

IFIN SECURITIES FINANCE LIMITED

FAIR PRACTICES CODE

(As amended as per the guidelines of RBI vide their Master Direction dated September 1st, 2016)

This Code is adopted by the Company as per Fair Practices Code Guidelines of RBI issued vide their Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1st, 2016, which sets minimum standard for the Company to follow while dealing with the customers during the course of our business and as approved by the Board of Directors of the Company vide Resolution passed at the meeting of the Board of Directors of the company held on April 11, 2014 and reviewed and adopted every year by the Board. The Fair Practice Code shall be in the vernacular/ English Language.

The Company's business would be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles. The Company would adhere to the Fair Practices Code in its functioning, the key elements of which are as follows:

LOANS AND ADVANCES

i) Applications for Loan

- All communication to the borrower shall be in the vernacular language or a language as understood by the borrower.
- The loan applications will be issued on request of the customer. The application will be printed in English/Vernacular language as understood by the customer.
- The application contains the documents required to be submitted and all necessary information which affects the interest of the customer, so as to enable him to compare the terms and conditions offered by other NBFC and informed decision can be taken by the borrower.
- A system to acknowledge the receipt of loan applications has been established.

ii) Loan Appraisal and Terms & Conditions

- Loan application will be appraised properly for its genuineness and identity of the borrower.

IFIN SECURITIES FINANCE LIMITED

- Sanction letter of loan will be issued in English / Vernacular Language as understood to the customer, which contains the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof etc.
- **The Penal Interest/Delay Interest charged for late payment will be printed in the loan agreement/sanction letter in bold letters and a copy of the loan agreement, with all the enclosures will be provided to the borrower.**
- The Company shall continue to have cordial business relation with our clients keeping in mind their privacy, dignity and honor. Further we shall refrain from interference in the affairs of borrower except for purpose provided in terms and conditions of loan agreement.
- As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, the Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to *individual borrowers*.
- A copy of the loan agreement shall be provided to the borrower.

iii) Disbursement of Loans Including Changes in Terms and Conditions

- The Company shall provide complete and accurate information about our loan products and services to our borrowers and we shall continue to educate them on the same in a manner that is clearly understood by them. The company shall ensure that our dealings with our clients are based on ethical principles of integrity and transparency.
- The Company shall give notice to our clients in vernacular/ English language of any changes in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. We shall ensure that changes in interest rates and charges are affected prospectively only after informing the clients and a suitable conditions incorporated in the loan Agreement
- The decision to recall / accelerate payment of loan shall be in consonance with the loan agreement.
- There will be no discrimination on caste, creed or sex in sanction of loans.
- The Company shall service any request from the Borrower related to release of all securities wherever obtained after repayment of all dues.

- 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 they 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 applicable NBFCs are entitled to retain the securities till the relevant claim is settled/paid.

iv) Fair Recovery Practices

- a) The Company shall not interfere 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.
- b) 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 within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c) 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 Company shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner. The company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

v) Redressal of Grievances

- a) Any grievances of borrowers/ guarantors regarding the sanction/ disbursement/ documentation/ recovery/ settlement/ discharge of loans and advances shall be obtained in writing from the concerned borrowers/ guarantors and forwarded directly to the Grievance Redressal Officer. Also, written acknowledgement shall be issued to those borrowers/ guarantors for receipt of such complaints/ grievances which shall also indicate the time frame for redressal of the complaint/ grievance.

IFIN SECURITIES FINANCE LIMITED

- b) On receipt of such complaint/ grievance, either in person or through post, the Grievance Redressal Officer / Nodal officer, as the case may be, shall resolve the same within the defined time frame and communicate the same to the borrowers/ guarantors
- c) Any grievances not resolved by Grievance Redressal Officer shall be shall be escalated to the Nodal officer within 7 days from the receipt of grievances by GRO, and if not resolved by Nodal officer then it will be escalated to Managing Director/ CEO of the company within 7 days from the receipt of grievances by Nodal Officer.
- d) The MD/CEO of the company shall take appropriate decision on the complaint/grievance within 7 days of its receipt from the Company's Nodal officer/ Grievance Redressal Officer and communicate the same to the borrower/ guarantor.
- e) And the complaint/ grievance which cannot be resolved at the level of MD/CEO can be referred to the Board of Directors in exceptional cases. The Board will take appropriate decision on such referral within period of 7 days of its receipt and convey the decision to the MD/CEO for communicating it further to the borrower/guarantor.
- f) The Grievance Redressal Officer/ Nodal officer, as the case may be, shall prepare a monthly report on each such complaints / grievances along with their response to the same and submit the same to the Managing Director / CEO of the company.
- g) If the Company officials do not accept the written complaints/ grievances, the borrowers/ guarantors shall be entitled to send the same directly to the Board of Directors by registered post with acknowledgement due.
- h) On receipt of such complaint/ grievances, either in person or through post, the Grievance Redressal Officer shall prepare a factual report on each such complaint /grievance along with their response to the same and submit the same to the Board of Directors within 15 days from the receipt of such complaint/ grievance.

IFIN SECURITIES FINANCE LIMITED

- i) The Board of Directors shall take appropriate decision on the complaint/ grievances within 15 days of their receiving it from the company management and communicate the same to the borrower/ guarantor as well as company management.
- j) The aforesaid procedure for grievance redressal shall form part of the loan agreement and informed to the borrower at the time of entering into the loan agreement.
- k) Periodical review of compliance of Fair Practice Code and the functioning of grievances redressal mechanism will be carried out by the Board of Directors. The consolidated reports of such reviews shall be submitted to board at regular intervals. And the number of complaints received by the company shall be reported to board at regular intervals.
- l) The Company Secretary of the company will act as the Grievance Redressal Officer of the company.
- m) The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company is displayed prominently at our branches/ places where business is transacted.
- n) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge, Department of Non-Banking Supervision, Reserve Bank of India, 6 Sansad Marg, New Delhi - 110 001, Telephone no. + 91-11-23710538 to 42, Fax no. + 91-11-23711250
- o) A complaint/suggestion box will be placed at all offices and complaint/suggestion if any will be reviewed by the Managing Director at regular intervals.

vi) Disclosures about Interest

- a) The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- b) The Company 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.

- c) 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 shall be updated whenever there is a change in the rates of interest.
- d) The rate of interest shall be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

vii) Repossession Guidelines

Repossession clause shall be incorporated in the contract/loan agreement with the borrower which shall be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:

- a) Notice period before taking possession;
- b) Circumstances under which the notice period can be waived;
- c) Procedure for taking possession of the security;
- d) Provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property;
- e) Procedure for giving repossession to the borrower and
- f) Procedure for sale/auction of the property

A copy of such terms and conditions shall be made available to the borrowers in vernacular/English language as understood by the client.

viii) Wide Dissemination and Periodic Review

The Company shall *also* review and refine the Code, as may be required periodically - based on its own experience and fresh guidelines, if any, to be issued by the RBI in this regard.

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