



**JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED**

**FAIR PRACTICES CODE**

**APRIL 2025**

### 1) **Preamble:**

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Asset Reconstruction Companies (ARCs) thereby setting highest standards of transparency and fairness in dealing with stakeholders. As per the said guidelines, JM Financial Asset Reconstruction Company Limited (JM Financial ARC or the Company) has formulated the Fair Practices Code (FPC or Code) to ensure transparency and fairness in its operations.

### 2) **Acquisition of Assets**

The Company shall follow transparent and non-discriminatory practices in acquisition of assets. It shall maintain arm's length distance in the pursuit of transparency.

- i) The Company shall acquire financial assets from the lenders, sponsors or group entities, in transparent auction process on arm's length basis in accordance with RBI Circular dated December 6, 2019, as amended from time to time.
- ii) The Company shall follow the process laid down under the Financial Asset Acquisition Policy as adopted by the Board of Directors while acquiring the financial assets.
- iii) The Company shall comply with the applicable provisions of the SARFAESI Act, 2002, Rule(s) or Regulation(s) issued by the RBI from time to time, for acquisition of financial assets.

### 3) **Resolution of Assets**

- i) In the matter of recovery of loans without the appointment of a Recovery Agent:
  - The Company shall not resort to any undue harassment of borrowers for recovery of dues and shall adequately train its employees to deal with borrowers in an appropriate manner.
  - The Company shall while protecting its interest, adopt reasonable and lawful measures to recover dues from its borrowers, including use of persuasive methods for the purpose of collection of its dues, contacting the borrower during reasonable hours depending upon the circumstances, respecting the privacy of the borrower and act in a reasonable manner for the purpose.
- ii) In the matter of recovery of loans with the appointment of a Recovery Agent:
  - The Company shall follow Outsourcing Policy which inter alia specifies criteria for selection of such activities as well as service providers, delegation of authority depending on risks and materiality, systems to monitor and review the operations of these activities/ service providers,

process of outsourcing, evaluation of outsourcing agencies and also seek and obtain the approval of the Asset Acquisition Committee or Asset Resolution Committee before outsourcing any activities. The Company shall ensure that outsourcing arrangements, if any, neither diminishes its ability to fulfil its obligations towards the borrowers and the RBI nor impede effective supervision by RBI. The Company shall also ensure that outsourced agency, if appointed, shall not be owned/controlled by a director of the Company.

- Whenever, the Company appoints any Recovery Agent then it shall adhere to the board approved Code of Conduct for Recovery Agents (the Code) and obtain their confirmation that they will abide by the Code and observe strict customer confidentiality.
- 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. and do not induce adoption of uncivilized, unlawful and questionable behaviour or recovery process. The Company, as principal, shall remain responsible for actions of the recovery agents appointed by it.
- The Company shall ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against their borrowers in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the borrowers 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.

#### **4) Sale of secured assets**

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

- The Company shall strive to invite the prospective buyers through public advertisement or in any other manner to have maximum participation in the auction of secured assets. Notwithstanding this, the Company, on a case to case basis, may engage with some strategic buyers for efficient sale of secured assets as is permitted under the SARFAESI Act, 2002 either through auction or private treaty.
- Terms and conditions of such sale may be decided in wider consultation with investors in the Security Receipts (SRs) as per the SARFAESI Act, 2002.
- The Company shall make every attempt to decide terms and conditions for sale of secured assets in wider consultation with the security receipt holders as per the SARFAESI Act, 2002. In cases where assets are acquired on cash basis, no consultation would be required. In cases where the assets are acquired on SRs basis, consultation with SR holder(s) will result in inordinate

delays impacting the resolutions as Non-Performing Assets (NPAs) are sold by distressed assets department / credit department of seller banks and SRs are held by Treasury Department. In such scenario, the Company shall uphold the 'true sale' objective for sale of assets by seller banks as prescribed in RBI guidelines for sale of stressed assets.

- The Company may strive to follow spirit of Section 29A of the Insolvency and Bankruptcy Code, 2016 (IBC) in dealing with the prospective buyers. However, this is not practical as sale under the SARFAESI Act, 2002 is permitted to borrowers/promoters/group companies and hence compliance of Section 29A of the IBC would be infructuous and contradictory to the provisions of the SARFAESI Act, 2002. Besides, SARFAESI Act, 2002 allows right of redemption to borrowers till the time sale certificate is not registered.
- The resolution of financial assets shall be in compliance with SARFAESI Act, 2002, RBI guidelines, Insolvency and Bankruptcy Code, 2016 and other applicable statutes, regulations and/or guidelines, as applicable from time to time.
- The Company shall ensure that resolution/recovery from the accounts are in accordance with the Financial Asset Resolution Policy approved by the Board and as amended by it from time to time.

#### **5) Release of securities**

The Company shall release all securities on final repayment of dues or on realisation of the outstanding amount of loan from the borrower/guarantor. The Company shall return to the borrower all the securities, documents, title deeds of mortgaged property and issue no-dues certificate without any delay after receipt of all the outstanding dues except in situations where in the Company has legitimate right to hold any or all of the securities and its documents. If Company exercises any 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 the Company is entitled to retain the securities till the relevant claim is settled/paid.

#### **6) Release of Movable / Immovable Property Documents**

- The Company shall release all the original movable/immovable property documents and remove charges registered with any registry within a period of thirty (30) days after full loan repayment/ settlement. However, the responsibility for filing charge satisfaction form with the Registrar of Companies shall be with the borrower;
- 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 original movable/immovable property documents to the legal heirs, within the above stipulated timelines, subject to necessary legal documents being furnished by the legal heirs to the satisfaction of the Company.

## **7) Compensation for delay in release of Movable / Immovable Property Documents**

- In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form 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/- for each day of delay. However, the responsibility for filing charge satisfaction form with the Registrar of Companies (RoC) shall be with the borrower and the Company shall not be liable to pay compensation for delay in filing forms with RoC;
- 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).

## **8) Management fees, expenses and resolution incentives**

The Company shall follow Board approved policy on management fees, expenses and incentives, if any, claimed from trusts under their management. The policy is transparent and ensures that management fee is reasonable and proportionate to financial transactions.

## **9) Grievance Redressal**

The Company shall ensure that its grievance redressal mechanism (including details of where, how and to whom a complaint can be made, next level of escalation, etc.) is available on its website. The Company shall endeavour to address/respond to all complaints and grievances including issues relating to services provided by the outsourced agency and recovery agents, if any in accordance with the Grievance Redressal Policy as approved by the Board.

## **10) Confidential Information**

The Company shall treat the information of the borrowers as confidential and shall not share the borrowers' information, other than in the following exceptional circumstances:

- If the information is to be given under the law;
- If there is a duty towards the public to reveal the information;
- If the Company, to protect its interests, is required to give the information (for example, e.g. to prevent the fraud);

- If the borrower permits the Company to share the information. Such permission shall be deemed to have been given, if any of the products / financial services offered by group companies are accepted / availed of / sought to be availed of.;
- If the Court so direct or the Company is required to reveal information by any regulatory authority(ies) including credit information companies, information utilities, etc.
- If the information is required to be furnished to investor(s) / other professional agency(ies) for due diligence etc., in order to raise funds for restructuring of the underlying loans/sale of assets;
- If the information is required to provide to credit rating agencies.

#### **11) General**

This Code shall include and reflect any changes that may be notified by the RBI or any such other applicable statutes / guidelines / notifications from time to time.

This Code may be reviewed and updated at periodic intervals of one year from the date of the same being approved by the Board or at any other time if felt necessary by the Board.

#### **12) Mode of Communicating Fair Practices Code**

The copy of the Code shall be available on the website of the Company with the Company Secretary of the Company and in case any stakeholder is interested in obtaining copy of this Code may write to Company Secretary at [vineet.singh@jmfl.com](mailto:vineet.singh@jmfl.com) and the same will be furnished on request. The availability of Code with the Company Secretary as above shall be disclosed on the Company's website.

**Place : Mumbai**

**Date :**

**Chairman**