

# **Fair Practices Code**

**March 2024**

## Assets Care & Reconstruction Enterprise Ltd (ACRE)

### Ownership & Version Control

Sl. No.	Process	Name & Designation	Date	Signature
	Policy Owner	Compliance		
	Prepared by	Compliance		
	Checked by	Risk		
	Approved for Board by	MD / CEO		
	Adopted by the Board (Company Secretary)	Company Secretary		
	Version Control by	Company Secretary		

### References to other Policies of ACRE

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1.	<b>Policy on Appointment of Resolution Agent</b> <u>Section: Outsourcing</u>	Clause 7	6
2.	<b>Policy on Management Fee, Incentive and Other Fees</b> <u>Section: Management Fees, Expenses, Incentive and other Fees</u>	Clause 8	6

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## Assets Care & Reconstruction Enterprise Ltd (ACRE)

<p><b>1.</b></p> <p><b>2.</b></p> <p><b>3.</b></p>	<p><b>Fair Practices Code</b></p> <p>Assets Care &amp; 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).</p> <p>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”).</p> <p><b>Acquisition of Financial Assets</b></p> <p>ACRE shall adopt transparent and non-discriminatory practices in acquisition of financial assets. In acquiring financial assets, ACRE shall act in a manner that is consistent with RBI guidelines, Board approved policies, and all other prevailing rules and regulations, as may be applicable from time to time. At all times, ACRE shall act with complete integrity towards all its stakeholders.</p> <p><b>Resolution of Financial Assets</b></p> <p>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.</p>	
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## Assets Care & Reconstruction Enterprise Ltd (ACRE)

<p><b>4.</b></p> <p><b>5.</b></p>	<p><b>Release of Securities after Successful Resolution</b></p> <p>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.</p> <p><b>Sale of Secured Assets</b></p> <p>In order to enhance transparency in the process of sale of secured assets:</p> <ul style="list-style-type: none"><li>a) For sale of secured assets, Reserve Price shall be approved by the Credit Committee of Executives (CCE). This Committee shall ensure that all the provisions of the ARFAESI Act, Insolvency and Bankruptcy Code, 2016 (IBC Code), and other practices of good governance are adhered.</li><li>b) Invitation for participation in auction will be publicly solicited in order to enable participation of as many prospective buyers as possible;</li><li>c) 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.</li><li>d) ACRE shall ensure compliance with Section 29A of Insolvency and Bankruptcy Code, 2016 in dealing with prospective buyers, wherever applicable.</li></ul>	
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## Assets Care & Reconstruction Enterprise Ltd (ACRE)

6.	<p><b>Grievance Redressal</b></p> <p>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 of the Company which sets out the details of the designated officer, grievance redressal process etc.</p> <p>The complaint(s) if any can be delivered to the registered office of ACRE in a sealed envelope addressed to the MD/CEO or by e- mailing at <a href="mailto:complaint@acreindia.in">complaint@acreindia.in</a> or through the website of ACRE.</p>	
7.	<p><b>Outsourcing</b></p> <p>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 <b>Policy on Appointment of Resolution Agent and other relevant policies</b>. The said Policy of ACRE sets out parameters for appointment of recovery / resolution agents, delegation of power, fees and defines their duties and responsibilities. Performance of such Resolution Agents shall be continuously monitored and reviewed from time to time.</p>	<p><b>Policy on appointment of Resolution Agent</b></p>
8.	<p><b>Management Fees, Expenses, Incentives and Other Fees</b></p>	

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	<p>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.</p> <p>Further, the Company may also charge Other Fees i.e. Upfront Fee, Consultancy Fees etc. wherever Company facilitates SR Holders in showcasing their 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. Other Fees shall be mutually agreed between ACRE as Trustee and SR holders of the Trusts</p> <p>Company has framed a separate Policy for Management Fees and Incentives. The said policy shall also cover other fees i.e. Upfront Fee, Consultancy Fees etc.</p> <p>Company shall also ensure that the Management Fees, Incentive and Other fees shall be recovered only from the recovery effected from the underlying financial asset.</p> <p>Company shall ensure transparency in dealing with existing and prospective investors of security receipts. Company shall adopt fair and transparent practices in acquisition &amp; resolution of financial assets, timely disclosure of information, distribution of recovery proceeds and dissolution of trust.</p>	<p><b>Policy on Management Fee, Incentive and Other Fees.</b></p>
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## Assets Care & Reconstruction Enterprise Ltd (ACRE)

<p><b>9.</b></p> <p><b>10.</b></p> <p><b>11.</b></p>	<p><b>Confidentiality</b></p> <p>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 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.</p> <p><b>Deviation from the Policy</b></p> <p>Any deviation from the said Fair Practice Code shall be with the approval of Board of Directors.</p> <p><b>Compliance and Review of the Fair Practices Code</b></p> <p>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.</p>	
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