issued by VFHFL upon request.

c. The Company shall respect the privacy of its borrowers.

d. The Company is committed to ensuring that all written and verbal communication with its borrowers will be in simple business language and VFHFL will adopt civil manners for interaction with borrowers.

e. VFHFL representatives would contact customers between 09:00 hours and 18:00 hours unless the special circumstances of the customer's business or occupation require VFHFL to contact at different times.

f. The customer's request to avoid calls at a particular time or at a particular place will be honoured as far as possible.

g. VFHFL 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 the customer's place for dues collection, decency and decorum will be maintained.

j. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/ visits to collect dues.

k. The Company shall interact only with the customer/ borrower or the guarantor (only if so

required) and shall not approach any other relatives/ contacts of the borrower.

l. The written communication sent by the collection agent to the borrower should have the approval of the Company.

m. Only employees of the Agent shall visit the borrower's premises for the recovery/ collection activity and no other person shall accompany such Recovery Agent.

Under no circumstance shall the Agents/staff/ authorized representatives of the Company –

(a) Resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts;

(b) Engage in acts intended to humiliate publicly or intrude upon the privacy of the borrower's family members, referees and friends;

(c) Send inappropriate messages either on mobile or through social media;

(d) Make threatening and/ or anonymous calls;

(e) Persistently/ repeatedly call the borrower or/ and call the borrower before 08:00 hours or after 19:00 hours for recovery of dues;

(f) Make any false or/ and misleading representations.

8. Repossession of security mortgaged to Company

Repossession of securities by VFHFL is aimed at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property offered as security. The recovery process through repossession of security will involve repossession, valuation of security and realization of security through appropriate means.

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, 2002) 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.

Repossession will be done after issuing the due notice as detailed above. Due process of law will be followed while taking repossession of the property. VFHFL will take all reasonable care for ensuring the safety and security of the property after taking custody, in the ordinary course of the business.

- **Valuation and Sale of Property**

Valuation and sale of property repossessed by VFHFL will be carried out as per law and in a fair and transparent manner. VFHFL will have the right to recover from the borrower the balance due if any, after sale of property. VFHFL 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 monies due to VFHFL from the borrower. Excess amount, if any, obtained from the sale of property will be returned to the borrower after meeting all the related expenses, provided VFHFL is not having any other claims against the customer.

- **Opportunity for the borrower to take back the Security**

As indicated earlier in the policy document, VFHFL will resort to repossession of security only for the purpose of realization of its dues as the last resort and not with intention of depriving the borrower of the property. Accordingly, VFHFL will be willing to consider handing over possession of property to the borrower any time after repossession and before concluding sale transaction of the property, provided the Company dues are cleared in full within the time frame specified by VFHFL. If satisfied with the genuineness of borrower's inability to pay the loan instalments as per the schedule which resulted in the repossession of security, VFHFL may at its sole discretion consider handing over the property after receiving the instalments in arrears.

However, this would be subject to VFHFL being convinced of the arrangements made by the borrower to ensure timely repayment of remaining instalments in future.

9. Use of Lok Adalat

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 Hon'ble Supreme Court of India. However, the Company shall have the right to engage Agents depending upon the recovery prospects.

10. Counselling 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 and repayment obligations. The Company will provide suitable assistance to the borrower where they become aware that the borrower deserves sympathetic consideration.

11. Complaints against Recovery Agents

All complaints received from the customers in connection with recovery of dues shall be resolved as per the Company's grievance redressal procedures.

If at any stage, if a customer is not satisfied with the service given to him/ her, he/ she can

contact the Company. The customer's first point of contact for redressal of any complaint will be the Company's local office. If no reply is received by the customer within seven daysfrom the local office, or if he/ she is not satisfied with the reply received by him/ her, the customer can write to the Corporate Office, as under:

Grievance Redressal Officer

Vridhi Finserv Home Finance Limited

1st Floor, No. 38, GKR Sapthagiri Vaishthadhama,

Off CBI Road, Ganganagar, Bangalore - 560032

Email: care@vridhihomefinance.com

Website: www.vridhihomefinance.com

If the customer does not hear from the Company within a fortnight, or if he/she is not satisfied with the response, the customer may write to the National Housing Bank to look into the provision of satisfactory service, if so desired.

In case of any complaint/grievance lodged by any borrower against any recovery agent, VFHFL will not forward fresh cases to that Agency till final disposal of grievance lodged by the concerned borrower. This covenant 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.

12. Periodical Review, Monitoring And Control

The company will have a mechanism for periodical review to effect any improvements on its structure. The collection department will send a note in this regard to the management on a quarterly basis.

13. Change Control Record

Version No.	Change Request by	Memorandum of Change	Approval date
1.0	Compliance Department	-	28th September 2023
2.0	Compliance Department	-	29th March 2024
3.0	Legal Department	-	5th February 2025
4.0	Collection Department	-	9th March 2026
5.0	Collection Department	-	11th November 2026