

Fair Practice Code

I. PREAMBLE

It is, and shall be, the policy of Nahar Capital & Financial Services Limited (NCFSL) to make available to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap all financial products, either directly or through subsidiaries and /or associates.

NCFSL's policy is to treat all the clients consistently and fairly. The employees of NCFSL will offer assistance, encouragement and service in a fair, equitable and consistent manner. NCFSL will also communicate its Fair Practices Code (FPC) to its customers by uploading the FPC it on its website.

NCFSL will ensure that the implementation of the FPC is the responsibility of the entire organisation. NCFSL's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counselling, and monitoring, auditing programs and internal controls, and optimal use of technology.

NCFSL's Board of Directors and the management team are responsible for implementing the fair practices hereinafter detailed, and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products including lending and that all employees are aware of this commitment...

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards so prescribed.

This Fair Practices Code applies to the following categories of products and services offered by us (currently offered or which may be introduced at a future date)

1. Loans, guarantees and other products in the nature of financial assets
2. Financial Consultancy Products offered by NCFSL
3. Stock broking and similar services offered by NCFSL.

4. Third party products offered through a network consisting of the branches of NCFSL, its Subsidiaries and associates

The FPC is applicable to the above irrespective of whether the same is provided physically, over the phone, on the internet or by any other method whatsoever, existing or futuristic.

KEY COMMITMENTS

The key commitments which NCFSL promises to follow in its dealings with its customers are:

- a. .to act fairly and reasonably in all dealings with its customers by ensuring that:
 - its products, services, procedures and practices will meet the commitments and standards in this FPC.
 - its products and services will meet relevant laws and regulations as applicable
 - its dealings with its customers will rest on ethical principles of honesty, integrity and transparency.
- b. NCFSL will assist customers in understanding how its financial products and services work by
 - providing information about them in simple Hindi and/or English and/or the local language
 - Explaining their financial implications and
 - Helping the customer choose the one that meets his / her needs.
- c. NCFSL will make every attempt to ensure that its customers have a trouble-free experience in dealing with it; but in the case of errors or commissions and omissions, NCFSL will deal with the same quickly and sympathetically
 - Mistakes will be corrected quickly
 - Complaints will be handled quickly

- In case a customer is not satisfied with the way a complaint is handled, NCFSL will guide the customer on how to take the complaint forward
- NCFSL will reverse any charges including interest applied to a customer's account due to an error or oversight on its part

II. SALES ORIGINATION

NCFSL will guide its customers in choosing products and services which meets his / her requirements.

- a. Before the customer relationship is established, NCFSL will:
 - Give the customer information explaining the key features of the services and products the customer has shown interest in
 - Give information on accounts, products and services which may suit the customer's needs.
 - clearly state the information that NCFSL require to collect from the customer to fulfill its 'Know Your Customer' norms and to comply with legal and regulatory requirements in force from time to time.
 - Request for additional information about the customer and his / her family to build a database; but this information may be furnished by the customer only if she / he wish to do so
- a. NCFSL will provide information on the various channels that can be used to access its products and services. The customer will also be informed on where further information on this is available.
- b. Once a customer has chosen a product, NCFSL will tell the customer how it works
- c. NCFSL will guide its customer on rights and responsibilities specific to the mode of operation under which the product is taken

III. LOANS AND ADVANCES

Before offering any kind of fund based or non fund based non-banking facility NCFSL will assess the ability of the customer (prospective borrower) to repay.

APPLICATION FOR LOANS AND THEIR PROCESSING

- a. Loan application forms of NCFSL will include necessary information, which are likely to affect the interests of the prospective borrower, so that a meaningful comparison with the terms and conditions offered by other Non Banking Finance Companies can be made and an informed decision taken by the prospective borrower.
- b. The loan application form shall indicate the documents required to be submitted along with the application form.
- c. NCFSL shall provide to the prospective borrower an acknowledgement for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be mentioned in such acknowledgement.
- d. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

LOAN APPRAISAL & TERMS AND CONDITIONS

NCFSL shall convey in writing to the prospective borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest (so that the borrower is aware of the exact rate of interest that would be charged to the account) and the method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. NCFSL shall mention the penal interest chargeable for the late repayment in bold in the loan agreement.

NCFSL shall furnish a copy of the loan agreement preferably in vernacular language as understood by the borrower along with a copy each of enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loan.

INTERNAL PRINCIPLES AND PROCEDURES FOR DETERMINING INTEREST AND OTHER CHARGES

- a. Interest and other charges will mainly be determined as per prevailing market, cost of funds, margin and risk Factors;
- b. Interest and other charges will be within statutory guidelines, if any, prescribed by Reserve Bank of India or other statutory body;

- c. Quality of Security/Asset provided by borrowers will also be considered for determining these rates;
- d. Above Rationale will be fully disclosed to all borrowers, to whom different rates are being charged.

DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- a. NCFSL shall give notice to the borrower in vernacular language or language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NCFSL shall ensure that changes in interest rates and other charges are effected only prospectively. The loan agreement shall contain a specific clause to this effect.
- b. The decision of NCFSL to recall / accelerate payment or performance shall be in consonance with the terms of the loan agreement.
- c. NCFSL shall release all securities upon repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against borrower. The borrower shall be given due notice with full particulars about the outstanding claims in case such right offset off is to be exercised.

GENERAL

- a. NCFSL will refrain from interfering 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 deliberately or otherwise by the borrower, has come to its notice.
- b. In case of receipt of request from the borrower for transfer of a borrower account to other NBFC, bank of financial institution, the consent or otherwise shall be con eyed within 21 days from the date of receipt of such request. Such transfer shall be in accordance with the contractual terms entered into with the borrower and in consonance with the statutes, rules, regulations and guidelines as may be applicable from time to time.
- c. In the matter of recovery of loans, NCFSL shall resort only to remedies which are legally and legitimately available to it and will avoid using recovery measures during odd hours

of the day, undue harassment, use of muscle power for the recovery of loans. It shall ensure that staff is adequately trained to deal with the customers in an appropriate manner and avoid any rude behavior.

- d. There shall be no discrimination in extending products and facilities including loan facilities to the physically/visually challenged applicants on grounds of disability.

REPOSSESSION

NCFSL will incorporate re-possession clause in the loan contract/loan agreement with the borrower which shall be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement will include provisions regarding:-

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

IV. TERMS AND CONDITIONS

- a. When a customer accepts a product or service for the first time, NCFSL will provide the customer with the Rules and Regulations that are relevant to the product / service.
- b. All Terms and Conditions will be fair and will set the customer's rights and responsibilities clearly and in plain language. NCFSL will use legal or technical language only where necessary.
- c. NCFSL will make available any charges applicable to products and services applicable at the time a customer signs up for the same.

- d. If NCFSL increases any charges or introduces a new charge, NCFSL will notify the same to the customers.
- e. NCFSL will provide the terms and conditions in respect of any product or service whenever a customer requests for the same.

V. MARKETING AND PRODUCT SYNERGY

- a. NCFSL will ensure that all advertising and promotional material is clear, fair reasonable and not misleading.
- b. NCFSL will provide the customers with a full range of financial products the customer is eligible for. Some of these products / services will be its own; some others may be the products of the group or associate companies and also companies with which NCFSL may have arrangements with.
- c. It will be the endeavor of NCFSL to bring synergy between the various financial services, financial products, by cross selling these products to its clientele.

VI. CONFIDENTIALITY

- a. Unless authorized by the customer NCFSL will treat all personal information as private and confidential
- b. NCFSL will not reveal transaction details to any other entity including within the group other than the following exceptional cases
 - if NCFSL have to provide the information by statutory or regulatory laws
 - if there is a duty to the public to reveal this information
 - if its interest requires us to provide this information (e.g. fraud prevention). NCFSL will not use this reason for giving information about customers to anyone else (including group companies) for marketing purposes.
 - If NCFSL have 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

VII. GRIEVANCE REDRESSAL MECHANISM

- a. NCFSL will guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome.
- b. After examining the matter, NCFSL will send a response as soon as possible; NCFSL will also guide a customer on how to take the complaint further if the customer is not satisfied.
- c. A nodal officer has been appointed for the redressal of grievances of the customers including the borrowers, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery.
- d. The Company has appointed Mr. H.R. Kapoor, as Nodal Officer for the redressal of grievances of the customers including the borrowers, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery.
- e. **The contact details of Nodal Officer are:
Mr. H.R. Kapoor,
Nahar Capital and Financial Services Ltd.
Nahar Tower,
375, Industrial Area – A,
Ludhiana-141003**

The customers having grievance/ complaint about our services/ product may inform in writing to Nodal Officer for immediate resolution of the same. Nodal Officer will provide the highlights of the complaints received and redressal to the Board of Directors for their review and compliance at each subsequent meeting.

In case customers are not satisfied with the resolution provided by the company, they may further approach:

**Deputy General Manager
Department of Non-Banking Supervision
Reserve Bank of India,
Central Vista, Opp. Telephone Bhavan,
Sector 17,
Chandigarh-160017**

VIII. WIDE DISSEMINATION AND PERIODIC REVIEW

The Company shall put the above Fair Practices Code outlined hereinabove on its web site, for the information of various stakeholders. The Company would 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.

IX. INTERNAL CONTROL SYSTEM

As the primary responsibility for compliance with the Directions rest with the Company, necessary organizational arrangements will be made to assign responsibility for compliance to designated individuals within the Company and establish systems of internal control including audit and periodic inspection to ensure the same. .

X. FORCE MAJEURE:

The various commitments outlined and made by NCFSL are applicable under the normal operating environment. In the event of Force Majeure, NCFSL will not be able to fulfill the commitments under the FPC to the entire satisfaction of the customer/s, the other stakeholders. And the public in general

IX. EFFECTIVE DATE:

This FPC will replace the earlier Fair Practice Code dated 30th May, 2012 this shall come into effect from 01.04.2013.