

Fair Practices Code

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Assets Care & Reconstruction Enterprise Ltd (ACRE)

Ownership & Version Control

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References to other Policies of ACRE

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2.	Policy on Management Fee, Incentive and Consultancy Fees <u>Section: Management Fees, Expenses, Incentive and Consultancy Fees</u>	Clause 10	7

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Assets Care & Reconstruction Enterprise Ltd (ACRE)

1.	Fair Practices Code Assets Care & Reconstruction Enterprise Ltd (ACRE) is an Asset Reconstruction Company (ARC) registered with Reserve Bank of India (“RBI”) under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Pursuant to the RBI Circular No. DOR.NBFC (ARC) CC. No. 9/26.03.001/2020-21 dated July 16, 2020, ACRE has framed and adopted this Fair Practices Code (“the Code”) to ensure highest standards of transparency and fairness in operations of the Company	
2.	Objectives and Scope <u>2.1: Objectives:</u> The Code aim is to protect customers, adopt best practices and encourage higher operating standards and for creating and maintaining cordial relationship with customers of the company. This will be achieved through promoting good, fair and acceptable practices by setting minimum standards in dealing with the customers. <u>2.2: Scope:</u> The Code is an enabling framework for effectively implementing the regulatory guidelines on Fair Practices Code and in particular covers the following aspects: 1. Acquisition and resolution of Financial Assets. 2. Outsourcing and monitoring of outsourced activities. 3. Sale of secured assets & release of securities. 4. Charging of various fees and expenses. 5. Grievance redressal mechanism. 6. Code of Conduct	
3.	Acquisition of Financial Assets 1. Processes and procedures adopted by the company during the acquisition of financial assets or debt of borrower should be in absolute conformity with “Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, RBI guidelines, Board approved policies and all applicable instructions issued from time to time. 2. The company will follow transparent and non- discriminatory practices while acquiring financial assets. ACRE, at all times, shall act with complete integrity towards all stakeholders and shall endeavour to create value for them.	

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4.	Resolution of Financial Assets To ensure proper transparency in asset resolution process, ACRE shall always abide by all relevant RBI directions / guidelines, Board approved policies, and shall resort to legitimate measures only. All executives of ACRE / Resolution Agents / outsourced entities will be trained so as to ensure that only fair and lawful means are deployed in pursuit of asset resolution / recovery. 1. Company shall at all times adopt all legitimate, fair, non-prejudiced and transparent measures for resolution of financial assets acquired by it in accordance with applicable RBI guidelines/ directions, modes available under SARFAESI Act 2002, Board approved policies and all applicable instructions issued from time to time. 2. Company shall all endeavour that resolution/recovery measures adopted by the Company should not cause undue harassment of borrowers. 3. All executives of ACRE / Recovery Agents/ Collection Agents/ Enforcement Agents / outsourced entities shall be trained so as to ensure that only fair and lawful means are adopted in pursuit of asset resolution / recovery and appropriately deal with the borrowers.	
5.	Release of Securities after Successful Resolution a. Upon repayment of dues or repayment of outstanding loan(s), ACRE shall release all the securities, documents, title deeds of mortgaged property to the borrower, and shall issue no-due certificate without any undue delay. In the event, ACRE is of the view that after setting off the loans, there are still some outstanding claims against the borrower, the same shall be duly informed to the borrower. b. In situations where the company has the legitimate right to hold any or all of the securities and its documents and if such right is to be exercised, the borrower shall be given notice about the same with all relevant particulars about the remaining claims and the conditions under which the company is entitled to retain the securities till the concerned claim is settled /paid. c. The Company shall issue No dues Certificate, 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. d. The Company shall give the borrower an option of collecting the original movable / immovable property documents either from any office of the ACRE or from any office / location of the document storage service provider authorized by ACRE to act on its behalf and maintain custody of such documents, as per the borrower's preference. e. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/	

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	closure of loan, the company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the company, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay. f. In case of loss/damage to original movable / immovable property documents, either in part or in full, the company shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at point (e) above. However, in such cases, an additional time of 30 days will be available to the company to complete this procedure, and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days). g. The security documents shall not be released if held in trust for other lenders without obtaining written consent from all lenders in this regard. h. In case of any contingent event i.e. death of the sole borrower or joint borrowers, the Company shall adopt suitable measures to return the original property documents to the legal heirs.	
6.	Sale of Secured Assets In order to enhance transparency in the process of sale of secured assets: The Company shall adopt fair and transparent process for the sale of secured assets in accordance with the SARFAESI Act, 2002, RDB Act, 1993, Insolvency and Bankruptcy code 2016 and rules and regulations made therein, other recovery statutes and RBI guidelines. a) For sale of secured assets, Reserve Price shall be approved by the Competent Authority as defined under Asset Resolution Policy of the Company as approved by the Board of Directors from time to time. b) Invitation for participation in auction will initially be publicly solicited in order to enable participation of as many prospective buyers as possible. c) The details of the scheduled auction of secured assets will be placed in company's website. (https://www.acreindia.in) d) If required, may also consult / obtain necessary consent from its Security Receipts (SR) holders for deciding terms and conditions of sale as per the terms of the underlying trust documents. e) ACRE shall ensure compliance with Section 29A of Insolvency and Bankruptcy Code, 2016 in dealing with prospective buyers, wherever applicable.	

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7.	Grievance Redressal ACRE shall make sincere and best possible efforts to address grievances of any stake holders / investors / borrowers. ACRE has established Board approved Grievance Redressal Mechanism to ensure effective and timely redressal of grievances. The Grievance Redressal Mechanism provides for impartial resolution of the grievances within the pre-defined time frame. The details of the Grievance Redressal Mechanism are also placed on the website https://www.acreindia.in/compliance of the Company and the details of the designated officer, grievance redressal process, manner of making complaint, etc. are set out therein. The name and contact number of the designated grievance redressal officer of the Company shall be mentioned in the communication with the borrowers. The complaint(s) if any can be delivered to the registered office of ACRE in a sealed envelope addressed to the Grievance Redressal Officer or by e- mailing at complaint@acreindia.in The designated Grievance Redressal Officer shall ensure that genuine grievances are addressed in a time bound manner.	
8.	Fair Practices-Code of conduct The company will undertake the following initiative to ensure that dealing with customers are undertaken in a fair and transparent manner. (1) The company will ensure that the staff are well trained to deal with customers in an appropriate manner. Company will also ensure that staff and outsourced personnel do not engage in uncivilised or unlawful behaviour while dealing with customers. (2) Company shall adopt fair and transparent practices for acquisition and resolution of financial assets in accordance with the Board approved policies applicable. (3) Discharge fiduciary responsibilities to SR holders treating them fairly, protecting the fiduciary assets, providing necessary disclosures, avoiding any conflict of interest and acting in their best interest. (4) Engagement of Collection Agents, Recovery Agents, Enforcement Agents shall be as per stipulations of the Outsourcing Policy and Policy for appointment of Recovery Agents. The Company has in place a Code of Conduct for Recovery Agents and the Company shall obtain their undertaking to abide by this Code. (5) The Company shall ensure that neither it nor its collection, enforcement or recovery agents resort to intimidation or harassment of any kind, against any person in their debt collection efforts.	

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	(6) The Company shall train its agents about the code of conduct for recovery agents and the Fair Practice Code periodically.	
9.	Outsourcing a. ACRE has been majorly carrying out its key business activities in-house. Wherever, ACRE intends to outsource any of its activities due to technical expertise and geographical constraints, same is governed by Outsourcing Policy. b. Outsourcing Policy covers services which can be outsourced, assessment of service providers at the time of their selection, delegation of authority and monitoring and review of the operations of these activities/ service providers. c. In terms of the Outsourcing Policy, Company if required may engage collection, recovery or enforcement agents. The said outsourcing agents shall be governed by Policy for Appointment of Recovery Agent(s). The said Policy of ACRE sets out parameters for appointment of recovery / resolution agents, delegation of power, fees and defines their duties and responsibilities.	Outsourcing Policy and Policy on appointment of Recovery Agent
10.	Management Fees, Expenses, Incentives and Consultancy Fees ACRE shall ensure that the management fees, expenses and incentives claimed from the SR Holders / Trusts under its management are reasonable and proportionate to the size of the transaction. Management fees, expenses and incentives shall be mutually agreed between ACRE as Trustee and SR holders of the Trusts based on the prevailing market practices, size of the transaction, recovery risk involved etc. Further, the Company may also charge Consultancy Fees wherever Company facilitates SR Holders in showcasing them potential investment opportunities and assisting them in evaluating such opportunities. Company shall ensure that such fees are commensurate with the market practices and proportionate to the size of the transaction. Consultancy Fees shall be mutually agreed between ACRE as Trustee and SR holders of the Trusts Company has framed a separate Policy for Management Fees and Incentives.	Policy on Management Fee, Incentive and Consultancy Fees
11.	Confidentiality ACRE shall maintain utmost confidentiality in respect of the information acquired by it during the course of its business. ACRE shall not disclose such information to anyone including	

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	other companies in the group except when it is required by the law, there is a duty to the public to release this information or there is permission from the borrower/relevant person for such release.	
12.	Deviation from the Policy Any deviation from the said Fair Practice Code shall be with the approval of Board of Directors.	
13.	Compliance and Review of the Fair Practices Code ACRE shall ensure that the Code is strictly complied with. The Board of Directors of the Company shall review compliance with the Code on an Annual basis.	