

National Asset Reconstruction Company Ltd (NARCL)

Policy on Fair Practice Code

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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.

India Debt Resolution Company Limited (“IDRCL”) was incorporated on September 3, 2021, as a public limited company with stake held by public/private banks with a primary objective of providing debt management and debt resolution services exclusively to NARCL.

Fair Practice Code (FPC) is being set up to achieve highest standards of transparency and fairness in dealing with stakeholders.

To achieve the highest standards of transparency and fairness in dealing with stakeholders, Fair Practices Code (“FPC” or “Policy”) is set up after being approved by the Board of Directors of NARCL (“**Board**”). The Fair Practice Code is followed in right earnest and the Board is responsible for its evolution and proper implementation at all times. The FPC shall be placed in public domain for information of all stakeholders.

2. Objectives of the Policy

The key objectives of the Policy are:

- 1) To act fairly and reasonably in all the dealings with borrowers.
- 2) The Company will make every attempt to ensure that its customers would have trouble-free experience in dealing with the Company. However, in case of commission of errors and/or omissions,
 - It shall deal with the errors promptly and effectively.
 - Provide grievance redressal in a quick and efficient manner and to the satisfaction of the customers.
 - Prompt handling of complaints.

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. Acquisition of financial assets

Acquisition of financial assets by the Company shall be in compliance with the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), applicable RBI guidelines/directives and Company's policies

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.

The Company can acquire financial assets of any banks or financial institutions:

- By issuing securities in form of Debenture or Bond or Security Receipt or Cash or Cash equivalents, for consideration agreed upon between Company and the bank or financial institution, incorporating such terms and conditions as may be agreed upon.
- If a bank or financial institution is a lender in relation to any financial assets, the Company on its acquisition shall be deemed to be the lender and all rights shall vest in the Company in relation to such financial assets.

The bank or financial institution holding any right upon the unpaid portion of the purchase price of such asset, or an obligation incurred, or credit otherwise provided to enable the borrower to acquire the tangible asset or assignment or licence of intangible asset, such right, title or interest shall vest in the Company on acquisition of such assets.

5. Management Fees, Expenses and Resolution Incentives

The Company has put in place Financial Asset Acquisition policy which governs the management fee, expenses, and incentives, if any, claimed from trusts under their management. The Financial Asset Acquisition policy is transparent and ensures that management fee is reasonable and proportionate to financial transactions.

6. Resolution of financial assets

Company shall resort to remedies which are legally and legitimately available to it and shall avoid undue harassment of the borrowers. Practices adopted by the Company for recovery of dues and enforcement of security shall be fair, nonprejudiced and in consonance with applicable law. Company shall not initiate any legal or recovery measures including repossession of the security without giving due notice in writing to the borrower. Employees of the Company shall be adequately trained to deal with the borrowers appropriately.

In course of recovery of dues, employees and recovery agents shall abide by the guidelines/code of conduct set out in the Policy on Resolution of Assets of the Company as well as the Code of Conduct of Recovery Agents appointed by the Company. Privacy of the borrowers shall be respected, and confidentiality of their information shall be maintained at all times.

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. Company will further ensure that

recovery agents do not induce adoption of uncivilized, unlawful and questionable behaviour or recovery process. Company, as principal, shall remain responsible for actions of the recovery agents appointed by it.

7. Release of securities

Company shall release all securities on final repayment of dues or on realisation of the outstanding amount of loan by the borrower / guarantor. Company shall return to the borrower all the securities, documents, title deeds of mortgaged property and issue no-due certificate without any delay after receipt of all the outstanding dues. Company reserves its legitimate rights or lien on the securities for any other claim against the borrower. If Company exercises 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 Company is entitled to retain the securities till the relevant claim is settled/ paid.

8. Sale of the assets

- 1) To enhance transparency in the process of sale of secured assets, invitation for participation in auction shall be publicly solicited enabling participation of as many prospective buyers as possible.
- 2) Terms and conditions of such sale may be decided in wider consultation with investors in the SRs as per SARFAESI Act 2002.
- 3) Understanding from the basic principles of Section 29A of Insolvency and Bankruptcy Code, 2016 may be followed in dealing with prospective buyers.

9. Responsibility of Board of Directors

The Board or a Delegated Committee of the Board shall lay down appropriate grievance redressal mechanism within the organization.

The Board of Directors either through itself or by through a Delegated Committee of the Board shall also provide for periodical review of the compliance of the FPC and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be appropriate.

Compliance with FPC shall be subject to periodic review by the Board.

10. Complaints

In case of any complaint/ grievances of the borrowers, the same shall be intimated by them in writing to the Compliance Officer. The Compliance Officer shall immediately make all efforts

to redress the grievances. The employees of the Company shall guide the borrowers who wish to lodge a complaint.

11. Grievance Redressal

- 1) The implementation of the FPC shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer will be handled expeditiously.
- 2) All disputes / complaints arising out of the decisions of the Company's functionaries including issues relating to services provided by the outsourced agency would be heard and disposed of after it is brought to their notice.
- 3) The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances.
- 4) Compliance with the Company's Fair Practice Code is reviewed by the Board on an annual basis.
- 5) The contact details of the Grievance Redressal Officer ("GRO") and the local office of RBI (which can be approached, if the complaint / dispute is not resolved within a period of one month from the date of receipt of such complaint) will be displayed at all the branches / places where the Company conducts its business.
- 6) Complaint/dispute can be raised through email or can be raised as written complaints
 - a. Email: complaints@narcl.co.in
 - b. Address: –
Birla Centurion, Unit no. 01, 8th Floor, Century Mills,
Pandurang Budhkar Marg, Worli, Mumbai – 400030

In case resolution is not provided within prescribed period by NARCL, then second complaint or escalation may go to CEO on below email/call/ office address:

Name: MD & CEO
Phone: 022-69601111
Email: md.ceo@narcl.co.in
Address: –
Birla Centurion, Unit no. 01, 8th Floor, Century Mills
Pandurang Budhkar Marg, Worli,
Mumbai – 400030

Complaints that are received by the Company shall be inquired and analysed impartially. The name and contact number of designated GRO of the Company should be mentioned in the communication with the borrowers.

12. Confidentiality

Unless authorized by the borrower, the Company will treat borrower's personal information as private and confidential.

The Company shall not reveal the information of the borrowers, they come to acquire in course of the business, to any other persons except under following circumstances:

- If the Company is required to provide the information as required by law.
- If arising out of a duty to the public to reveal the information.
- If the borrower has permitted the Company to provide such information.

13. Outsourcing of activities:

The Company has criteria for selection of activities and service providers which can be outsourced, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities/ service providers. Performance of such service providers shall be continuously monitored and reviewed from time to time. Company shall ensure that outsourcing arrangements neither diminish its ability to fulfil its obligations towards its customers and the RBI nor impede effective supervision by RBI.

14. 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.

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

- The Companies Act, 2013
- Master Circular – Asset Reconstruction Companies – RBI/2023-24/12 DOR.SIG.FIN.REC 8/26.03.001/2023-24 dated April 03, 2023

Annexure 1- Glossary

Abbreviations	Meaning
NARCL	National Asset Reconstruction Company Ltd
RBI	Reserve Bank of India
SR	Security Receipts
SARFAESI	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
ARC	Asset Reconstruction Company
ICAI	The Institute of Chartered Accountants of India
NBFC	Non-Banking Financial Company

VERSION HISTORY

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