

# **KAMINI FINANCE AND INVESTMENT COMPANY LTD.**

## **FAIR PRACTICE CODE**

### **INTRODUCTION**

The Reserve Bank of India vide Circular DNBS.CC.PD.No.388/03.10.042/2014-15 dated July 01, 2014 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.

The Objectives of the Code are:-

- Follow good, fair and transparent business practices by setting reasonable standards;
- Encourage market forces, through fair competition, to achieve higher operating standards;
- Ensure transparency in the Company's dealings with its customers;
- Ensure compliance with legal norms in matters relating to recovery of advances;
- Strengthen mechanisms for redressal of customer grievances.

### **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 offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.
- The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Further, generally, the time frame within which the loan application will be disposed of would also be indicated in the acknowledgement.

### **II Loan Appraisal and Terms and Conditions**

The Company shall convey in writing to the customer by means of offer/ sanction letter in vernacular language or a language as understood by customer the following:

- Assets Details and Cost of Assets
- Sanctioned Amount
- Terms & Conditions of sanctioned loan amount
- Annualised Rate of Interest
- Tenor
- Installment amount and structure
- Commencement date

- Repayment Schedule
- Penal interest or delayed payment charges
- Others terms as may be required

Acceptance of the Sanction Letter by the Customer shall be kept on record.

The Company shall furnish a copy of the loan agreement along with a copy each of enclosures, as applicable, to the borrowers at the time of sanction/disbursement of loans.

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

- The Company shall give notice to all its borrowers of any change in the terms and conditions - including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable provision in this regard shall be incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.
- The Company shall release all securities on repayment of its full 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 its borrowers. 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.

### IV General

- 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).
- 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.
- 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. The Company shall also make sure that adequate and proper training is provided to the staff to deal with customers in appropriate manner.
- As a measure of customer protection and to bring uniformity with regard to payment of various loans by borrowers, the Company shall not charge foreclosure charge/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

### V Grievance Redressal Mechanism

The Board of Directors of company shall lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a **mechanism shall ensure that all disputes arising out of the decisions of company's** 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 may be submitted to the Board at regular intervals, as may be prescribed by it.

- (a) Customers can register their complaints with our Grievance Redressal Officer Mr. Chand Ratan Modi, Director of the Company on his email id : [corp@citystarinfra.com](mailto:corp@citystarinfra.com) or can contact him on Tel No. 033-6613-3300.
- (b) The Grievance Redressal Officer will examine the matter and respond to complaints as soon as possible.
- (c) 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 Reserve Bank of India situated at 15, Netaji Subhas Road, Kolkata – 700 001.

## VI Language and mode of communicating Fair Practice Code

The Fair Practice Code adopted by the Company shall be preferably in the vernacular language or a language as understood by the borrower. The Company shall put the above Fair Practices Code outlined hereinabove on its web site, for the information of various stakeholders.

## VII Regulation of excessive interest charged by NBFCs

- (a) The Board of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium 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.
- (b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the Company or published in the relevant newspapers. 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 rate so that the borrower is aware of the exact rates that would be charged to the account.

## VIII Complaints about excessive interest charged by the Company

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

## IX Review of the Code

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.