

FAIR PRACTICE CODE¹

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 RBI/DOR/2024-25/116 DoR.FIN.REC.16/26.03.001/2024-25 dated April 23, 2024, 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 any other basis such gender, race or religion, etc.

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”), RBI’s guidelines / directives issued from time to time and the Company’s Asset Acquisition Policy.
- b. The Company will follow transparent and non-discriminatory practices for acquisition of financial assets from banks / financial institutions including Sponsors. It shall maintain arm’s length distance in the pursuit of transparency. Company shall not acquire financial assets from its Sponsors on bilateral basis.

2. Resolution of Financial Assets

For resolution of financial assets Company shall resort to remedies which are legally & legitimately available to it and shall avoid undue harassment of the borrowers.

¹ Last reviewed on June 28, 2024.

Practices adopted by the Company for recovery of dues and enforcement of security shall be fair, non-prejudiced and in consonance with applicable law. Company shall not initiate any legal or recovery measures including repossession of the security without giving due notice in writing to the borrower. Employees of the Company shall be adequately trained to deal with the borrowers appropriately. In course of recovery of dues, employees and recovery agents shall abide by the guidelines/code of conduct of the Company. The privacy of the borrowers shall be respected, and confidentiality of their information shall be maintained at all times.

3. Sale of Secured Assets

- a. Company shall ensure transparency and fairness in sale of secured assets. In order to recover the dues of the borrower the Company may resort to sale of mortgaged properties as one of the mode of resolution as 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 terms and conditions of such sale shall be decided in wider consultation with investors in the security receipts issued under the respective Trust as per applicable terms.
- d. The Company shall ensure compliance with Section 29A of Insolvency and Bankruptcy Code, 2016 in dealing with prospective buyers.

4. Release of Securities

- a. The Company shall release all securities on repayment of dues/settlement of dues or on realisation of the outstanding amount of loan, subject to any legitimate right or lien for any other claim, the Company may have against the borrower. If Company exercises any right of set off, 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.
- b. The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.
- c. The borrower shall be given the option of collecting the original movable / immovable property documents either from the branch where the loan account was serviced or Head Office of the Company where the documents are available, as per her / his preference.
- d. The timeline and place of return of original movable / immovable property documents will be mentioned in the sanction letters.
- e. In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company have laid out the procedure for return of original

movable / immovable property documents to the legal heirs. Such procedure has been displayed on the website of the REs along with other similar policies and procedures for customer information.

5. Management Fee, Expenses and Incentives

- a. Management Fees, incentives and expenses charged to the Trusts under management of the Company shall be in accordance with applicable RBI guidelines/directives and the "Policy on Management Fee and Incentives" and "Policy on Expenses chargeable from the trust fund" of the Company, which is transparent and ensures that management fee is reasonable and proportionate to the Financial Transaction.
- b. Any management fee/ incentives charged towards the asset reconstruction or securitisation activity shall come only from the recovery effected from the underlying financial assets.
- c. The Policy on Management Fees & Incentives also specifies the quantitative cap/ limit on the management fee/ incentives under various scenarios, any deviation from which shall require approval of the Board.

6. Outsourcing Activities

- a. The Company has in place the "Policy on Outsourcing and Empanelment" which includes, inter-alia, criteria for selection of such activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities/ service providers.
- b. Performance of such service providers shall be continuously monitored and reviewed from time to time. 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.
- c. 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.

7. Code of Conduct

- a. The Company shall not resort to harassment of the debtor. 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.
- b. The Company has in place a Code of Conduct for Recovery Agents approved by the Board and the Company obtains their undertaking to abide by the Code. The Company, as principals, are responsible for the actions of its Recovery Agents.
- c. The Company shall ensure that the recovery agents shall observe strict customer confidentiality.
- d. The Company shall 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. The Company should ensure that Recovery Agents do not induce adoption of uncivilized, unlawful and questionable behaviour or recovery process.

- e. The Company shall ensure that the Company or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.
- f. The Company provides training to its Recovery Agents on Code of Conduct and FPC at the intervals prescribed in the Guidelines for Training of Recovery Agents.

8. Grievance Redressal Mechanism

- a. The Company has established Board approved Grievance Redressal Machinery to ensure effective and timely redressal of customer grievances. The name and contact number of the designated grievance redressal officer of the Company is being mentioned in the communication with the borrowers.
- b. The Company has detailed Grievance Redressal Procedure in place and make it available on its website i.e. www.arcil.co.in
- c. The designated Grievance Redressal Officer shall ensure that genuine grievances are addressed promptly.
- d. The Grievance Redressal Mechanism shall also deal with the issues relating to services provided by the outsourced agency and recovery agents, if any.

9. Confidentiality

- a. The Company shall keep the information, it come to acquire 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.

10. Review of the Code

The Board of Directors of the Company shall review compliance with this Code on a half yearly basis. The FPC policy shall be reviewed on annual basis & approved by the Board. Any deviation to this policy shall be approved by the Board.