

## **FAIR PRACTICES CODE**

Pursuant to Reserve Bank of India (RBI)'s Circular DNBS. CC. PD. No.266/03.10.01/2011-12 of 26 March 2012, issued to Non-Banking Financial Companies (NBFCs), we the Board of Directors have adopted a Fair Practices Code. The code applies to all loan products offered by the company.

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.

### **The Fair Practices code applies to the following areas:**

- I. Applications for loans and their processing
- II. Loan appraisal and terms/conditions
- III. Disbursement of loans including changes in terms and conditions
- IV. Post disbursement supervision
- V. Other general provisions

### **I Applications for loans and their processing**

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Loan application forms shall include necessary information, which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions can be made and the borrower can take an informed decision. The loan application form shall also indicate the documents required to be submitted with the application form.
- Receipt of completed application forms will be duly acknowledged. The time frame within which the loan application will be disposed of would also be indicated in the acknowledgement. Generally, applications for retail financial products such as Loan vehicle loan, etc. will be disposed of within a time frame of 30 days from the date of submission of complete information.
- In case of rejection of loan application, irrespective of category of loans or threshold limits, the same would be conveyed in writing along with the main reason(s), which led to rejection of the loan application.

### **II Loan appraisal and terms/conditions**

- EMBEE shall convey in writing to the borrower in the language as understood by the borrower by means of letter of Arrangement or otherwise, the amount of loan approved - along with the terms and conditions, including the annualized rate of interest, penal interest to be charged for late repayment, and method of application thereof. It would keep the acceptance of these terms and conditions by the borrower on the Company's files.
- Appropriate internal principles and procedures for determining interest and other charges shall be laid down and be subjected to review keeping in view the business exigencies, regulatory and customer sentiments, market practices etc

- Copy of loan documents, along with a copy of all relevant enclosures will be made available to the borrower at the time of sanction. Standard letter of intent would include instances of approval, disallowance, etc. EMBEE shall be under no legal obligation to consider increase/additional limits/facilities without proper review/assessment.

### **III Disbursement of loans including changes in terms and conditions**

- Disbursement of loans sanctioned shall be made immediately on compliance of terms and conditions including execution of loan documents governing such sanction.
- Any change in terms and conditions, including interest rate and other charges/levies will be informed individually to the borrowers in case of account specific changes in language as understood by the borrower.
- Changes in interest rates and charges/levies will be effected prospectively. A suitable provision in this regard shall be incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- Consequent upon such changes any supplemental deeds/documents or writings are required to be executed, the same shall also be advised. Further, availability of facility will be subject to execution of such deeds/documents or writings.
- EMBEE shall 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 MBEE 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 EMBEE is entitled to retain the securities till the relevant claim is settled /paid.

### **IV Other general provisions**

- The Company shall 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). However, this does not imply that EMBEE's right of recovery and enforcement of security under Law as well as appointment of nominee directors, where required, is affected by this commitment.
- In case of receipt of request from the borrower for transfer of borrower account from one Branch to another Branch, 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.
- Company's collection policy shall be built on courtesy, fair treatment and persuasion.
- In the matter of recovery of loans, the Company shall not resort to any harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. To avoid complaint from customers regarding rude behaviour from the staff of the company, EMBEE

shall ensure that the staff are adequately trained to deal with the customers in appropriate manner.

- EMBEE will not discriminate on the grounds of gender, caste, religion or region in its lending policy and activity.
- Board of EMBEE has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- The Board of EMBEE 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.
- 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.
- EMBEE shall have a built in re-possession clause in the contract/loan agreement with the borrower which should be legally enforceable. The terms and conditions of the contract/loan agreement should also contain provisions regarding: (a) fifteen days notice period before taking possession; (b) circumstances under which the notice period can be waived, i.e. information that borrower is in the process of selling the vehicle or sold the vehicle without permission/change of ownership in Registration Certificate, etc ; (c) the possession of the security shall be taken with the assistance of law enforcing agency; (d) a final chance shall be given to the borrower for repayment of loan before the sale / auction of the property by giving a notice on the recorded address in Registration Certificate and/or available in loan documents; (e) the repossession to the borrower shall be given after intimating law enforcing agencies and (f) the securities shall be sold / auctioned after issuing public notice in two local newspapers.

## **V Complaints/Redressal:**

EMBEE shall have a Grievance Redressal Forum within the organisation to resolve disputes arising in this regard. The said forum will meet within a period of 2 weeks from the date of receiving any grievance intimation. 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 Periodic Review**

EMBEE shall put the above Fair Practices Code outlined hereinabove on its web site, for the information of various stakeholders. EMBEE would also review and refine the Code annually besides whenever any fresh guidelines, are issued by the RBI in this regard. Any suggestions for better customer service are greatly valued by the company.