



FAIR PRACTICES CODE

Ver. 1.0.

Abstract

This Policy lays down framework for fair practices to be adopted by SARPL in its dealings with various stakeholders.

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OBJECTIVE

The purpose of this Fair Practices Code (“Code”) is to serve as a guide to achieve highest standards of transparency and fairness in dealing with all stakeholders, including shareholders, security receipt holders as well as the borrowers in line with the directions issued by the RBI. Shriram Asset Reconstruction Private Limited (“SARPL/ the Company”) shall follow this Code in letter and spirit.

This Code shall be applicable to all activities of SARPL. Any deviation from this Code shall require approval from the Board.

REVIEW

The Fair Practices Code and all the Annexures mentioned in this Code shall be placed for review by the Board every two years, or as needed.

ACQUISITION OF FINANCIAL ASSET

Acquisition of financial assets by SARPL shall be in conformity with the Financial Asset Acquisition Policy approved by the Board and in accordance with the prescribed regulatory guidelines effective on the given date. Any deviation from the said policy shall require approval of the Board.

While acquiring any financial asset, SARPL shall follow transparent and non-discriminatory practices (such as for participation in auctions, submission of bids that are eligible for Swiss Challenge or other Method as per the prevailing rules, regulations, or guidelines, etc.), at the same time ensuring that the Company maintains arms-length distance in the process.

SARPL shall comply with the applicable provisions of SARFAESI Act, 2002, Rule(s)/ Regulation(s) issued by the RBI from time to time, for acquisition of financial assets.

REALIZATION OF FINANCIAL ASSETS

Realization of financial assets acquired by SARPL shall be in conformity with the Financial Asset Resolution Policy approved by the Board and with the prescribed regulatory guidelines effective on the given date. Any deviation from the said policies shall require approval of the Board.

In order to enhance transparency in the process of sale of secured assets:

- a. The Company shall strive to invite the prospective buyers through advertisement or in any other manner to facilitate maximum participation in the auction of secured assets. The Company may also engage with buyers for efficient sale of secured assets as permitted under the SARFAESI Act, 2002, or otherwise through auction or private treaty.
- b. SARPL shall ensure that process of such sale does not undermine the interest of investors in the security receipts.
- c. The Company shall ensure compliance with Section 29A of Insolvency and Bankruptcy Code, 2016 as also

other regulations that must be complied with at the time of the transaction.

SARPL shall ensure that the employees and agents are trained to deal with customers in an appropriate manner. SARPL shall ensure that its employees or recovery 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.

RELEASE OF SECURITIES

Upon full repayment of dues or upon full repayment of settlement amount or on full realisation of the outstanding loan amounts, the Company shall release all securities subject to any legitimate right or lien for any other claim it has against the Borrower. On exercising 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 SARPL is entitled to retain the securities till the relevant claim is settled/paid.

RELEASE OF MOVABLE/ IMMOVABLE PROPERTY DOCUMENTS

- a. The Company shall release all the original movable/immovable property documents and remove registered charges within a period of thirty (30) days after full loan repayment/ settlement.
- b. The timeline and place of return of original movable/immovable property documents shall be mentioned in the no dues letter issued. In the event of demise of the sole borrower or joint borrowers, the Company shall return the original movable/immovable property documents to the legal heirs.

COMPENSATION FOR DELAY IN RELEASE OF MOVABLE/ IMMOVABLE PROPERTY DOCUMENTS

- a. In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form, if applicable, with relevant registry beyond thirty (30) days after full repayment/ settlement 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 Rs. 5,000/- or such rate as defined by any rule or regulation (currently the same is Rs 5,000/- per day). for each day of delay.
- b. 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 above paragraph. However, in such cases, an additional time of thirty (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 sixty (60) days).

MANAGEMENT FEES, EXPENSES, AND INCENTIVES

- a. SARPL shall ensure that fees including management fees, processing fees, asset reconstruction fees etc. as well as incentives and expenses charged either to the Trust, seller of the financial asset or the security receipt ("SR") holders are reasonable, proportionate to the financial transactions and as per the terms of

contract entered into between the parties in conformity with the prescribed regulatory guidelines effective on the given date.

- b. The Company has put in place a Board approved policy on the management fees, expenses and incentives claimed from trusts under its management. It shall be ensured that such fees and incentives charged towards the asset reconstruction or securitization activity come only from the recovery effected from the underlying financial assets. The said policy is attached herewith as **Annexure I**. Any deviation in the quantitative cap/ limit on management fee/ incentives under various scenarios shall require Board approval.

OUTSOURCING OF ACTIVITIES

The Company may outsource any activity as contained in the Board approved outsourcing policy, which may include, 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. It is to be ensured that outsourcing arrangements by the Company neither diminish its ability to fulfil its obligations to customers and the RBI nor impede effective supervision by RBI. The outsourced agency, if owned/controlled by a director of the Company, may be made part of the disclosures as required by RBI.

Accordingly, the outsourcing policy of the Company is attached as **ANNEXURE II** to this Code.

CODE OF CONDUCT FOR RECOVERY AGENTS

During the recovery of loans, the Company shall not resort to any harassment or coercion of the debtor(s). The Company shall ensure that its staff is adequately trained to deal with customers in an appropriate manner.

- a. Agents appointed by the Company for recovery of overdue debt/ loan ("Recovery Agents") (if any) shall adhere to the above core principles and the Code of Conduct for Recovery Agents, as approved from time to time by the Board ("Code of Conduct for Recovery Agents") and notified to such Recovery Agents. The Recover Agents shall commit the same to the Company by way of submitting an undertaking to abide by the Code of Conduct for Recovery Agents. The Company, as the principal, will remain responsible for the actions of its Recovery Agents. The Code of Conduct for Recovery Agents is enclosed to the Policy as **Annexure III**.
- b. It is essential that the Recovery Agents observe strict customer confidentiality.
- c. 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 is to also ensure that Recovery Agents do not induce adoption of uncivilized, unlawful and questionable behaviour or recovery process.
- d. The Company shall ensure that it or its Recovery 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.

The Company will document the efforts made for the recovery of dues and the copies of communication sent to customers, if any, will be kept on record:

1. All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
2. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/ visits to collect dues.
3. Company shall follow all such procedures as required under law for recovery of dues.
4. Valuation and sale of property will be carried out as per law and in a fair and transparent manner.
5. Excess amount, if any, obtained on sale of property will be returned to the owner of the property after meeting all the related expenses provided the company is not having any other claims.
6. The company will resort to repossession of security only for the purpose of realization of its dues as a last resort and not with intention of depriving the borrower of the property.
7. The company will be willing to consider handing over possession of property to the owner of the property any time after repossession but before concluding sale transaction of the said property, provided the dues are cleared in full.

GRIEVANCE REDRESSAL

The Company has constituted a Grievance Redressal machinery within the organisation. The Company shall mention the name and contact number of designated grievance redressal officer on its website and the website address shall be mentioned in its communication with the borrower(s).

The Grievance Redressal Mechanism is attached as **Annexure IV** to this Code.

The designated officer will ensure that genuine grievances are redressed promptly. Grievance Redressal machinery will also deal with issues relating to services provided by the outsourced agency(ies) and Recovery Agents, if any.

CONFIDENTIALITY

The Company, subsequent to its acquisition of financial assets, with adequate confidentiality terms with its investors shall keep the information acquired in the 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.

COMPLIANCE

The Fair Practices Code shall be placed on SARPL's website.

REVENUE RECOGNITION, TRUST EXPENSES AND INCENTIVES

A. MANAGEMENT FEE:

- i) Management fee from trusts set up by the Company ("Trusts") is accounted for on accrual basis as per terms of the relevant Trust deeds and offer document issued by the Trust.
- ii) Management fee shall be calculated and charged as a percentage of the net asset value ("NAV") at the lower end of the range of the NAV specified by the Credit Rating Agency ("CRA") provided that the same is not more than the acquisition value of the underlying asset. Management fee is to be reckoned as a percentage of the actual outstanding value of security receipts ("SRs"), before the availability of NAV of SRs.
- iii) Management fee recognized during the planning period must be realized within 180 days from the date of expiry of the planning period. Management fees recognized after the planning period should be realized within 180 days from the date of recognition. Unrealised management fee should be reversed thereafter. Any management fee/ incentives charged towards the asset reconstruction or securitisation activity shall come only from the recovery effected from the underlying financial assets.
- iv) Any unrealized management fee will be reversed if before the prescribed time for realisation, NAV of the SRs fall below 50% of face value.
- v) Management fee shall stop accruing after reversal of already accrued fee as mentioned above and shall be accrued only upon actual realisation.
- vi) Percentage of management fee charged by the Company shall be a matter of discretion of the parties involved and may vary for different Trusts but will not exceed 5% per annum on the NAV of the SR outstanding provided that in the event if the deal structure prescribes so, management fee can be more than 5% per annum subject to prior approval of Board of Directors.
- vii) Arrangement made for management of assets and extent of management fee charged by the Company shall be stated in offer document for issuance of SRs.

B. TRUST EXPENSES:

- i) Expenses incurred at pre acquisition stage for performing due diligence etc. for acquiring financial assets from banks/ financial institutes ("FIs") shall be expensed immediately by recognizing the same in the statement of profit and loss for the period in which such costs are incurred.
- ii) Expenses incurred after acquisition of assets on the formation of the trusts, stamp duty, registration, collection agency payouts, etc. which are recoverable from the trusts, shall be reversed, if these expenses are not realised within 180 days from the planning period or downgrading of SRs [i.e. NAV is less than 50% of the face value of SRs], whichever is earlier.

C. INCENTIVES:

The Company may, as per the commercial arrangements with the investors in SRs, charge incentives from the Trust, such rate as may be agreed with the investor in SRs.

The incentives chargeable to the Trusts shall be recovered/payable to the Company only out of the recoveries effected from the underlying financial assets in such a Trust.

Further, the Company may, within the overall limits mentioned hereinbelow, charge recovery incentive basis the scenarios appearing hereinbelow, amongst others, depending on facts and circumstances of each acquisition being undertaken by the Company:

- **Time Period estimated in resolution**: The Company shall consider estimated time period in resolution of a financial asset and may prescribe the recovery incentive either fixed or variable depending upon the time period involved.
- **Complexities involved in resolution**: In the event the resolution of a financial asset involves complexities, viz. litigations, disputes pertaining to underlying security interest, etc. the Company may prescribe such recovery incentive, as the Company may determine to be fit in a particular case.

The Company may, subject to the agreement amongst the SR holders, charge the following incentives to the Trust, being:

- i. **Recovery incentive**: The recovery incentive shall be up to 5% of the total amounts recovered and may vary depending on the time involved and complexity of the resolution. The Company shall charge a recovery incentive of more than 5% only with prior approval of the Board.
- ii. **Upside incentive**: The Company may, as per mutual arrangement with other SR holders, charge an upside incentive out of the recoveries in the Trust subject to a maximum of 20% of the surplus remaining after redemption of SRs in a particular trust. Such sharing of upside incentive shall be mutually agreed with the SR holders and shall be payable to the Company after redemption of all SRs issued by such Trust. Any upside incentive beyond the said limit shall require approval of the Board of Directors.
- iii. **Any other incentives**: Any other incentive claimed from the trusts under management of the Company shall need approval of the Board as well as from the majority SR holders of a particular Trust. Provided that, in the event such incentives form part of the offer document to be issued to the prospective SR holders, then the subscription to the SRs shall be deemed to be a concurrence of such prospective SR holder.

OUTSOURCING POLICY

BACKGROUND

Outsourcing is used as a means of both reducing cost as well as accessing specialist expertise that may normally not be available internally within an enterprise. The securitization and reconstruction business cuts across different sectors and practices. The business involves complexities on technical, legal, human resources, financial, real estate, valuation, sectoral and regulatory fronts. To ensure optimum use of resources and minimize costs, the Company may outsource certain services.

As regulated intermediaries, the Company must render reasonable standards of service, exercise due diligence, and always ensure proper care in their operations.

Given the key regulatory expectations and standards of conduct expected from SARPL, the following Outsourcing Policy ("Outsourcing Policy") has been formulated.

APPLICABILITY AND EXCLUSION

This Outsourcing Policy will be applicable to all outsourced activities of the Company. For IT related outsourcing, a separate IT Outsourcing Policy shall be framed by the Company.

ACTIVITIES NOT TO BE OUTSOURCED BY THE COMPANY

All activities can be outsourced except the core management functions, including inter alia the following:

- Core functions of the Company, i.e. asset acquisition and resolution. This does not include related/ ancillary services for core activities.
- Discretionary investment management function.
- Risk management function.
- Controlling functions of the Company.
- Strategic and compliance functions.
- Decision-making functions such as determining compliance with KYC norms, allowing sanction/ approval for settlement of loans (including retail loans), etc.

MATERIALITY OF OUTSOURCING

The materiality of outsourcing shall be evaluated by the Company basis the following factors:

- i. the level of importance of the activity being outsourced as well as the significance of the risk posed by the outsourcing the said activity.
- ii. the potential impact of the outsourcing on the Company on the various parameters such as its earnings, solvency, liquidity, funding capital and risk profile.
- iii. the likely impact on reputation and brand value of the Company and ability of the Company to achieve its business objectives, strategy and plans, should the service provider fail to perform the service.
- iv. the cost of the outsourcing as a proportion of total operating costs of the Company.
- v. the aggregate exposure to a single service provider, in cases where the Company outsources various functions to the same service provider (concentration of outsourcing services (business) to a single service provider); and

- vi. the significance of activities outsourced in the context of customer service and protection.

COMPANY'S ROLE AND OTHER OBLIGATIONS

The outsourcing of any activity, if done, should not diminish the obligations of the Company and those of its board of directors ("Board") and senior management, who have the ultimate responsibility for the outsourced activity. The Company shall retain the ultimate control of the outsourced activity.

The Company shall be responsible for the reporting of any suspicious transactions or reports to RBI, or any other competent authority in respect to any activities outsourced.

Outsourcing should not impede or interfere with the ability of the Company to effectively oversee and manage its activities nor should it impede RBI's role in carrying out its supervisory functions and objectives.

The service provider, if not a group company of SARPL, shall not be owned or controlled by any director of SARPL or their relatives. The company will develop a code of conduct for the service providers/outsourcing partners. The same will need to be accepted by the partner before the company uses their services

ROLE OF THE BOARD AND SENIOR MANAGEMENT

(i) Role of the Board:

The Board of the Company (or a Committee of the Board to which powers have been delegated) shall be responsible inter alia for the following:

- a. To approve a framework for evaluation of the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements.
- b. To lay down appropriate approval authorities for outsourcing depending on risks and materiality.
- c. To set up suitable administrative framework for senior management for the purposes of outsourcing.
- d. To undertake regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness; and
- e. To decide on business activities of a material nature to be outsourced and approving such arrangements.

(ii) Role of the Senior Management

- a. To evaluate the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board.
- b. To develop and implement sound and prudent outsourcing practices and procedures commensurate with the nature, scope and complexity of the outsourcing activity.
- c. To review periodically the effectiveness of policies and procedures of the Company and the service provider.
- d. To communicate information pertaining to material outsourcing risks to the Board in a timely manner.
- e. To ensure that the contingency plans, based on realistic and probable disruptive scenarios, are in place and tested.
- f. To ensure that there is independent review and audit for compliance with set policies; and
- g. To undertake periodic review of outsourcing arrangements to identify new material outsourcing risks as they arise.

RISK EVALUATION AND DELEGATION MATRIX

It is imperative for the Company, when performing due diligence in relation to outsourcing, to consider all relevant laws, regulations, guidelines, and conditions of approval, licensing or registration. Therefore, the broad risk evaluation principles below must be considered when outsourcing any activity by the Company:

- a. The impact of the failure of the third party, to adequately perform the outsourced activity, on the financial, reputational, and operational performance of the Company, its investors and client.
- b. The ability of the Company to cope with the work outsourced to create suitable back- up arrangements, in case of non-performance, or failure by the third party.
- c. Regulatory status of the third party, including their fitness and probity – appropriate disclosures, affirmation of compliance requirements, and adherence to statutory rules and regulations, fidelity and confidentiality, amenability and probable penalties in case of breach of terms and conditions of the agreement, etc.; and
- d. Situations involving conflict of interest between the Company and the third party, as well as the measures put in place by the Company to address such potential conflicts, etc.

The Company shall evaluate and guard against the strategic risk, reputation risk, compliance risk, operational risk, legal risk, exit strategy risk, unexpected termination risk, counter party risk, contractual risk, concentration and systemic risk in outsourcing.

The Company shall, basis the nature of the service being outsourced and the parameters outlined above, categorize a particular service in the high, medium or low risk categories. Basis the risk evaluation of an outsourced services, the Company shall adopt a delegation matrix for the outsourcing of services and engagement of outsourced service provider by the Company.

EVALUATION AND SELECTION OF SERVICE PROVIDER

In considering or renewing an outsourcing arrangement, appropriate due diligence shall be performed to assess the capability of the service provider to comply with obligations in the outsourcing agreement. Due diligence shall take into consideration qualitative and quantitative, financial and operational factors.

The Company shall consider whether the service provider's systems are compatible with its own and also whether their standards of performance including in the area of customer service are acceptable to it.

The Company shall also consider, issues relating to undue concentration of outsourcing arrangements with a single service provider. Wherever possible, the Company shall obtain independent reviews and market feedback on the service provider to supplement its own findings.

Due diligence shall involve an evaluation of all available information about the service provider, including but not limited to the following:

- Past experience and competence to implement and support the proposed activity over the contracted period.
- Financial soundness and ability to service commitments even under adverse conditions.
- Business reputation and culture, compliance, complaints and pending / potential litigations.
- Security and internal control, audit coverage, reporting and monitoring environment, business continuity management, and
- ensuring due diligence by service provider of its employees.

If in the opinion of the Company the due diligence is satisfactory then the selection shall be done basis the following:

- Service Provider's resources and capabilities, including financial soundness, to perform the outsourcing work within the timelines fixed.
- Compatibility of the practices and systems of the service provider with the Company's requirements and objectives.
- Market feedback of the prospective service provider's business reputation and track record of their services rendered in the past; and
- Level of concentration of the outsourced arrangements with a single party.

Provided that in the event the existing outsourcing with a service provider is being renewed then the Company shall carry out limited due diligence of such service provider.

OUTSOURCING AGREEMENT

The terms and conditions governing the contract between the Company and the third party should be carefully defined in written agreements and vetted by respective department. At minimum, the contract shall cover the following:

- a. Clear demarcation of the activities outsourced.
- b. Key standards, price, service standards, inclusions and exclusions, etc.
- c. Maintaining confidentiality and integrity of the Company's data and information.
- d. Right to outsource further or subcontract further, if allowed.
- e. Time period, termination clauses, document retention clauses and business continuity clauses.
- f. provision for continuous monitoring and assessment by the Company to ensure timely corrective actions can be taken.
- g. Right to conduct audits on the third party by the Company and RBI.
- h. Right of RBI and Company to access books, records and other information of the third party relevant to the outsourced activity(ies); and
- i. Any other covenants to protect the interest of the Company.

CONFIDENTIALITY AND SECURITY

The Company should seek to ensure the preservation and protection of the security and confidentiality of customer information in the custody or possession of the outsourced agency.

Access to customer information by staff of the outsourced agency should be on 'need to know' basis, i.e. limited to those areas where the information is required in order to perform the outsourced function.

The Company shall ensure that the outsourced agency is able to isolate and clearly identify the Company's customer information, documents, records and assets to protect the confidentiality of the information. Further, the outsourced agency should be bound by confidentiality obligations, in written form and appropriate safeguards to be built in such written arrangement for protecting unauthorised disclosure of information by the outsourced agency.

The Company shall review and monitor the security practices and control processes of the service provider on a regular basis and require the service provides to disclose any security breaches.

The Company shall immediately notify the RBI in the event of any breach of security and leakage of confidential customer related information. In these eventualities, the Company would become liable to its customers for any damages.

REVIEW, MAINTENANCE AND OPTIMIZATION

The Company shall evaluate performance of the outsourced service provider. At the organization level, the Company shall:

- a. Centrally maintain a repository of all vendors containing details of period for review. This shall serve as an early reminder for a renewal of contract to avoid disruptions to services.
- b. Conduct an annual stress test for outsourced processes which are classified as material.

The Company shall monitor the performance of the outsourced agency on an ongoing basis against the terms of the contract and service standards agreed. The Company shall also work to optimize costs, and endeavour to initiate a review at least a month in advance for the closure of a contract for ongoing services. The Company will review the overall performance of the vendor on half-yearly basis and shall place the evaluation of review of performance to the Risk Management Committee of the Board at a meeting immediately succeeding end of each such half year. The Risk Management Committee of the Board shall take note of the review done by the Company and shall, if required, suggest steps to be taken by the Company in this regard.

The Company shall ensure that outsourcing arrangements with the third party neither diminish its ability to fulfil its obligations towards the customers and the bank nor impede effective supervision by the bank. In the event the third party is owned/controlled by a director of the Company, the same shall be disclosed to RBI.

BUSINESS CONTINUITY AND MANAGEMENT OF DISASTER RECOVERY PLAN

The Company shall ensure that any outsourced agency follows a robust business continuity and disaster recovery policy (BCP), which should be largely in accordance with the policy followed by the Company. The Company can also require such outsourced agencies to strengthen their existing framework towards documenting, maintaining, and testing business continuity and recovery procedures, including appropriate information technology security. The Company shall ensure that the outsourced agency periodically tests their business continuity and recovery plan and may also consider occasional joint testing and recovery exercises.

OUTSOURCING OF ACTIVITIES WITHIN THE GROUP

SARPL may have back-office and service arrangements/ agreements with its group entities e.g. sharing of premises, legal and other professional services, hardware and software applications, centralize back-office functions, outsourcing certain financial services to other group entities, etc. In such case, before entering into such arrangements with group entities, SARPL shall have clearly defined service level agreements/arrangements with its group entities. These agreements/ arrangements shall cover demarcation of sharing resources i.e. premises, personnel, etc. Further, the customers shall be informed specifically about the company which is actually offering a particular service, wherever there are multiple group entities involved.

While entering into such arrangements, SARPL shall ensure that these activities:

- i. are appropriately documented in written agreements with details like scope of services, charges for the services and maintaining confidentiality of the customer's data.
- ii. do not lead to any confusion to the customers.
- iii. do not compromise the ability to identify and manage risk of the NBFC on a stand-alone basis.
- iv. do not prevent the Reserve Bank from being able to obtain information required for the supervision of the Company NBFC or pertaining to the group as a whole; and
- v. incorporate a clause under the written agreements that there is a clear obligation for any service provider to comply with directions given by the Reserve Bank in relation to the activities of the Company.

SARPL shall ensure that their ability to carry out their operations in a sound fashion would not be affected, if premises or other services (such as IT systems, support staff) provided by the group entities become unavailable.

MODEL CODE OF CONDUCT FOR RECOVERY AGENTS

APPLICABILITY

The Model Code of Conduct for Recovery Agents (RAs) will be applicable to all RAs engaged by the company. The Code of Conduct shall form part of the agreement between the company and the Recovery Agents. RAs must agree to abide by this code prior to undertaking any recovery operation on behalf of the company.

WHEN & WHERE RAs MAY CONTACT A PERSON ON TELEPHONE:

- (a) Telephonic contact may normally be limited to between 07.00 hrs and 19.00 hrs unless the special circumstances of the borrower's business or occupation demands otherwise. However, it may be ensured that a borrower is contacted only when the call is not expected to inconvenience him/her. Calls earlier or later than the prescribed hours may be placed only under the following conditions:
 - i. When the borrower has authorized to do so in writing or orally.
 - ii. Due notice of recall of the loan has been served by the company on the borrower, and appointment of recovery agent has been intimated to him, and the borrower is intentionally avoiding calls of the RA.
 - iii. Time and number of calls and contents of conversation will be documented.
- (b) The borrower would be contacted ordinarily at the place of his choice and in the absence of any specified place he will be contacted at his/her residence in the place of employment/ business as the case may be.
- (c) In appropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls/ visits to collect dues.

CONFIDENTIALITY OF BORROWER'S INFORMATION:

Normally, RAs should maintain borrower's secrecy. However, the matter may be discussed with his family members if borrower's response to notice of recall and repeated calls made by RAs on the borrowers do not evoke any response. Family for this purpose will only be close and adult family members and will include spouse, son, unmarried daughter, unmarried sister, father, mother, daughter-in-law, grandson and grand- daughter.

LEAVING MESSAGES AND CONTACTING PERSONS OTHER THAN THE BORROWER

Calls first must be placed to the borrower. If the borrower is not available a message should be left for the borrower to return the call or check for a convenient time to call again. Message should be left with his business associate or person(s) representing him and indicate that "xxxxx (Name of the RA) representing SARPL called and requested to call back at xxxxxxxxxx (phone No). The purpose of the call is recovery of company's dues."

CODE TO BE ADOPTED DURING THE CALL

- The RAs shall identify himself/herself to the borrower and shall apprise him/her of the authority to represent.
- State reason for call. Provide the borrower with all the information regarding dues necessary notice be given for enabling discharge of dues.
- Offer to call back, if the borrower is busy.
- Talk in language which is most comfortable to the borrower.

- Keep conversation limited to business.
- Reconfirm next call or next visit.
- Provide contact numbers (for RAs as well as the Company)
- Reasonable notice will be given before repossession of security as well as before its realization.
- All assistance will be given to resolve disputes or differences in a mutually acceptable and in an ordinary manner, if any, as regards dues.
- Demeanor that will suggest criminal intimidation or threat of violence would be scrupulously avoided.

GIFTS OR BRIBES

- RAs shall not accept any kind of gift or bribe.

OTHERS

- RAs shall not accept cash
- The recoveries shall be in the form of cheque / DD/ remittance into company's designated account.
- RAs must be appropriately dressed, and decorum and decency shall be maintained.
- RAs shall furnish an undertaking placed at Annexure.
- RAs should resort only the legally permissible activities during the course of recovery.

Any RA found violating this code may be blacklisted and such action taken will be reported to Association of ARCs and to IBA on a monthly basis to circulate the same to all ARCs and Banks for action at their end.

GRIEVANCE REDRESSAL POLICY

BACKGROUND

Excellence in customer service is an important requirement, as SARPL/ the Company strives to be the best-in-class service provider. This GR Policy provides a mechanism that aims at minimizing instances of customer complaints and grievances through proper service delivery, institutes a review mechanism and ensures prompt redressal of customer complaints and grievances.

The review mechanism shall help in identifying shortcomings in products and service delivery and to minimize customer dissatisfaction. In order to make SARPL's redressal mechanism more meaningful and effective, a structured system has been put in place. This system will ensure that the complaints are redressed in a just and fair manner within the given framework of rules and regulations.

OBJECTIVES

The key objectives of this GR Policy is to achieve the following in dealings with its customers by SARPL:

- a. SARPL will assist customers in understanding how its services work :
 - i. Providing information about them in simple language; and
 - ii. Explaining their financial implications.
- b. SARPL will make every attempt to ensure that its customers have a trouble-free experience in dealing with it but in case of errors or commissions and omissions, the Company will deal with the same quickly and sympathetically and:
 - i. Mistakes will be corrected quickly;
 - ii. Complaints will be handled quickly;
 - iii. In case a Customer is not satisfied with the ways a Complaint is handled, the Company will guide the Customer on how to take the Complaint forward

SCOPE

The scope of grievance redressal mechanism shall be to:

- a. Guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome;
- b. Educate the customers about their duties and responsibilities to access benefits due under the policies;
- c. Institute a monitoring mechanism to oversee the functioning of this Policy.

DEFINITIONS

For the purpose of this GR Policy, the various terms shall mean and include the following:

“Complaint” means an expression of dissatisfaction by the customer having business relationship with the Company with reference to any transactions between him and the Company. However, following matters are excluded:

- a. Personal allegations against officials will not be regarded as Complaint against the Company but they may be looked into by the SARPL at appropriate level;
- b. Matters which are pending before judicial/ quasi-judicial authorities are out of the purview of being entertained as Complaint/ Grievance.

“Customer” means any investor, borrower, recovery agent or service provider of the Company.

“Grievance” is a documented manifestation of an expression of dissatisfaction of the Customer having business relationship with the Company relating to any matter in his dealing with the Company.

“Nodal Officer” means the Company Secretary of the Company.

“Principal Nodal Officer” means such person appointed by the Company under the Integrated Ombudsman Scheme, 2021, who shall be responsible for representing the Company and furnishing information on behalf of the Company in respect of complaints filed.

“Query” means any question in general in nature (includes expression of doubt about some transaction) or seeking an answer from the Company or request for information in any form.

“RBI” means the Reserve Bank of India.

“Working Day” means any business day but excluding Saturday, Sunday and other public holiday.

APPLICATION OF THE GR POLICY

This GR Policy is applicable to complaints only. Clarifications and queries are excluded from the purview of this GR Policy.

A communication in order to be a Complaint should have one or more of the following elements:

- Customer should be dissatisfied;
- Claim of refund of the interest / fees / monies already paid or dispute in the interest / fees / monies paid;
- Manner of implementation of Resolution strategy adopted by the Company should be disputed by the borrower, if he feels that the extant regulations/guidelines have not been adhered to;
- Misuse of security / collateral wherein the Company has physical possession;
- Threat of legal action against the Company;
- Escalation of the communication to the Regulator;
- Non-performance on the part of the authorised officer / dealing officer of the Company;
- Delay in information sought by the borrower in connection with his account/ledger.
- Grievance pertaining to services provided by the outsourced agency and recovery agents, if any.

QUERY

A communication in order to be a query should have one or more of the following elements:

- A form of questioning, in a line of enquiry.
- In nature of a request for information or guidance or any proposal for resolution of the account.
- Where there is an expectation of the Customer from the Company - for data /clarification or any transaction related to his account.
- Requests for data or information by the borrower in connection with his account/ledger.

For example, requests for revision / updating of records with the credit information companies (CIBIL, etc.) will be classified as a query for the purpose of this GR Policy.

If such queries are not addressed / acknowledged by the Company within 7 working days, then the customer may register a Complaint with the Company.

However, the Company reserves the right to classify a communication as a Complaint or a Query and dispose it off accordingly under intimation to the Customer.

Nothing contained in this GR Policy shall prevent the Company from engaging into any asset reconstruction measures and taking any legal remedy available to it under the extant laws applicable to it. The Company reserves the right to dispose-off the complaint without any intimation to the customer, if such customer uses the grievance redressal mechanism with an intention to preclude any financial interest of the Company or create any barrier for its asset reconstruction measures.

MODES OF RAISING COMPLAINT

The Customers can record their grievances / provide their feedbacks in writing. The Customers can approach the Company to register their Complaints through any of the modes mentioned below and expect a response or resolution of the Complaint, as the case may be, within an overall period of 30 working days of registration of Complaint.

Customers can use any of the following options to register their Complaint clearly mentioning the subject matter of the complaint:

- a. By sending an Email to the Nodal Officer at [To be inserted].
- b. By sending a written complaint to Nodal Officer through post/ courier. The details of Nodal Officer are mentioned on the website of SARPL.
- c. In case, if there is no response from SARPL within 15 working days or if the Customer is not satisfied with the response received, Customer can escalate its complaint to the Head-Compliance of the Company whose details are mentioned on the website.
- d. In case, if there is still no response from SARPL within 15 working days after escalation of the complaint by the Customer or if the Customer is not satisfied with the response received after escalation, the customer may then escalate the complaint to the Principal Nodal Officer (PNO) as mentioned hereinbelow. The Company shall issue an acknowledgement/ interim response within 4 working days from the receipt of escalation.

Name of PNO:

Telephone no.:

Email ID:

- e. If the customer does not receive any response within 30 working days from the Company or the customer is not satisfied with the resolution of the complaint, the customer may write to the RBI Ombudsman through any of the touch points mentioned below:
 - i. Online Complaint Management System at <https://cms.rbi.org.in>
 - ii. Post to Centralized Receipt & Processing Centre (CRPC), Reserve Bank of India, 4th Floor, Sector 17, Chandigarh – 160017
 - iii. Call CRPC toll-free helpline 14448 to know how to file a complaint and the status of filed complaint.

Alternatively, the customer may appeal to the Officer-in-charge, Department of Supervision, Reserve Bank of India, Fort Glacis, No. 16, Rajaji Salai, Chennai – 600001; Tel.: 044-2536 1631.

Anonymous Complaints will not be addressed in terms of this Grievance Redressal Mechanism.

RESOLUTION OF GRIEVANCES

The Nodal Officer shall ensure that the Complaint is resolved completely to the Customer's satisfaction and if the Customer is not satisfied, then upon escalation by the Customer, the Head-Compliance of the Company should try to resolve the grievance expeditiously. The Nodal Officer shall, on receipt of Complaint:

- a. provide an acknowledgement of complaint to the Customer;
- b. ensure adherence to the laid down grievances redressal policy of the Company and process, monitoring its implementation and initiating corrective action wherever needed so as to improve the quality of customer service on a continuous basis;
- c. review and set right implementation of all products and processes from the customer service perspective;
- d. decide upon matters requiring immediate action and follow up for timely redressal of Grievances of Customers wherever delay is observed and take such steps/ action to avoid delays. This would also involve taking appropriate action against staff wherever any shortcomings are noticed.

The Nodal Officer shall maintain proper records of all the complaints received, the nature of complaints and action initiated for redressing the same; and

In case a Customer is not satisfied, the Customer may escalate this Complaint in accordance to the escalation matrix provided in this Policy.

TIME FRAME FOR RESPONSE

SARPL will ensure to respond within 30 working days in cases not involving legal action. However, in cases involving fraud, legal action and cases which need retrieval of old documents and involvement of third parties or regulators the response time will be within 60 working days.

However, in exceptional cases, SARPL may take higher time frame or due to pendency of litigation and may choose not to respond to the Complaint so as to safeguard its interest in the pending litigation. In such case, the Company shall inform the Customer the reasons for delay and the expected time frame for resolution or the decision of the Company not to accede to the Complaint.

REPORTING OF GRIEVANCES TO THE BOARD

The Company shall, on a quarterly basis, place a report to the Board containing therein the brief summary of the grievances received by the Company during such quarter, together with the details of action taken by the Company on such grievances. Further, the Company shall also carry out a root cause analysis of the grievances received and shall place the same before the Board on a half yearly basis.