

FAIR PRACTICE CODE

PREAMBLE

In order to achieve the highest standards of transparency and fairness in dealing with stakeholders, Asset Reconstruction Company (India) Limited ("Arcil" or the "Company") furnishes Fair Practices Code (FPC). Pursuant to the circular issued by RBI dated July 16, 2020 on Fair Practices Code for Asset Reconstruction Companies, the Company is adopting the FPC.

KEY OBJECTIVES

- a. Promote good, fair and trustworthy practices by setting minimum standards in dealing with the customers;
- b. To achieve higher operating standards;
- c. Promote a fair and cordial relationship between the customers and the company.

NON-DISCRIMINATION POLICY

We will not discriminate between our customers and buyers on the basis of gender, race or religion

FAIR PRACTICES

1. Acquisition of Financial Assets from Bank or Financial Institution

- a. The Company's process for acquisition of financial assets or debt of the borrower from bank or financial institution is in conformity with Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002 (the "SARFAESI") and RBI's guidelines / directives issued from time to time.
- b. The Company will follow transparent and non-discriminatory practices for acquisition of financial assets from banks / financial institutions at arm's length basis where the acquisition price is determined by various market forces. The Company will not acquire financial assets on bilateral basis from sponsors.

2. Sale of Secured Assets

- a. In order to recover dues of the borrower to the secured lenders, ARC may decide for selling the mortgaged properties as one of the mode provided under

SARFAESI. The sale of underlying secured assets will be conducted within the purview of provisions of the SARFAESI and relevant RBI guidelines / directives.

- b. Invitation for participation in auction will be publicly solicited in order to enable participation of as many prospective buyers as possible;

The details of scheduled auction of secured assets will be also kept on the Company's website i.e. www.arcil.co.in.

- c. The general terms and conditions as per SARFAESI Act 2002 of such sale will be shared with the investors of security receipts.
- d. Spirit of Section 29A of Insolvency and Bankruptcy Code, 2016 may be followed in dealing with prospective buyers.

3. Release of Securities

On final repayment of dues by the borrower/guarantor, No Dues Certificate/ Release letter will be issued to the borrower/ guarantor. The underlying secured assets and respective security documents / title deeds, etc. shall be released post issuance of the No Dues Certificate/ release letter by the company immediately except in situations where in the Company has legitimate right to hold any or all of the securities and its documents. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the company is entitled to retain the securities till the relevant claim is settled/ paid.

4. Management Fee, Expenses and Incentives

- a. The company may acquire the financial assets from banks/FIs either on cash basis wherein entire consideration is paid by the company and is the sole investor or where there are investor based deals wherein the maximum contribution by investors is done as per SARFAESI/ RBI guidelines.
- b. The Company will ensure that management fees, Incentives & expenses for acquisition of financial assets shall be reasonable and proportionate to the size of the financial transaction which shall be agreed upon mutually between the Company and investors/ SR holders and are charged from trusts under management as per the agreement/document executed between the Company and the Investors/ SR Holders, applicable RBI guidelines/directives & internal policies of the Company.

5. Outsourcing Activities

- a. To achieve the various milestones of acquisition and resolution, the company will take assistance for various activities from the external agents like valuers, lawyers, facilitators, etc.
- b. The Company will ensure that well defined process and policies are in place for empanelment, appointment of such service providers. The policy and performance of service provider would be reviewed periodically.

- c. The Company shall ensure that the outsourcing arrangements neither diminish its ability to fulfill its obligations to customers and the RBI nor impede effective supervision by RBI.
- d. The outsourced agency, if owned/controlled by a director of the ARC, the same will be made part of the disclosures specified in the Master Circular.

6. Code of Conduct

- a. The Company has well-trained staff to deal with customers in appropriate and honest manner and not to induce adoption of any uncivilized or unlawful behavior for recovery purpose. The company will ensure that new employees or outsourced staff will abide by it.
- b. The Company shall keep the information that it acquires in course of its business, strictly confidential and shall not disclose the same to anyone including other companies in the group except when (i) required by law; (ii) there is duty towards public to reveal information; or (iii) there is borrower's permission.
- c. The Company will put in place a board approved well-defined code of conduct for recovery agents wherein recovery agents are guided on the steps to deal with customers and not to use any unfair practices for recovery of dues. The company will seek undertaking to abide by this code from the recovery agents.
- d. The company will ensure that Recovery Agents are properly trained to handle their responsibilities with care and sensitivity, particularly in respect of aspects such as hours of calling, privacy of customer information, etc.

7. Grievance Redressal Mechanism

- a. The Company has detailed Grievance Redressal Procedure in place and make it available on its website i.e. www.arcil.co.in
- b. The Company/ designated officer shall ensure that genuine grievances are addressed promptly.
- c. The Grievance Redressal Mechanism shall also deal with the issues relating to services provided by the outsourced agency and recovery agents.

Review of the Code

The Board of Directors shall review this Code from time to time.