

Himadri Credit & Finance Limited

Fair Practices Code

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non- Banking Financial Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. Pursuant to RBI vide Master Circular DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016 had amended guidelines on Fair Practices Code for NBFCs and accordingly suitable modifications are made hereunder in the Code to comply with the aforesaid guidelines.

The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular(s).

(i) Applications for loans and their processing

1. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
2. Loan application forms shall 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.
3. The loan application form shall indicate the documents required to be submitted with the application form.
4. The Company would devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

(ii) Loan appraisal and terms/conditions

5. The borrower would be conveyed in writing 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.
6. The Loan Agreement would contain, in bold, details of penal interest charged for loan repayment.
7. Borrowers may not be fully aware of the terms and conditions of the loans including rate of interest at the time of sanction of loans, either because the NBFC does not provide details of the same or the borrower has no time to look into detailed
8. The Company shall furnish a copy of the loan agreement 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.

(iii) Disbursement of loans including changes in terms and conditions

9. The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The said changes in interest rates and charges would be with prospective effect and a clause in this regard would be incorporated in the loan agreement.
10. Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement.
11. The Company would 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 be having against the said borrower. In case such right of set off is to be exercised, the Company shall give notice to the borrower 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.

(iv) General

12. The Company would refrain from interference in the affairs of the borrower except for the purposes provided for 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 Company).
13. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise - i.e., objection of the Company, if any - shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
14. In the matter of recovery of loans, the Company shall not resort to any undue harassment - such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
15. The Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers

(v) Responsibility of Board of Directors

16. The Board of Directors shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall 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 shall 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 shall be submitted to the Board at regular intervals, as may be prescribed by it.

(vi) Grievance Redressal Officer

17. The Company would display following information on notice board at office of the company where business is transacted:

- a. Name of Grievance Redressal Officer and contact details of the office where customers can direct their grievances.
- b. Contact details of 'the Officer-in-Charge of the Regional Office of DNBS of RBI' to whom customers can contact in case they are not satisfied with resolution provided by company or in case issue remains unresolved for 30 days.

(vii) Regulation of excessive interest charged by applicable NBFC

18. The Company shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc for determining 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.
19. The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company or published in relevant newspapers and the same shall be updated whenever there is a change in the rates of interest.
20. The rate of interest shall be annualised rates so that the borrower is aware of the exact rates that would be charged.
21. Boards shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

(viii) Repossession of vehicles financed by applicable NBFCs

22. Currently Company is **not** engaged in business of vehicles finance. The Fair Practice Code related to this business shall be approved and adopted as and when decision is taken to enter the said type of business.

(ix) Lending against collateral of gold jewellery

23. Currently Company is not engaged in business of Lending against collateral of gold jewellery. The Fair Practice Code related to this business shall be approved and adopted as and when decision is taken to enter the said type of business.

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