



FAIR PRACTICE CODE

INTRODUCTION

The Fair Practices Code (FPC) is aimed to provide to the customers effective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. The Code will facilitate the customers to take informed decision in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse or other financial product which it may distribute.

Nirmal Bang Financial Services Private Limited (hereinafter referred to as “The Company” or “NBFSP”) is a private limited company incorporated under the provisions of the Companies Act, 1956 and Non-Deposit Taking Non Systematically Non-Banking Financial Company [“NBFC-ND NSI”] registered with the Reserve Bank of India [“RBI”] under section 45-IA of the Reserve Bank of India Act, 1934 [“RBI Act”].

The Company has framed and adopted a voluntary code, which sets out the principles for fair practice standards when dealing with the customers. As per Chapter V of the Non-Banking Financial Company - Non-Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016, as amended from time to time, the Company has adopted and shall implement this code throughout the organization which has been duly approved by the Board of Directors of the Company. This Fair Practices Code applies to all the categories of products and services offered by the Company (Both currently offered and / or which may be offered at a future date).

1. Objective of the Code

This Fair Practices Code (FPC) is aimed to provide to the customers effective overview of practices, which is to be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. This Code would facilitate the existing as well as prospective customers to take informed decisions in respect of the financial facilities and services to be availed by them or financial products which they may obtain from the Company.

This Code has been developed to:

- Promote good, fair and trustworthy practices by setting minimum standards in dealings with the customers;
- Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.
- Promote a fair and cordial relationship between the customers and the Company.
- Building Customer confidence in the Company.

2. Our Key Commitments and Declarations

The Company shall act efficiently, fairly and diligently in our dealings with all our customers by:

- Meeting the commitments and standards in this Fair Practices Code for the financial products and services we offer, and the procedures and practices our staff follow;
- Ensuring that all the financial services meet relevant laws and regulation;
- Making the Company's dealings with customers / prospective customers rest on ethical principles of integrity and transparency;
- Providing professional, courteous and speedy services;
- Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transaction.

The Company shall help the customer understand how our financial products and services work by:

- Ensuring that our advertising & promotional literature is clear and is not misleading;
- Giving verbal information that is consistent with the literature shared with customer;
- Explaining financial implications of the transactions.

The Company shall deal quickly and proactively with things that go wrong by:

- Correcting mistakes quickly;
- Attending customer complaints quickly;
- Telling our customers how to take their complaint forward if the customers are still not satisfied with our assistance;
- Reversing any charges that we apply due to system error or due to our mistake, if any.

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.
- c. Giving exact idea to the customers that how the selected product or service will be implemented on the company's end and what all compliances need to be done on the customer's end.
- d. The company will inform regarding the charges for any service or product, before the company provides that service or product

4. Non-Discrimination Policy

The Company is strictly prohibited to engage in any form of discrimination towards the Company's existing as well as potential customers on the basis of gender, race or religion. Any complaints for violation of the same are to be communicated immediately to the Grievance Redressal Officer of the Company, whose communication details have been stated in clause 13.

5. Application for loans and their processing:

- All communications to the borrower shall be in the vernacular language or English or a language as understood by the borrower.
- A declaration from each customer is to be obtained before / alongwith the application to the effect certifying that the customer understands English.
- Loan application forms issued by the Company shall include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and condition offered by other NBFCs can be made and an informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted along with the application form.
- The company shall issue an acknowledgement receipt for all loan applications. Loan applications shall be disposed off within 14 days or such extended time as may be mutually agreed between the borrower and the company from the date of receipt of the application form complete in all respects.
- If any additional details/documents are required, the same shall be intimated to the borrower in reasonable time.
- The company will conduct contact point verification through its employees or through a business partner appointed by it, by contacting the customer telephone numbers/or physically visiting residence/business address mentioned on the loan application.

6. Loan appraisal and terms/conditions:

- The company shall conduct a due diligence on the creditworthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the company's credit policies, norms and procedures in respect thereof.

- The borrower would be informed in the vernacular language as understood by the borrower by means of sanction letter or otherwise the amount of loan sanctioned. The said letter shall contain the terms and conditions including the annualized rates of interest and method of application thereof and shall obtain an acceptance from the borrower on the said sanction letter in the Company's records.
- The Company shall disclose in bold letters any clause pertaining to penal interest charged for late repayment, in the loan agreement.
- The company shall furnish a copy of loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of requisition by borrower or brief terms should be made part of sanction letter. The company shall ensure that the loan agreements and enclosures furnished to all borrowers contain the terms and conditions and the rate of interest in the form of a term sheet, which shall be annexed to the loan agreement.

7. Disbursement of loans including changes in terms and conditions:

- The company has framed appropriate internal principles and procedures for determining the interest rates, processing and other charges. The company shall at the time of disbursement, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedures.
- The disbursement will be done immediately upon compliance of all terms and conditions of the sanction by the borrower.
- The Company shall give a notice to the borrower in the vernacular language or in a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, services charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. This clause will be covered in the loan agreement as well.
- With reference to the RBI Master Direction DNBR.PD.007/03.10.119/2016-17 dated 01st September 2016, the Company accepts only Group 1 securities as collateral for loans of value more than Rs 5 lakhs, is applicable only where the lending is done for investment in the capital market.

8. Release of Securities:

- All securities shall be released on repayment of all dues by the client on the loan facility, and, where the client has offered the same security on other facilities extended to or guaranteed by the client, on repayment of all dues on all such facilities.
- For loan against dematerialized shares, the shares shall be released within seven working days to the credit of client's demat account. For all other security and related documents, intimation shall be sent to the client within seven working days after repayment of all dues requesting the client to collect the same.
- Any set-off of dues against the security may be made only after due notice of the same is provided to the client along with the particulars of the claims and the terms and conditions under which the Company is entitled to such set-off. The same will be in consonance with the terms of the Loan agreements.

9. Post Disbursement Supervision:

- Any decision to recall/accelerate payment or performance under the loan agreement shall be in consonance with the Loan Agreement.
- All securities offered by the borrower shall be released 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 the 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.

- With reference to the RBI Master Direction DNBR.PD.007/03.10.119/2016 01st September 2016 the borrower has to maintain Loan to Value (LTV) ratio of 50% at all times. If any shortfall in the maintenance of the 50% LTV occurring on account of movement in the share price shall be made good within 7 working days.

10. General

- The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the Borrower has come to the notice of the Company.
- In the matter of recovery of loans, the Company shall not resort to undue harassment like bothering the borrowers at odd hours/ use of muscle power for recovery of loans.
- The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent.
- The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- In case of receipt of a request from the borrower for transfer of the borrower account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.
- The Company shall not charge interest rate beyond a certain level which may be seen as excessive or not sustainable or not conforming to normal financial practices.
- The interest rate and processing and other charges shall be based on appropriate internal principles and procedures laid down for determining interest rates and processing and other charges.

11. Confidentiality

Unless authorized by the customer, the Company will treat all personal information as private and confidential. The Company will not reveal transaction details to any other entity including within the group other than the following exceptional cases:

- If the Company has to provide the information by statutory or regulatory laws (Eg. Furnishing information to FIU-IND, Central Know Your Customer Registry, etc.)
- If there is a duty to the public to reveal this information (Eg. Furnishing Information to Credit Information Companies)
- If the Company has taken the customers permission (for instance at the time of loan sanctioning) to provide such information to its group/ associate/ entities or companies for providing other products or services
- Where the customer asks us to reveal such information to its group/ associate/ entities or companies for providing other services or products.

12. Regulation of Rate of Interest

- The Board of Directors shall adopt 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 management system 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.



- The information published in the website or otherwise published, if any, should be updated whenever there is a change in the rate of interest.
- The rate of interest should be annualised rate so that the borrower is aware of the exact rate that would be charged to the account.

13. Complaint Redressal Mechanism

- A telephone number for receiving the grievances of the customers shall be intimated in Loan Application Form. In addition, a separate e-mail ID shall be created where customer can send their grievances via e-mail. The relevant information will be updated on website as and when there are any changes.

- Borrowers who have grievances in respect of decisions of the Company may address their grievances to

Mr. Kapil Parkar,

Designation - **Assistant Vice President,**

Email-id : **nbc@nirmalbang.com / las@nirmalbang.com**

Contact no. **022- 62737503/04.**

- 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 Reserve Bank of India. Contact details are as under:

The Officer-In-Charge,

Department of Non-Banking Supervision'

Reserve Bank of India

Mumbai Regional office,

Reserve Bank of India Building,

3rd Floor, Opp. Mumbai Central Railway Station,

Byculla, Mumbai - 400 008.

Contact No.022-23084121

- After examining the matter, the Company will endeavor to send the customer its response within 4 weeks and intimate the customer how to escalate the complaint to higher level, if he is not satisfied with the response.
- The Board will **periodically review of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management** and a consolidated report, if any of such reviews shall be submitted to the Board of Directors of the Company at regular intervals.

The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner as may be applicable to its business.

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