

Alchemist

Asset Reconstruction Company Ltd

FAIR PRACTICE CODE

1. INTRODUCTION

- 1.1 Alchemist Asset Reconstruction Company (AARC/Company) endeavours to have policy guidelines on 'Fair Practices Code' (FPC) so as to ensure transparency and fairness in their operations. Pursuant to the circular issued by RBI RBI/DOR/2024- 25/116 DoR.FIN.REC.16/26.03.001/2024-25 dated April 23, 2024, the Company is adopting the FPC. The Company shall adopt all the best practices prescribed by RBI from time to time for NBFCs as well as Asset Reconstruction Companies (ARCs) and shall make appropriate modifications, if any, necessary to this Code to confirm to the standards so prescribed.
- 1.2 It is, and shall be, the policy of the Company to make available its services to all eligible qualified applicants, whether body corporate or individual, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap.
- 1.3 The Company's policy is to treat all the clients consistently and fairly. The employees of the Company will help, encouragement and service in a fair, equitable and consistent manner.
- 1.4 The Company's Board of Directors and the management team shall be responsible for implementing the fair practices hereinafter detailed, and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner and that all employees are aware of this commitment.

2. ACQUISITION OF FINANCIAL ASSETS FROM BANK OR FINANCIAL INSTITUTION

- 2.1 The Company's process for acquisition of financial assets or debt of the borrower from a bank or financial institution shall be in conformity with Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002 (the "SARFAESI"), RBI's guidelines / directives issued from time to time and the Company's Asset Acquisition Policy.
- 2.2 The Company will follow transparent and non-discriminatory practices for acquisition of financial assets from banks / financial institutions including Sponsors. It shall maintain arm's length distance in the pursuit of transparency.

3. RESOLUTION OF FINANCIAL ASSETS

For resolution of financial assets Company shall resort to remedies which are legally & legitimately available to it and shall avoid undue harassment of the borrowers. Company shall not resort to harassment of the debtor. AARC shall ensure that the employees are adequately trained to deal with customers in an appropriate manner. Practices adopted by the Company for recovery of dues and enforcement of security shall be fair, non-prejudiced and in consonance with applicable law. In course of recovery of dues, employees and recovery agents shall abide by the guidelines/code of conduct of the Company.

4. SALE OF SECURED ASSETS

Company shall ensure transparency and fairness in sale of secured assets. In order to recover the dues of the borrower the Company may resort to sale of mortgaged properties as one of the mode of resolution as provided under SARFAESI. The sale of underlying secured assets will be conducted within the purview of provisions of the SARFAESI and relevant RBI guidelines / directives viz :-

- a. Invitation for participation in auction will be publicly solicited in order to enable participation of as many prospective buyers as possible
- b. The terms and conditions of such sale shall be decided in wider consultation with investors in the security receipts issued under the respective Trust as per applicable terms.
- c. The Company shall ensure compliance with Section 29A of Insolvency and Bankruptcy Code, 2016 in dealing with prospective buyers.

5. RELEASE OF SECURITIES

The Company shall release all securities on repayment of dues/settlement of dues or on realisation of the outstanding amount of loan, subject to any legitimate right or lien for any other claim, the Company may have against the borrower. 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. MANAGEMENT FEE, EXPENSES AND INCENTIVES

- 6.1 Management Fees, incentives and expenses charged to the Trusts under management of the Company shall be in accordance with applicable RBI guidelines/directives and the "Income (Revenue & Expenditure) Recognition Policy" of the Company, which is transparent and ensures that management fee is reasonable and proportionate to the Financial Transactions.

- 6.2 Any management fee/ incentives charged towards the asset reconstruction or securitisation activity shall come only from the recovery effected from the underlying financial assets.
- 6.3 The Policy covering the Management Fees & Incentives also specifies the quantitative cap/ limit on the management fee/ incentives under various scenarios, any deviation from which shall require approval of the Board.

7. OUTSOURCING ACTIVITIES

- 7.1 The Company has in place the “Policy for Outsourcing of Services and Activities” which includes, 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.
- 7.2 Performance of such service providers shall be continuously monitored and reviewed from time to time. The Company shall ensure that the outsourcing arrangements neither diminish its ability to fulfill its obligations to customers and the RBI nor impede effective supervision by RBI.
- 7.3 The outsourced agency, if owned/controlled by a director of the ARC, the same will be made part of the disclosures specified in the Master Circular.

8. CODE OF CONDUCT

- 8.1 The Company shall not resort to harassment of the debtor. AARC shall ensure that the staff are adequately trained to deal with customers in an appropriate manner.
- 8.2 AARC shall put in place a Board-approved code of conduct for recovery agents and obtain their undertaking to abide by that code. ARCs, as principals, are responsible for the actions of their recovery agents.
- 8.3 It is essential that the recovery agents observe strict customer confidentiality.
- 8.4 AARC 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. They should ensure that recovery agents do not induce adoption of uncivilized, unlawful and questionable behaviour or recovery process.

8.5 AARC shall ensure that they or their 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.

9. GRIEVANCE REDRESSAL MECHANISM

The Company has Grievance Redressal Machinery to ensure effective and timely redressal of customer grievances. The name and contact number of the designated grievance redressal officer of the Company is being mentioned in the communication with the borrowers.


The designated Grievance Redressal Officer shall ensure that genuine grievances are addressed promptly. The Grievance Redressal Mechanism shall also deal with the issues relating to services provided by the outsourced agency and recovery agents, if any.

10. CONFIDENTIALITY

The Company shall keep the information, it come to acquire in 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.

11. REVIEW OF THE CODE

The FPC must be followed in letter & spirit and needs to be monitored and reviewed by the Board. The FPC policy shall be reviewed on annual basis & approved by the Board. Any deviation to this policy shall be approved by the Board.


Satpal Kumar Arora
MD & CEO