

CREDIT SUDHAAR FINANCE PRIVATE LIMITED

Fair Practices Code

(Approved by Board of Directors on 30th September, 2016)

1. Introduction

Credit Sudhaar Finance Private Limited, a Non-Banking Finance Company registered with Reserve Bank of India ("RBI") is in the business of providing different types of loans which includes Personal Loans, Loan against Property etc., to its various customers. Such credit facilities are extended to different types of customers, which include Individuals, Partnership Firms, Companies and other Legal entities.

Credit Sudhaar ("the Company") has framed and adopted a voluntary code, which sets out the principles for fair practice standards when dealing with customers. As per the RBI directives, we have adopted and will implement this Code in our organization which has been duly approved by Board of Directors of the Company. This Fair Practices Code applies to the all categories of products and services offered by the Company (currently offered or which may be introduced at a future date).

2. Key Commitments

The Company's key commitments to customers:

- a. Act fairly and reasonably in all their dealings with customers by:
 - Meeting the commitments and standards in this Code, for the products and services the Company offers and in the procedures and practices its staff follows
 - Making sure that Company's products and services meet relevant laws and regulations
 - Company's dealings with customers will rest on ethical principles of integrity and transparency.
- b. Help customers understand how company's product work by:
 - Explaining their financial implications and
- c. Deal quickly and sympathetically with things that go wrong by:
 - Correcting mistakes quickly
 - Handling customer's complaints quickly
 - Telling customers' how to take their complaint forward if they are still not satisfied
- d. Publicize this Code, put it on Company's website and have copies available for customer on request.

3. Information

- (a) Helping customer choose products and services, which meet their needs and give them clear information explaining the key features of the services and products they are interested in.
- (b) Inform customers about the documentary information the Company needs from them to establish customer's true identity and address and, other documents to comply with legal and regulatory requirements.

4. Applications for loans and their processing

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (b) The Loan application forms of the Company will 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 will indicate the documents required to be submitted with the application form.

- (c) The Company will have a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will be indicated in the acknowledgement.

5. Loan appraisal and terms/conditions

The Company will convey in writing to the borrower in the vernacular language or a 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. The Company will mention the penal interest charged for late repayment in bold in the loan agreement.

The Company will furnish a copy of the loan agreement preferably in the 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.

6. Disbursement of loans including changes in terms and conditions

- (a) The Company will 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 Company should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- (b) Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.
- (c) The Company will release all securities on repayment of all 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 borrower. If such right of set off is to be exercised, the borrower will 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.

7. General

- (a) The Company will 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 Company).
- (b) In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. To avoid rude behavior from the staff of the Company, the Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

8. Further Assistance

- (a) A grievance redressal mechanism within the organisation comprising Business Heads, Grievance Redressal Officer and Customer Service has been set up to resolve disputes arising in this regard. This Forum will ensure that all the disputes arising out of the decisions the Company's functionaries are heard and disposed of at least at the next higher level.
- (b) There will be a 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 will be submitted to the Board at regular intervals.
- (c) The following information shall be displayed prominently, for the benefit of the customers, at all branches / places of the Company where business is transacted:
- i) the contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company.

- ii) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the Company falls.

The public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the Company, together with details of the Grievance Redressal Officer.

9. Posting on Website

Fair Practices Code, preferably in the vernacular language or a language as understood by the borrower should be put up on the web-site of the Company for the information of various stakeholders.

10. Regulation of rate of interest

- (a) The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. 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. 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.

11. Lending against collateral of gold jewellery

In addition to the general guidelines as above, the Company shall, while lending to individuals against gold jewellery, follow the policy, duly approved by the Board of Directors, containing, inter-alia, the following:

- 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 assaying procedure for the jewellery received.
- c. Internal systems to satisfy ownership of the gold jewellery.
- d. Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Loans against the collateral of gold should not be extended by branches that do not have appropriate facility for storage of the jewellery.
- e. The jewellery accepted as collateral should be appropriately insured.
- f. The policy with regard to auction of jewellery in case of non-repayment shall be transparent and adequate. Prior notice to the borrower should be given before the auction date. It should also lay down the auction procedure that would be followed. There should be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities.
- g. The 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. The Company shall not participate in the auctions held.
- i. Gold pledged will be auctioned only through auctioneers approved by the Board.
- j. The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

The loan agreement for lending against gold shall also disclose details regarding auction procedure.