

FAIR PRACTICES CODE

This Fair Practices Code has been wrought with a view to enlighten all its stake holders, especially customers an effective overview of the practices followed by the Company while offering its products and services. This Fair Practices Code has been prepared taking in to account the “Guidelines on Fair Practices Code for NBFCs” issued by the Reserve Bank of India updated from time to time and aims to enable customers to take well- informed decisions in respect of the facilities and services offered by the Company.

I. Objectives of the Code

This Code has been drawn up to:

- a.** Adopt the best practices in dealing with customers.
- b.** Provide the customers effective overview of practices followed by the Company in respect of financial facilities and services offered by the Company to its Customers;
- c.** Enable customers to take informed decision about the financial facilities and services offered by the Company;
- d.** Promote good, fair, transparent and legally tenable practices by setting minimum standards in dealings with customers;
- e.** Enable customers to have better understanding of what they can reasonably expect of the services offered by the Company;
- f.** Reckon with market forces, through competition and strive to achieve higher operating standards;
- g.** Foster fair and cordial relationship between the customers and the Company.

The Fair Practices Code adopted by the Company covers the following areas.

1. Applications for loans and their processing.
2. Loan appraisal and terms/conditions.
3. Disbursement of loans, including changes in terms and conditions.
4. Disclosures about interest rates and approach for gradation of risk,
5. Policy on KYC, Appraisal, Recovery, Transfer, Repossession etc.
6. Confidentiality
7. Grievance redressal mechanism
8. General Provisions

II. **Declarations & Commitments**

- i). *The Company undertakes to abide by all applicable laws, regulations and guidelines passed/issued by the Regulators (Reserve Bank of India, MCA etc) and other competent authorities such as Government, Local Authority etc.*
- ii). *The Company commits itself to ensure full customer satisfaction through efficient, professional and courteous services across all its offices.*
- iii). *The Company shall consistently strive to meet with and improve upon the internally set benchmarks and practices and be ahead of the standards prevalent in the industry.*
- iv). *The Company undertakes not to discriminate customers on grounds of religion, caste, gender or language.*
- v). *The Company will provide clear and full information about its products and services to its customers/prospective customers and will not resort to any misleading or potentially misguiding advertisement or publicity.*
- vi). *The Company undertakes to desist from introducing any products/services having elements of hidden charges or lack of transparency.*
- vii). *The Company undertakes not to take advantage of any unintentional or clerical error made by the customer while transacting business.*
- viii). *The Company shall display the FPC on its website and also make available to the Customer on request, a copy of the FPC on demand.*

III. **Applications for loans and their processing**

- (a) All communications to the borrower shall be either in English or in vernacular language or in a language as understood by the borrower.
- (b) Loan application forms issued by the Company shall include necessary information affecting the interests of the borrower, which will enable him/her to take an informed decision by comparing the terms and conditions with that of other similar NBFCs, and shall also indicate the documents required to be executed/submitted by the borrower.
- (c) If any additional documents/informations are required from the Customer, the same shall be communicated to the Customer forthwith.

IV. Loan Appraisal and terms and conditions

- a. The borrower shall be given a loan sanction letter and copy of the loan document together with annexures/enclosures quoted therein in vernacular language or a language as understood by the borrower which shall include the details of the loan such as amount sanctioned, annualized interest rate, method of application thereof and any other terms and conditions.
- b. The penal interest that will be charged for late payment shall be mentioned in bold letters in the sanction letter/loan document.
- c. An acknowledged copy of the sanction letter shall be kept as part of the document.
- d. Subject to receipt of all the requisite information and completion of documentation and creation of charge over the security, loan applications shall be disposed of in the normal course on the same day of receipt of the application form complete in all respects. However in any other case the customer shall be given an acknowledgement for receipt of the application also indicating the time frame within which the loan application will be disposed of.

V. Disbursement of loans including Changes in terms and conditions

- a. The loan shall be disbursed on executing the necessary documents and completion of the formalities regarding creating a charge over the security offered by the borrower. Any change in the terms and conditions including interest rates, service charges, prepayment charges etc. shall be informed to the borrower in the vernacular or a language known to the borrower. Any changes in interest rates and charges shall be only prospective. A suitable condition in this regard shall be incorporated in the loan document obtained from the borrower.
- b. Decision to recall/accelerate payment or performance shall be as per the covenants in the loan document.
- c. The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against borrower. If such right of set off is to be exercised, 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.

Disclosures about interest rates and approach towards gradation of risks.

VI. Rate of Interest

- a. The Company shall frame appropriate internal policies and procedures for determining the interest rates and processing and other charges, if any and also ensure that they are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal policies and procedures.
- b. The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged on the loan
- c. The information published in the website shall be updated whenever there is change in the rates.
- d. The rate of interest shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower.
- e. The rates of interest shall also be made available on the website.

VII. Policy on KYC, Appraisal, Recovery, Transfer, Repossession etc.

The Company shall put in place a policy duly approved by the Board covering the following aspects:

- a. Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- b. Proper valuation procedure for assets accepted for hypothecation and other collateral security if any.
- c. The hypothecated assets shall be periodically inspected to ensure its quality.

VIII. Repossession

Repossession of vehicles of defaulted borrowers would be carried out as per the terms and conditions mentioned in the Loan Agreement and mutually agreed upon between the parties. The company encourages voluntary surrender of vehicles as a matter of policy and refrains from use of force or muscle power for recovery of loans. The company and its employees will stay away from unnecessary interference in the affairs of borrower except for the purposes provided in the loan agreement. The auction procedure in case of non – repayment shall be transparent. Any sale/ auction of repossessed vehicle shall be only after giving a final chance to borrower for repayment of loan and return of vehicle. Prior notice to the borrower shall be given before the auction and there shall not be any conflict of interest. The sale price will be determined on the basis of public auction or otherwise as

to get maximum possible price for the vehicle. If by auction the same shall be announced to the public by issuing advertisements in newspapers in vernacular language. The balance in the loan remaining unpaid after sale will be recoverable from the borrower as per normal laws.

VIII. Confidentiality

- a) Unless authorized by the borrower, the Company will treat all personal information as private and confidential.
- b) The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances.
 - i). If the Company is required to provide the information as per regulatory directives to any statutory or regulatory body or bodies.
 - ii). If arising out of a duty to the public to reveal the information.
 - iii). If it is in the interest of the borrowers to provide such information (eg. Fraud prevention)
 - iv). If the borrower has authorized the Company to provide such information to its group/associate/entities or Companies or any such person/entity as specifically agreed upon.

IX. Grievance Redressal Mechanism

In order to ensure speedy redressal of disputes, the following three –tier mechanism has been put in place:

- a) The decisions of any official below the Branch Manger shall be heard and disposed of by the Branch Manager.
- b) Decisions of Branch Managers shall be heard and disposed of by the Regional Manager.
- c) If not satisfied with the decision of the Regional Manager, the customer has the option to escalate the matter to the Chief Operations Officer of the Company.

The Following mechanism would also be subject to periodical review and appraisal to ensure its effectiveness.

X. General Provisions

- a) *The Company shall display the normal business hours at the respective Branches, the list of holidays and notify the changes, if any, by way of a notice displayed in the premises of the branch or through press notification.*
- b) *Personal information of the customer will not be shared with unauthorized persons or agencies or third parties by the Company. However, the Company will be bound to honour and comply with legal or regulatory requirements, if any, in this matter obligating it to part with such information even without notice to the customer.*
- c) The Company shall refrain from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions of the letter of undertaking (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- d) Any request of borrower to transfer the borrowal account will be duly considered and the transfer proceedings shall be transparent and in terms of contractual terms. Any objection on transfers will be conveyed within a period of 21 days from the date of receipt of transfer request.
- e) In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The staff of the Company shall be adequately trained to deal with the customers in an appropriate manner so as to ensure proper behavior.
- f) The Company will call delinquent customers between 0900 hrs to 1800 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

XI. A periodical review of the Fair Practices Code and functioning of the grievance redressal mechanism at various levels of management would be undertaken by the Company at yearly intervals and a consolidated report of such reviews shall be submitted to the Board of Directors in the last quarter of every year.
