

BERAR FINANCE LIMITED
FAIR PRACTICE CODE

In accordance with circular no. DNBS.CC.PD.No.320/03.10.01/2012-13 dated 18th February,2013 regarding guidelines on Fair Practice Code for NBFCs and for adoption of the said guidelines in supersession of it's guidelines issued on the same dated 26, March ,2012, the Board of Directors at it's Meeting held on 21st March, 2013 approved the revised Fair Practice Code as follows:

(i) Applications for loans and their processing

(a)The Company shall make it's best to communicate with the borrower in the vernacular language or a language as understood by the borrower.

(b)Loan application Form 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 an be made and informed decision can be taken by the borrower. The loan application form may indicate the documents, like identity proof, income proof, residential proof, required to be submitted with the application form.

(c)The Company shall give acknowledgement for receipt of all loan applications. Loan applications will be disposed of within 7 days of complete application .

(ii) Loan appraisal and terms / conditions

The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter ,the amount of loan sanctioned along with the terms and conditions including **annualized rate of interest** and method of application thereof and keep the acceptance of these terms and conditions by the borrower on it's record. The Company shall mention the penal interest charged for late payment in bold in the loan agreement. The Company shall furnish copy of the loan agreement along with copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction or disbursement of loans.

(iii)Disbursement of loans including changes in terms and conditions

(a) The Company shall give notice to the borrower of any change in the terms and conditions including disbursements schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and changes are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

(b) Decision to recall/ accelerate payment or performance under the agreement should be in consonance with the loan agreement.

(c) The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of the loan subject to any legitimate right or lien for any other claim the Company 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 Company is entitled to retain the securities till the relevant claim is settled / paid.

(iv) **General**

- (a) The Company shall refrain from interference 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 borrower account , the consent or otherwise i.e. objection of the Company, if any , should 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 borrower at odd hours , use of muscle power for recovery of loans, etc.It shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- (d) The Board of Directors shall lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such mechanism shall ensure that all disputes all relating to the loans are heard and disposed of at the next higher level. The Board shall take periodical review of the compliance of the Fair Practice 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.
- (e) At the operational level,the company should display the following information prominently for the benefit of the customers at it's branches:
 - i)Name and contact details of the Grievance Redressal officer(GRO) at it's every branch office level who can be approached by the public for resolution of complaints against the Company.
The Branch Head will act as GRO at every branch level and at it's head office ,the Company Secretary will act as GRO .
 - ii) Officer-in-charge of the Regional Office of DNBS of RBI under whose jurisdiction the registered office of the Company fall.

- (f) The Board shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium while determining the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rational for charging different rate of interest to different categories of borrowers shall be disclosed to the borrowers or customers in the application form and communicated explicitly in the sanction letter. The rate of interest and the approach for gradation of risk shall be made available on the web-site of the companies. The information should be updated whenever there is change in the rate of interest. The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.
- (g) The Company shall disclosed re-possession clause in the loan agreement with the borrower which must be legally enforceable . It must form a key component of the loan agreement.To ensure transparency, the terms and conditions of the loan agreement shall contain the following:
- i)Notice period before taking possession.
 - ii)circumstances under which the notice period can be waived .
 - iii)The procedure of taking possession of security.
 - iv)A provision regarding final chance to be given to the borrower for repayment of loan before sale of the vehicle.
 - v)The procedure for giving repossession to the borrower
 - vi)The procedure for sale of the vehicle.