
SRG SECURITIES FINANCE LIMITED



FAIR PRACTICE CODE

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FAIR PRACTICE CODE

(The Policy is formulated as per directive of RBI)

I. REVISION HISTORY

I. REVISED/AMENDED

(As amended approved by the Board of Directors of the Company in its Meeting held on 11th March 2013 New Fair Practices Code (FPC) adopted by the Board of Directors of the Company.)

II. INTRODUCTION

The purpose of this document is to define the Fair Practice Code (FPC) for the company in accordance with the RBI Directions for Non Banking Finance companies. This is living document and supposed to be updated on a regular basis. Any regulatory change that would impact the FPC aspects of the company would be reflected here.

Pursuant to the guidelines issued by the Reserve Bank of India (RBI) 's Circular **DNBS.CC.PD.No. 320/03.10.01/2012-13** of February 18, 2013. The Reserve Bank vide its circular dated March 26, 2012, issued to Non-Banking Financial Companies (NBFCs), the Board of Directors have adopted a Fair Practices Code at its meeting held on 11th March 2013 in Udaipur and in line with the amendment in the guidelines issued time to time the Board of Directors of the Company, had approved and adopted the "Fair Practice Code" accordingly to provide transparency in business dealing with the customers of the Company, which came into force with immediate effect.

The said code deals to promote good and fair practice, increase transparency, encourage market forces, promote a fair and cordial relationship between borrower / Customer and the Company and to foster confidence of the customer in the finance system of the Company.

III. COMPANY'S PHILOSOPHY

SRG Securities Finance Limited ("the company") believes in and complies with the prevalent FPC practices that are in line with the Directions provided by RBI to NBFC's. Considering the importance of FPC, the top management will be directly involved in the various aspects of accounting related issues.

SRG Securities Finance Limited believes in transparency and fair trade practices.

IV. OBJECTIVES OF THE CODE

- To serve the customers as part of best services and to provide transparency in business practices
- To promote fair and cordial relationship between the customers and company
- To encourage the market forces through competition to achieve higher operating standards.
- To promote good and fair practices.

V. DISCLOSURE AND TRANSPARENCY

The Company should transparently disclose to the borrower all information about fees/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payments options and charges, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa (if applicable), existence of any interest re-set clause and any other matter which affects the interest of the borrower. In other words, Company must disclose 'all in cost' inclusive of all charges involved in processing /sanction of loan application in a transparent manner. It should also be ensured that such charges/fees are non discriminatory.

VI. COMMITMENTS

To Act fairly and reasonably in all their dealings with their Customers the company shall meet the commitments and standards set in this Code for the products and services offered and make sure that products and services meet relevant laws and regulations in letter and spirit in order to ensure that dealings with customer rest on ethical principles of integrity and transparency.

VII. APPLICATION OF THE CODE

The code shall be applicable across all aspects of operations including marketing, loan origination processing and servicing and collection activities. Our commitment to Fair Practice Code would be demonstrated in terms of employee responsibility, efficiency, monitoring and auditing programmes, training and technology.

Through regular meetings, training programmes etc. and other modes of the communication employees would be made aware of the code so that there is a strong commitment for fair and quality lending and efficient and fair services.

VIII. KEY ELEMENTS:

The Code has the following key elements.

1. To Act fairly in all their dealings with their Customers company shall:

- Provide clear information, without any ambiguity, to the customer in understanding: Products and services together with its terms and conditions including interest and service charges.
- Treat all personal information of customers as private and confidential and shall not divulge any information to third person unless required by any law or Government authorities including Regulators or Credit agency or where the sharing of information is permitted by the customer.
- Not discriminate its customers on the basis of age, race, caste, gender, marital status, religion or disability. However the restrictions if any, as mentioned in the loan products, shall continue to apply.
- Provide, on request, copy of the code to the existing borrowers and new customer prior to commencement of business transaction.
- Deal quickly and sympathetically in correcting mistakes if any, and attend to customer's complaints in light of the objectives of this code.
- With respect of Prospective Customers Company shall :
- Provide clear information explaining the key features of services and products that customers are interested in .
- Provide information on any type of product and service which they offered and that may suit customer's needs
- Tell the customers about the various mediums of offering Products and services for example, through internet, over the phone etc and information about how they find them.
- Tell the customer what information they need from him/her to prove his/her identity and address, for us to comply with legal, regulatory and for other applicable policies requirements.

2. To provide information on interest rates, common fees and charges etc through:

- Putting up notice in Head office
- Customers can ask to see this free of cost by providing tariff schedules etc at offices.
- A list of services which are rendered with fee and free of charges.
- Through telephone.

INTEREST RATES

Company shall inform their customers about the change in interest rates on their products and also give information to the customer on:

- The interest rates which apply to his/her accounts and when interest is charged on his / her loan accounts.
- How interest is applied to his / her account and method of calculation of interest etc.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.

Uniformity of Charging interest

For the growth of a healthy and sound finance system, it is considered necessary that pricing of the products by the lending institutions are transparent, non discriminatory and objective.

In case if floating rate basis applicable in future, the company must ensure to apply uniform rates of interest to the old & new borrowers, who have the same credit/risk profile.

FEES & CHARGES

Company shall transparently disclose to the borrower all information about:-

- Fees/ charges payable for processing the loan application,
- The amount of fees refundable if loan amount is not sanctioned / disbursed,
- Pre-payment options and charges, if any
- Penalty for delayed repayment if any
- Conversion charges for switching loan from fixed to floating rates or vice-versa if applicable in company.
- Existence of any interest re-set clause and any other matter which affects the interest of the borrower.

The company would disclose "all in cost" inclusive of all charges involved in processing / sanction of loan application in a transparent manner. It would also be ensured that such charges/fees are non-discriminatory.

- Company shall give their customer all details in their tariff schedule of any charges applicable to the products and services chosen by him / her.
- Company should provide their customers information about the penalties liable to be levied in case of non-observance / violation of any of the terms and conditions governing the product / services chosen by them.
- If Company increases any of these charges or introduce a new charge, it will be notified in stipulated time prior to the revised charges being levied / becoming effective.

3. Advertising, Marketing and Sales Company shall make sure that :

- All advertising and promotional material is clear, and not misleading.
- In any of its advertisement in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available to you on request.

- If avails of the services of third parties for providing support services shall require that such third parties handle customer's personal information (if any available to such third parties) with same degree of confidentiality and security as the company would.
- May from time to time, communicate to customers various features of their products availed by them. Information about their other products or promotional offers in respect of products / services may be conveyed to customers only if he / she has given his / her consent to receive such information/service.
- Shall prescribe a code of conduct for the direct selling agencies (dsas) whenever applicable to company whose services are availed to market products / services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through phone.
- In the event of receipt of any complaint from the customer that the company's representative or dsa (if any) has engaged in any improper conduct or acted in violation of this code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.

4.Loans To Customer:

4.i. Applications for loans and their processing Company shall Make sure:

- a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b) Loan application forms should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.
- c) The NBFCs should devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.

Communication of rejection of Loan Application

In case of rejection of loan application, irrespective of category of loans or threshold limits, the same would be conveyed in verbal/writing (as required) along with the main reason(s), which led to rejection of the loan application.

4.ii. Loan appraisal and term & conditions :

The NBFCs should convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. As complaints received against NBFCs generally pertain to charging of high interest / penal interest, NBFCs shall mention the penal interest charged for late repayment in bold in the loan agreement.

It is understood that in a few cases, borrowers at the time of sanction of loans are not fully aware of the terms and conditions of the loans including rate of interest, either because the NBFC does not provide details of the same or the borrower has no time to look into detailed agreement.

Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the NBFC and the borrower with regard to the terms and conditions on which the loan is granted.

NBFCs are, therefore, advised to furnish a copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

Loans To Customer :

Applications for loans and their processing Company shall Make sure:

- At the time of sourcing a loan product, company will provide information about the interest rates applicable, as also fees / charges, if any, payable for processing, pre-payment options and charges if any and any other matter which affects the interest of the borrower.
- Company would devise a system of giving acknowledgement of receipt of all loan applications. Preferably, the time frame within which loan application will be disposed of should also be indicated in the acknowledgement.
- Company would disclose all the charges involved in processing/sanctioning loan in a transparent manner. All the fees/charges would be non-discriminatory in nature. The borrower will be disclosed following information –
 - fees/charges payable for processing of the loan application.
 - the amount of fees refundable if the loan amount is not sanctioned or disbursed,.
 - pre-payment options and charges, if any .
 - penalty for delayed repayment, if any.
 - existence of any interest re-set clause.
 - any other matter that affects the interest of the borrower .
- All loan applications will be disposed of within a stipulated period from the date of receipt of duly completed loan applications i.e. with all the requisite information/papers. Communication of rejection of Loan Application
- In case of rejection of loan application, irrespective of category of loans or threshold limits, the same would be conveyed in verbal/writing (as required) along with the main reason(s), which led to rejection of the loan application.

4.iii. Disbursement of loans including changes in terms and conditions:

- The loan agreement shall be approved by Board
- In the loan agreement the following shall be disclosed:
 - all the terms and conditions of the loan, regarding the interest charge, and the processing charge.
 - no security deposit / margin is being collected from the borrower
 - moratorium between the grant of the loan and the due date of the repayment of the first instalment as per rbi
 - assurance that the privacy of borrower data will be respected
- The loan card should reflect the following details as specified by Reserve Bank Directions, 2011:
 - the effective rate of interest charged
 - all other terms and conditions attached to the loan
 - information which adequately identifies the borrower and
 - acknowledgements by the company of all repayments including instalments received and the final discharge.

- the loan card should prominently mention the grievance redressal system set up by the company and also the name and contact number of the nodal officer
- non-credit products issued shall be with full consent of the borrowers and fee structure.
- The NBFCs should give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs should also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- NBFCs should 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 NBFCs 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 NBFCs are entitled to retain the securities till the relevant claim is settled/paid
- Post disbursement supervision
- Post disbursement supervision, would be constructive with a view to taking care of any genuine difficulties that the borrower may face.
- Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities the Company would give reasonable notice to the borrower.
- All securities pertaining to the loan would be released on receipt of full and final payment of the loans subject to any legitimate right or lien and set off for any other claim that the Company may have against the borrowers. If such right is to be exercised, borrowers would be given due and proper notice with requisite details.

4.iv. Guarantors : company shall make sure that:

Guarantor means a person who has taken obligation in support of borrower. Preferably Guarantor should be government servant or any other person. Company will inform the person acting as guarantor about:

- His/her ability as guarantor
- The amount of liability he/she is committed to
- Circumstances in which he/she may be called upon by Company to pay off the liability
- Whether Company has recourse to his/her other monies in the company if he/she fail to pay up as a guarantor.
- Whether his/her liabilities are restricted to specific quantum or are unlimited.
- Time & circumstances under which his/her liabilities as a guarantor would be discharged and the manner of notification by Company. Further he/she would be kept informed about the financial position of the borrower

4.v. Collection/Recovery of dues :

Whenever loans are given, company should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him / her notice or by making personal visits and / or repossession of security if any.

The company' collection/Recovery policy is built on courtesy, fair treatment and persuasion. Company believes in fostering customer confidence and long-term relationship. Company's staff or any person authorized to represent them in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by the Company and upon request.

Company' shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues:

- Clarification regarding repossession of asset financed
- Notice period before taking position.
- Circumstances under which the notice period can be waived.
- The procedure for taking possession of the security.
- A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property.
- The procedure for giving repossession to the borrower.
- The procedure for sale / auction of the property.

A copy of terms and conditions must be made available to the borrower in terms of circular wherein it was stated that company will furnish a copy of the loan agreement to all the borrower at the time of sanction / disbursement of loan.

The person authorized to represent the company in collection or / and security repossession should follow the guidelines set out below:

- Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.
- Identity and authority to represent the customer should be made known to the customer at the first instance.
- Customer's privacy should be respected.
- Interaction with the customer shall be in a civil manner
- All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- During visits to customer's place for dues collection, decency and decorum should be maintained.
- Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls/visits to collect dues.
- staff shall be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on 2 or more successive occasions.
- Board approved policy is in place with regard to Code of Conduct by field staff and systems for their recruitment, training and supervision. The Code should lay down minimum qualifications necessary for the field staff and shall have necessary training tools identified for them to deal with the customers. Training to field staff shall include programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices. Compensation methods for staff should have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery. Penalties may also be imposed on cases of non-compliance of field staff with the Code of conduct. Generally only employees and not out sourced recovery agents be used for recovery in sensitive area.

5. Other Relevant Terms and conditions :

- Customer availing a product / service for the first time, should be advised the relevant terms and conditions for the service he / she has asked Company to provide.
- All terms and conditions shall be fair and will set out respective rights and liabilities & obligations clearly and as far as possible in plain and simple language.

5.i Know Your Customer (KYC) & ALM/CFT Policy:

- The Company shall carry out due diligence as required under "Know Your Customer" (KYC) & AML/CFT policy of our Company before opening and operating customer's account and in furtherance of the policy. The customer will be asked to submit or provide necessary documents or proofs for the same. The Company shall ensure obtaining only such information so as to meet Company's KYC, Anti Money Laundering /CFT or any other statutory requirements.
- The Company shall provide the Loan application form and other material and the same shall contain all details of essential information required to be furnished and documents to be produced for verification and/or for record for meeting the KYC requirements
- The Company shall explain the procedural formalities and provide necessary classifications sought by the customer while opening a loan account.

5.ii Pre-payment of Loans:

- Prepayment of the loan can be done on reasonable grounds of the case . Nominal charges of 3% in cases of other than own source.
- As directed by RBI Company should not charge prepayment levy or penalty on pre-closure of loans under the following situations:
 - Where the loan is on floating interest rate basis(pre-closed through any source).
 - Where the loan is fixed interest rate basis and the loan is pre closed by the borrowers out of their own sources.

5.iii Changes to Terms and Conditions:

Customers should be told of changes to terms and conditions through any of the following channels :-

- Personal intimation
- Putting up notices in the Registered office /branches(if any);
- Internet, including email and website
- Newspaper
- Normally, changes should be made with prospective effect giving due notice
- Major change or a lot of minor changes in any one year, shall be informed to the customer on request and provide a copy of the new terms and conditions or a summary of the changes.

Regulation of excessive interest charged by NBFCs

- a) The Board of each NBFC shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- b) The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

Interest Rates:

Company shall inform their customers about the change in interest rates on their products and also give information to the customer on:

- the interest rates which apply to his/her accounts and when interest is charged on his / her loan accounts.
- how interest is applied to his / her account and method of calculation of interest etc.

Uniformity of Charging interest:

For the growth of a healthy and sound Non Banking finance limited, it is considered necessary that pricing of the products by the lending institutions are transparent , non discriminatory and objective.

In case if floating rate basis applicable in future, the company must ensure to apply uniform rates of interest to the old & new borrowers, who have the same credit/risk profile.

5. iv Fees & Charges :

Company shall transparently disclose to the borrower all information about:-

- Fees/ charges payable for processing the loan application,
- The amount of fees refundable if loan amount is not sanctioned / disbursed,
- Pre-payment options and charges, if any
- Penalty for delayed repayment if any
- Conversion charges for switching loan from fixed to floating rates or vice-versa if applicable in company.
- Existence of any interest re-set clause and any other matter which affects the interest of the borrower.
- The company would disclose “all in cost” inclusive of all charges involved in processing / sanction of loan application in a transparent manner. It would also be ensured that such charges/fees are non-discriminatory.
- Company shall give their customer all details in their tariff schedule of any charges applicable to the products and services chosen by him / her.
- Company should provide their customers information about the penalties liable to be levied in case of non-observance / violation of any of the terms and conditions governing the product / services chosen by them.
- If Company increases any of these charges or introduce a new charge, it will be notified in stipulated time prior to the revised charges being levied / becoming effective.

IX. PRIVACY AND CONFIDENTIALITY:

All personal information of customers shall be treated as private and confidential [even when the customers are no longer customers], and shall be guided by the following principles and policies. Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies entities in their group, other than in the following exceptional cases:

- If the information is to be given by law
- If there is a duty towards the public to reveal the information
- If the Company's' interests require them to give the information (for example, to prevent fraud) but it should not be used as a reason for giving information about customer or customer accounts [including customer name and address] to anyone else, including other companies in the group, for marketing purposes
- If the customer asks the Company to reveal the information , or with the customer's permission
- If company is asked to give a reference about customers, it shall obtain his/her written permission before giving it.
- The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that a company holds about him /her.
- Company shall not use customer's personal information for marketing purposes by anyone including company unless the customer specifically authorizes them to do so.

Credit reference agencies:

Customer are hereby informed that at the time of opening a new account, the Company will pass his / her account details to credit reference agencies and the checks the Company may undertake in this regard.

The Company will provide information to credit reference agencies about the personal debts, the customer owe to it. In these cases, the Company shall intimate customer in writing (if required) its plan to give information about the debts he/she owe it to credit reference agencies. At the same time, the Company shall explain to the customer the role of the credit reference agencies and the effect the information they provide can have on your ability to get credit.

The Company may give credit reference agencies other information about the customer's account if he/she has given permission to do so.

The Company shall provide the customer with a copy of the information which the Company has given to the credit reference agencies about the customer, if so demanded by him/ her.

X. COMPLAINTS AND GRIEVANCES

As per RBI

The Board of Directors of NBFCs should also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.

The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances 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 prescribed by it.

Regulation of excessive interest charged by NBFCs:

- a) The Board of each NBFC shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- c) The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

Our Internal Procedures:

- Company would have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- Company's Board would lay down a grievance redressal mechanism to resolve complaints. Such a system would try to dispose off and settle disputes at the next higher level.
- Company would let customer know where to find the company's procedure of handling complaints fairly and quickly.
- To redress their grievances, applicants / borrowers may write to the designated senior officials at the address below or on Company's website, clearly stating the nature of their grievance along with necessary documents, if any. A copy of the same will be returned to the borrower with dated acknowledgement.

By letter:

To Manger/officer in charge,
SRG Securities Finance Limited
322 S.M. Lodha Complex, Near Shastri Circle
Udaipur (Rajasthan)-313001.
Ph : 0294-2412609

Complaints will be entertained after verification with the complainant within a reasonable time. To enable us to contact and verify the information person's correct contact details is essential.

- In case complaint does not receive response from the company within reasonable time or is dissatisfied with the response received, a person may approach to RBI at its respective address

Reserve Bank of India,
Rambagh Circle, Tonk Road
Jaipur

Designated Nodal Officers for Complaints Redressal Cells at Regional Office Jaipur
Shri. G.C. Singhi Manager
0141 - 2562060
rdjaipur@rbi.org.in

- In the event of the complainant not getting a reply within a period of 35 days or his not being satisfied with the reply received, he may write to Shri C.Krishnan, Executive Director, RBI, Central Office Building, Shahid Bhagat Singh Marg, Mumbai 400 001.

XI.CLARIFICATION REGARDING REPOSSESSION OF VEHICLES FINANCED BY NBFCs

NBFCs must have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding:

- a) Notice period before taking possession;
- b) Circumstances under which the notice period can be waived;
- c) The procedure for taking possession of the security;
- d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- e) The procedure for auction shall also disclose in loan agreement.
- f) As a policy the NBFCs themselves shall not participate in the auctions held,

- g) Auction should be announced to the public by issue of advertisements in at least 2 newspapers one in vernacular language and another in national daily newspaper;
- h) Systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval

XII. GENERAL

Company shall:

- To maintain the FPC in vernacular language shall be displayed by the company in its office premises, All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- A statement shall be made in vernacular language and displayed by SRG in premises and in loan cards articulating their commitment to transparency and fair lending practices.
- Field staff shall be trained to make necessary enquiries with regard to existing debt of the borrowers.
- Training if any, offered to the borrowers shall be free of cost. Field staff shall be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loan / other products,
- The effective rate of interest charged and the grievance redressal system set up is prominently displayed in its office and in the literature issued by it (in vernacular language) and on its website,
- A declaration that the Company will be accountable for preventing inappropriate staff behavior and timely grievance redressal shall be made in the loan agreement and also in the FPC displayed in its office/branch premises,
- The KYC Guidelines of RBI shall be complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers,
- As specified in the NBFC-MFIs (Reserve Bank) Directions, 2011, all sanctioning and disbursement of loans should be done only at a central location and more than one individual should be involved in this function. In addition, there should be close supervision of the disbursement function,
- Adequate steps may be taken to ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per pre-determined time structure.
- NBFCs should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- In case of receipt of request from the borrower for transfer of borrowable account, the consent or otherwise i.e. objection of the NBFC, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, the NBFCs should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies. NBFCs shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

- Explain the key features of its loan products including applicable fees and charges while communicating the sanction of the loan. Company would provide information about products & services convey in to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record
- Advice what information/documentation required from customer to enable him / her to apply. Customer would also be advised regarding what documentation is needed from him / her with respect to customer's identity, address, employment, etc. and any other document that may be stipulated by statutory authorities (e.g. PAN details) in order to comply with legal and regulatory requirements.
- Verify the details mentioned by the customer in the loan application by contacting them at their residence and / or on business telephone numbers and / or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary by the Company.
- Customer would be informed to co-operate if the Company needs to investigate a transaction on his/her account and with the police/ other investigative agencies, if the Company needs to involve them.
- The Company would advise the customer that if he/ she act fraudulently, he/she will be responsible for all losses on his/her account and that if he/she act without reasonable care and this causes losses, he/she may be responsible for the same.
- The Board of Director of company provide for periodical review of the compliance of the fair practices code at various levels of management. A consolidate report of such reviews(if required) may be submitted to the Board at regular intervals, as may be prescribe by it.
- The Company reserves to itself the right to alter/delete/add to these codes at any time without prior individual notice and such alterations /deletion/addition shall be binding.
- Field staff shall be trained to make necessary enquiries with regard to existing debt of the borrowers,
- Training if any, offered to the borrowers shall be free of cost. Field staff shall be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loan / other products.
- As specified in the Reserve Bank Directions, 2011, all sanctioning and disbursement of loans should be done only at a central location and more than one individual should be involved in this function. In addition, there should be close supervision of the disbursement function.

MD
Vinod K. Jain

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