

National Asset Reconstruction Company Ltd (NARCL)

Policy on Vigil Mechanism

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| 2. | EY LLP | Anand Mihir | Reviewer | | |
| 3. | AZB & Partners | AZB & Partners | Reviewer* | For AZB & Partners [signature to be added] | |
| 4. | SBI Capital | | Reviewer | | |
| 5. | NARCL Investment Manager | | Sign off | | |
| 6. | Sub Committee Member | Shri Arvind Mokashi | Sign off | | |
| 7. | Sub Committee Member | Shri S Bhaskaran | Sign off | | |
| 8. | MD & CEO: NARCL | Shri Padmakumar Nair | Sign off | | |

* Note: AZB's review is for matters under Indian law, and excluding any commercial, accounting, valuation or tax considerations.

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1. Introduction

National Asset Reconstruction Company Limited (hereinafter referred to as “NARCL” or “Company”) has been incorporated under the Companies Act, 2013 as a Government Company (limited by shares) on 7th July 2021.

Pursuant to the provisions of Section 177 (9) & (10) read with rule 7 of The Companies (Meeting of Board and its Powers) Rules, 2014 the Company has set up the following Policy on Vigil Mechanism (“**Vigil Mechanism**” or “**Policy**”) which lays down the principles and standards governing the reporting and resolution of genuine concerns or grievances of Stakeholders of the Company. The mechanism shall be overseen by the Audit Committee of the Company.

2. Objectives of the Policy

The Vigil Mechanism aims to provide a channel to the Whistle blowers to report their genuine concerns or grievances about actual or suspected fraud, violation of applicable laws and regulations, irregularities, misconduct, incorrect or misrepresentation of any financial statements and reports, unauthorised disclosure of unpublished price sensitive information or alleged violation of insider trading laws, etc., or violation of code of conduct that can lead to financial or reputational loss to the Company to the extent applicable

- The mechanism provides for adequate safeguards against victimization of the Whistle blower and also provides for direct access in certain exceptional circumstances to the chairperson of the Audit Committee at the specific request of the Audit Committee.
- Subject to the provisions of this Policy, this neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

Scope of the Policy:

The Policy covers malpractices and events which have taken place/ suspected to take place involving:

- Abuse of authority.
- Breach of contract.

Manipulation of Company data/records financial irregularities, including Fraud or suspected fraud or deficiencies in internal control and checks or deliberate error in preparations of financial statements or misrepresentation of financial reports

- Pilferage of confidential proprietary information.
- Deliberate violation of law/regulation.
- Breach of Company policies or failure to implement or comply with any approved Company policy.
- Unauthorised disclosure of unpublished price sensitive information or alleged violation of insider trading laws, etc.
- Violation of code of conduct of the Company.

3. Applicability of the Policy

The Policy is applicable to all employees, officers, directors, and other relevant stakeholders, across all branches (if any) and departments of the Company.

4. Procedure/ Reporting

- All Disclosures should be reported in writing to the Ombudsperson.
- The contact details of the Ombudsperson are as under:
Email: Ombudsperson@narcl.co.in
Address: 6th Floor, Centre 1, World Trade Centre Complex, Cuffe Parade, Mumbai-400005.
- Disclosure should be submitted under a covering letter signed by the Whistle blower giving his/ her full details like name, contact details, and full identification information in a closed and secured envelope and should be superscribed as “Disclosure” or sent through email with the subject “Disclosure”.
- Disclosures should be factual and not speculative or in the nature of a conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- The Company encourages Whistle blower(s) to disclose his/her identity while making the Disclosure under the Policy. However, if the Whistle blower wishes to keep his/her identity anonymous, such complaint may be investigated by the Company only if the Company/Audit Committee is satisfied that such anonymous complaint contains specific and verifiable information along with evidence (to the extent available with the Whistle blower) to establish a *prima facie* case for investigation. However, it is clarified that until the Company/ Audit Committee is satisfied that such anonymous complaint contains specific and verifiable information, the Company is not bound to take any specific steps/actions or conduct investigation(s) in relation to such complaint. Neither the Company nor the Audit Committee bear any liability or responsibility in this regard.
- The Ombudsperson on the receipt of any of the above Disclosures shall make a record of the disclosure and also ascertain identity of the Whistle blower.
- The Ombudsperson and Investigator shall maintain confidentiality on the identity of the Whistle blower.
- The Company shall provide the Whistle blower(s) with direct access to the chairperson of the Audit Committee, at the request of Audit Committee, in certain exceptional circumstances or to escalate any unresolved/ unaddressed complaints/ grievances.

The Ombudsperson shall submit a status report in the prescribed format (Annexure-4).

5. Investigation

- On receipt of Disclosure, Ombudsperson shall with the help of Investigators so appointed by the Ombudsperson to carry out preliminary review to ascertain the genuineness of the Disclosure. If during the preliminary review, the disclosure is found to be genuine, such Disclosures shall be thoroughly investigated by the Ombudsperson or the Investigator(s).
- Investigator(s) are required to conduct a process towards fact finding and analysis. Investigator(s) shall derive their authority from the Ombudsperson when acting within the course and scope for their investigation.

- If the Ombudsperson or Investigator involved in the investigation have a conflict of interest in a given case, they should recuse themselves and any other member of the Audit Committee would deal with the matter on hand.
- In the event of receipt of complaint against the Ombudsperson or Investigator, the complaint shall be forwarded to the board of directors (“Board”) of the Company excluding the Ombudsperson and in the event of complaint against any member of Audit Committee; the complaint shall be forwarded to the Managing Director/ CEO immediately after its receipt. Managing Director/CEO or members of the Company’s Board (excluding the Ombudsperson) shall upon receipt of such complaint may have the same investigated through any person, function or entity in the mode and manner as they deem expedient and in the event of such concern or violation being found to be true and existing, the Managing Director/CEO or compliance manager of the Company may direct / prescribe appropriate remedial / Disciplinary Action as they might deem fit proper.
- The Ombudsperson / Investigator as it deems fit, may call for further information from the Whistle blower.
- The Ombudsperson shall inform the Audit Committee about the receipt of Disclosure and the action being taken.
- The identity of the Subject will be kept confidential.
- Subject will normally be informed of the allegations and will be provided opportunity of being heard during the course of the investigation.
- The Ombudsperson / Investigator shall conduct such investigation in a timely manner. The Ombudsperson shall submit a written report containing the findings of the investigation along with his recommendations to the Audit Committee as soon as practically possible and in any case, not later than 60 (sixty) days from the date of receipt of the Disclosure. Audit Committee may allow additional time for submission of the report based on the circumstances of the case.
- If an investigation leads to a conclusion that an improper or unethical act has been committed, the Audit Committee shall recommend to the Board of the Company to take such disciplinary or corrective action as it may deem fit.

The Ombudsperson will ensure action on the recommendations of the of the Audit Committee and keep the Whistle blower informed of the same.

6. Confidentiality

The Whistle blower, the Ombudsperson, the Subject, Investigator and other persons involved in the investigation process shall, maintain confidentiality of all matters under this Policy.

Confidentiality of the Disclosures along with the results of investigation relating thereto shall be maintained. Further all Disclosures and results of the investigation documented in writing shall be kept in safe custody and maintained by the Company for a minimum period of eight years.

7. Protection

No unfair treatment will be meted out to a Whistle blower by virtue of his/ her having reported a Disclosure under this Policy. Adequate safeguards against victimisation of Whistle blower shall be provided. The Company will take steps to minimize difficulties, which the Whistle blower may experience as a result of making the Disclosure.

8. Disqualifications

- While it will be ensured that genuine Whistle blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this Policy will warrant Disciplinary Action/ legal action against any Whistle blower.
- Protection under this Policy would not mean protection from Disciplinary Action arising out of false or bogus allegations made by a Whistle blower knowing it to be false or bogus or with a malafide intention.
- Whistle blowers who make three or more Disclosures, which have been found to be either malafide or baseless or frivolous or malicious or in bad faith, will be disqualified from reporting further Disclosures under this Policy. In respect of such Whistle blowers, the Company would reserve its right to take/recommend appropriate Disciplinary Action.

9. Policy Review and Updates

The Board approved Policy shall be reviewed as and when required or at least annually for incorporating regulatory updates and changes, if any.

Last date of review: DDMMYYYY

10. Regulatory References (reference to Companies Act, RBI circulars and other applicable statutes, regulations as applicable to NARCL)

- The Companies Act, 2013

Annexure 1 – Glossary

| Abbreviations | Meaning |
|---------------|---|
| NARCL | National Asset Reconstruction Company Ltd |
| RBI | Reserve Bank of India |
| COO | Chief Operating Officer |

Annexure 2- Definition

- **Audit Committee** means Audit Committee constituted by the Board of the Company.

- **Company** means “National Asset Reconstruction Company Ltd (NARCL)”.
- **Director** means every director on the Board of the Company.
- **Disciplinary Action** means any action that can be taken on the completion of / during the investigation proceedings including but not limited to a warning, imposition of fine, suspension from official duties, termination of employment or any such action as is deemed to be fit considering the gravity of the matter.
- **Employee** means an employee on the rolls of the Company and appointed as such including their representative bodies.
- **Fraud** in relation to affairs of a Company includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the Company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.
- **Investigator** means those persons authorised, appointed, consulted or approached by the Ombudsperson and includes the auditors of the Company.
- **Ombudsperson** will be the Chairman of the Audit Committee/Director nominated by Audit Committee for the purpose of receiving all the complaints under this Policy and ensuring appropriate action. The Board and / or Audit Committee shall have the authority to change the Ombudsperson from time to time.
- **Disclosure** means a concern raised by Whistle blower, through a written communication and made in good faith which discloses or demonstrates, verifiable information about an unethical or improper activity with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- **Subject** means a person(s) against or in relation to whom a Disclosure has been made or evidence gathered during the course of an investigation.
- **Stakeholders** means and includes shareholders, debenture holders, employees and Directors of the Company.
- **Whistle blower** means Stakeholders making a Disclosure under this Policy.

Annexure 3- Whistle blower Complaint Form



WHISTLE BLOWER
COMPLAINT FORM.doc

Annexure 4- Status Report of Complaints



Status Report of
Complaints.docx