

POLICY GUIDELINES ON FAIR PRACTICE CODE

1. INTRODUCTION

Reliance Asset Reconstruction Company Limited ('Company/RARC') has framed this Policy Guidelines on Fair Practices Code ('Policy/FPC') pursuant to the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024 to achieve the highest standards of transparency and fairness in dealing with its stakeholders including shareholders borrowers and security receipt holders and is guided by the following principles:-

- a) The Company shall not discriminate on the basis of race, caste, religion, sex, place of birth or any other factor while dealing with stakeholders.
- b) The Company shall treat all its stakeholders consistently and fairly.
- c) The Company shall conduct its business operations in accordance applicable laws and policies adopted by the Company. The Company shall strictly adhere to the and other circulars/ directives/ guidelines issued by Reserve Bank of India applicable to asset reconstruction companies and amended from time to time.
- d) The Company will ensure that the implementation of this Policy is the responsibility of the entire organization.
- e) The Company's fair practices shall apply across all aspects of its operations including financial asset acquisition from banks and financial institutions, resolution of financial assets so acquired and servicing / collection activities. Its commitment to fair practices will be demonstrated in terms of employee accountability, training, counselling, monitoring, auditing programs, internal controls, and optimal use of technology.
- f) The Company's Board of Directors and Management are responsible for implementing the fair practices hereinafter detailed and also to ensure that its operations reflect its strong commitment to all the stakeholders in a fair and equitable manner and that all employees are aware of this commitment.

2. FAIR PRACTICES

A. ACQUISITION OF FINANCIAL ASSETS

- i) Acquisition of financial assets by the Company shall be in conformity with the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act 2002 read with rules, and the guidelines issued by the Reserve Bank of India from time to time.
- ii) The Company follow transparent and non-discriminatory practices in acquisition of assets.
- iii) The Company shall maintain arm's length distance in the pursuance of transparency.

- iv) The Company shall not acquire financial assets from its sponsors on bilateral basis.

B. MANAGEMENT FEES, EXPENSES AND INCENTIVES

- i) Management Fees, incentives and expenses charged to the Trusts under management of the Company shall be in accordance with the guidelines issued by the Reserve Bank of India and updated from time to time and as per the Financial Asset Acquisition Policy and Management Fees and Incentive Policy.
- ii) The Company shall ensure that management fees, yield on Security Receipts and upside income shall be calculated and recognized in accordance with Income Recognition norms stipulated by the Reserve Bank of India from time to time. The Company shall ensure that management fees and Incentives claimed from the Security Receipts Holders/ Trusts under its management are reasonable and proportionate to the size of the transaction.
- iii) The Company shall ensure transparency in dealing with existing and prospective investors of security receipts. The Company shall adopt fair and transparent practices in acquisition & resolution of financial assets, timely disclosure of information, distribution of recovery proceeds and dissolution of trust.

C. RECOVERY OF LOANS

- i) The Company will follow the recourse available under the applicable laws to realize the recovery from its borrowers. Legal remedies available to the Company for recovery of loans include enforcement of security interest without the intervention of the court under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 and also filing recovery suit before Debts Recovery Tribunal (DRT) concerned under the provisions of the Recovery of Debts due to the Banks and Financial Institutions Act, 1993 apart from other legal available remedies.
- ii) The Company shall not resort to harassment of any borrower and shall ensure that staff is adequately trained to deal with borrowers in an appropriate manner.

D. SALE OF SECURED ASSETS

- i) The Company shall ensure transparency and fairness in sale of secured assets. Invitation for participation in auction of secured assets shall be publicly solicited so as to enable participation of as many prospective buyers as possible.
- ii) Terms and conditions of such sale wherever required, may be decided in wider consultation with holders of Security Receipts issued under the respective Trust as per applicable terms.
- iii) The Company shall ensure compliance with Section 29A of Insolvency and Bankruptcy Code, 2016 in dealing with prospective buyers of the secured assets.

E. RELEASE OF SECURED ASSETS

- i) The Company shall release all securities on repayment of dues or on realisation of the outstanding amount of loan.
- ii) The Company reserves its legitimate rights or lien on the securities for any other claim against the borrower. If Company exercises such 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 Company is entitled to retain the securities till the relevant claim is settled/paid.
- iii) The Company shall release original movable / immovable property documents in its possession and remove charges registry within a period of 30 days after full repayment / settlement of the loan or such period as may be mutually agreed with the borrower in terms of the guidelines issued by the Reserve Bank of India in this regard as amended from time to time.

F. RECOVERY AGENTS

- i) The Company shall have in place a Board approved code of conduct for recovery agents and shall obtain their undertaking to abide by that Code. The Company shall as principal be responsible for the actions of their recovery agents.
- ii) The Company shall ensure that recovery agents maintain customer confidentiality.
- iii) The Company shall ensure its employees / officers or agents do not resort to intimation 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 debtor's family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening or anonymous calls, persistently calling the borrower and/or calling the before 8.00 a.m. and after 7 p.m. for recovery of overdue loans, making false representations, etc.

G. OUTSOURCING

- i) The Company intending to outsource any of their activities shall do so in accordance with Outsourcing Policy framed in this regard.
- ii) The Company shall ensure that the outsourcing arrangements neither diminish their ability to fulfil their obligations to customers and the Reserve Bank nor impede effective supervision by the Reserve Bank.

H. INVESTORS IN SECURITY RECEIPTS

- i) The Company shall ensure prospective investors are provided all the requisite details in the offer document.
- ii) The Company will not misuse the funds provided by investors on the basis of trust. The funds shall not be utilized for any purposes other than acquiring the financial assets and for other purposes as lawfully permitted and mentioned in the Trust Deed / Offer Documents as amended time to time.
- iii) The Company shall always ensure the interest of Security Receipt holders while taking decisions in normal course of business.

- iv) Distribution to Security Receipt holder to be made as soon as possible after recovery and after calculation of appropriations as per the terms and conditions of the offer document.
- v) The Company will make quarterly disclosures as stipulated by Reserve Bank of India from time to time to the Security Receipts holders.
- vi) The Company shall make all efforts to effect the resolution of all the cases within the prescribed time frame.

I. CONFIDENTIALITY

- i) The Company shall keep the information, that they acquire in ordinary course of business, strictly confidential.
- ii) The Company will not reveal transaction details to any other entity/person other than in the following exceptional cases: -
 - a) It is required under the law;
 - b) There is a duty towards public to reveal information;
 - c) There is borrower's permission;

J. Grievance Redressal Mechanism

- i) The Company shall ensure compliance with the Grievance Redressal Policy and the mechanism thereunder for resolution of complaints and escalation of the complaints.

3. REVIEW OF POLICY

The above policy shall be subject to annual reviewed by the Board.