

POLICY GUIDELINES ON FAIR PRACTICE CODE

1. INTRODUCTION

Pursuant to the Reserve Bank of India circular No. DOR.NBFC(ARC) CC. No. 9/26.03.001/2020-21 dated July 16, 2020, the Company has framed and adopted Policy Guidelines on Fair Practice Code ("FPC") and shall adopt all the best practices as may be prescribed by the Reserve Bank of India from time to time and shall make appropriate modifications, if any, necessary to this Code to confirm to the standards so prescribed.

- 1.1. It is and shall be, the policy of the Company that while dealing with the customers, the Company shall not discriminate on the basis of race, caste, religion, sex, place of birth of any of them.
- 1.2 The Company's policy is to treat all its customers consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner. The Company will upload the FPC on it's website.
- 1.3 The Company will ensure that the implementation of the FPC is the responsibility of the entire organisation. 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, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counselling, monitoring, auditing programs, internal controls, and optimal use of technology.
- 1.4 The Company's Board of Directors and the 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 for offering in a fair and equitable manner and that all employees are aware of this commitment.

2. FAIR PRACTICE CODE FOR THE COMPANY

- 2.1 A fair practice code is detailed herein, which sets the principles for fair practice standards while dealing with various stake holders, including the shareholders, investors/ Security Receipts holders as also the borrowers
- 2.2 The Company shall conduct its business operations in accordance the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 and all other applicable laws and as per the policies adopted by the Company. The Company will also comply with all the applicable laws, rules and regulations viz. the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, Security Interest (Enforcement) Rules, 2002 and strictly adhere to the Securitization Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003, as amended from time to time (RBI Guidelines to SCs & RCs) and other circulars/ directives/ guidelines issued by Reserve Bank of India from time to time.

3. ACQUISITION OF FINANCIAL ASSETS

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 and the Reserve Bank of India Guidelines to Securitisation Companies & Reconstruction Companies and the Financial Asset Acquisition Policy adopted by the Company.

4. MANAGEMENT FEES, EXPENSES AND INCENTIVES

Management Fees, incentives and expenses charged to the Trusts under management of the Company shall be in accordance with the applicable Reserve Bank of India Guidelines and as per the Financial Asset Acquisition Policy and Management Fees and Incentive Policy.

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.

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.

5. LOAN RECOVERY

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.

Engaging Recovery Agents

The Company may avail the services from outsourcing agencies for follow up with the customers and to get recovery. In order to ensure that the Recovery Agents engaged by the Lenders do not indulge in malpractices and to avoid undue hardships being caused to the Borrowers, Reserve Bank of India has issued Guidelines dated April 24, 2008 for regulating the functioning of Recovery Agents. Salient features of the aforesaid Guidelines issued by the Reserve Bank of India to Banks while engaging Recovery Agents are as under:

- (i) The Company shall have a due diligence process in place for engagement of recovery agents, which should be so structured to cover, among others, individuals involved in the recovery process;
- (ii) The Company will ensure intimation to the borrowers regarding appointment of agent for the purpose of recovery. The Company will ensure that such agent shall always carry its identification alongwith authorisation issued by the Company while dealing with the borrowers. Further, where the recovery agency is changed by the bank during the recovery process, in addition to Company notifying the borrower of the change, the new agent should carry the notice and the authorization letter along with his identity card;
- (iii) The notice and the authorization letter should, among other details, also include the contact numbers of the relevant recovery agency. The Company will ensure that there is voice recording of the content / text of the calls made by recovery agents to the customers and vice-versa. The Company may take reasonable precaution such as intimating the customer that the conversation is being recorded etc.;
- (iv) Where a grievance/ complaint has been lodged by any borrower on the conduct of any agent or its representative, the Company will not allocate cases to such recovery agency till such complaint or grievance is investigated and disposed of. However, where the Company is convinced with appropriate proof, that the borrower is continuously making frivolous / vexatious complaints, it may continue with the recovery proceedings through the Recovery Agents even if a grievance / complaint is pending with them. In cases where the subject matter of the borrower's dues might be *sub-judice*, the Company should exercise utmost caution, as appropriate, in referring the matter to the recovery agencies, depending on the circumstances;
- (v) The Company should have a mechanism whereby the borrowers' grievances with regard to the recovery process can be addressed;
- (vi) In the matter of taking possession of mortgaged properties and repossession of hypothecated vehicles, the Company and its agent shall rely only on legal remedies available under the relevant statutes while enforcing security interest.

The Company and its agents will always follow the guidelines issued by the Reserve Bank of India.

6. INVESTORS IN SECURITY RECEIPTS

- a) The Company will ensure absolute transparency in dealing with existing Security Receipt holders and proposed investors.
- b) Prospective investors will be provided all the requisite details through offer document regarding the proposed investments in Non-Performing loans on Security Receipt basis.
- c) 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.
- d) The Company shall always ensure the interest of Security Receipt holders while taking decisions in normal course of business.
- e) 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.
- f) The Company will make quarterly disclosures as stipulated by Reserve Bank of India from time to time to the Security Receipts holders, given as under:
 - Defaults, prepayments, losses, if any, during the quarter:
 - Changes in credit rating, if any:
 - Change in profile of assets by way of accretion to or realization of Assets from existing pool
 - Collection summary for the current and previous quarter
 - Any other material information which has a bearing on the earning prospects affecting Security Receipts Holders
- g) The Company shall make all efforts to effect the resolution of all the cases within the prescribed time frame.

7. RELEASE OF SECURED ASSETS

The Company shall release all securities on repayment of dues or on realisation of the outstanding amount of loan. The Company shall return to the borrower all the securities, documents, title deeds of mortgaged property and issue no-due certificate without any delay after receipt of all the outstanding dues. 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.

8. SALE OF SECURED ASSETS

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. 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. Spirit of Section 29A of Insolvency and Bankruptcy Code, 2016 may be followed while dealing with prospective buyers of the secured assets.

9. CONFIDENTIALITY

- 9.1 The company shall keep the information, that they acquire in course of their business, strictly confidential.
- 9.2 The Company will not reveal transaction details to any other entity including within the group other than the following exceptional cases.
- If the Company has to provide the information by statutory or regulatory laws;
 - If there is a duty to the public to reveal this information;
 - If its interest requires the Company to provide this information (e.g. fraud prevention);
 - If its business interest requires sharing information with credit bureau, recovery agency etc
 - If its authorised by the borrower

The Company will not use this reason for giving information about borrower to anyone else (including group companies) for marketing purposes.

If borrower has given consent / concurrence to provide/ share such information to its group / associate / entities or companies for providing other products or services. Where the borrower asks the Company to reveal such information to its group / associate / entities or companies for providing other services or products.

10. Grievance Redressal Mechanism

The Company has already adopted a Grievance Redressal Policy and the mechanism thereunder for resolution of complaints and escalation of the complaints shall apply for any complaints received under this FPC.

The contents in this document shall be read in conjunction with the guidelines, directives. instructions and advices issued by Reserve Bank of India. The Company will apply better practice so long as such practice does not conflict with or violate Reserve Bank of India regulations.

The above policy shall be reviewed annually or earlier, if considered necessary.

