



**DHANVARSHA FINVEST LIMITED**

**FAIR PRACTICES CODE**

**Version No. 2, January 30, 2019**

**Introduction:**

This Fair Practices Code is aimed to provide to all the stake holders, especially borrowers effective overview of practices followed by Dhanvarsha Finvest Limited (“the Company”) in respect of the financial facilities and services offered by the Company to its borrowers. This code seeks to amend and supersede the Fair Practices Code framed by the Company in accordance with Reserve Bank of India guidelines on Fair Practice Code issued by the RBI vide Master Circular RBI/2014-15/34 DNBS (PD) CC No.388/03.10.042/2014-15 dated July 1, 2014, and revised to take into account amendment in the Fair Practices Code for NBFCs as per RBI Master Direction - Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time.

**Objective:**

This code has been developed:

- To promote good, fair and trust-worthy practices by setting standards in dealing with borrowers;
- To ensure transparency in the Company’s dealings with its borrowers;
- To ensure compliance with legal norms in matters relating to recovery of advances;
- To enable borrowers to have better understanding of what they can reasonably expect of the services offered by the Company;
- To reckon with market forces, through competition and strive to achieve higher operating standards;
- To strengthen mechanisms for redressal of borrower grievances;

**Application for Loans and their processing:**

1. All Loan Application Forms shall contain detailed information relating to the terms and conditions governing the Loan and other relevant information affecting the interest of the borrowers. The Loan Application Form shall also contain the particulars of standard documents to be submitted with the Loan Application Form. However, the Company may, depending on the credit underwriting requirements require other documents from the borrowers, as it may deem fit.
2. The Company explains to the borrowers the contents of various loan documents in the vernacular language and further ensures that the borrower understands the terms and conditions governing the Loan.
3. Wherever applicable, the Company shall follow the system of issuing acknowledgements for receipt of all loan applications. The Company will consider all the documents submitted and the information provided, verify the credit worthiness of the borrower and evaluate the proposal at its sole discretion. The Company shall further endeavour to intimate the status of

all loan applications regarding its acceptance or rejection within 45 days of receiving the application along with all necessary documents.

4. The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest.

**Loan Appraisal and Terms and Conditions:**

1. The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the Loan Application. The assessment would be in line with the Company's credit policy, norms and procedures in respect thereof;
2. The Company shall obtain an acceptance from the borrower on the sanction letter with the borrower signature acknowledging that the borrower(s) accept all the terms and conditions which have been read and understood by them. The Company shall maintain a record of the acceptance.
3. The Company shall furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.
4. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
5. Acceptance of the Sanction Letter by the borrower shall be kept on record.

**Disbursement of Loans and changes in Terms and Conditions:**

1. The Company shall frame appropriate internal principles and procedures for determining and ensuring that the interest rate and processing and other charges are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and processing and other charges on loans and advances are in strict compliance to the above referred internal principles and procedures.
2. The Company shall keep the borrowers informed in the vernacular language or a language as understood by the borrower, in the event of any modification in terms and conditions, repayment schedule, interest rates, service charges, pre-payment charges, and other changes material to borrower's relation with the Company. Any changes in interest rates and charges shall be effective prospectively only. A condition in this regard should be incorporated in the sanction letter.

**Recall of Loan:**

Any decision pertaining to recall of loan or acceleration of repayment or seeking of any additional securities shall be taken strictly in accordance with the relevant provisions in the respective agreement with the borrower and amendments made thereto.

**Release of Securities:**

1. 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 claims, Company may have against the 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 Company is entitled to retain the securities till the relevant claim is settled/paid.
2. The Company shall ensure that the charge over any security provided by the borrower is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the borrower:
  - a. payment of all dues by the borrower;
  - b. transfer of account and consequent settlement of all dues;
  - c. closure of the loan file in due course following settlement as per agreement. In the event any other right or lien exists, the borrower shall be notified about the same with full particulars thereof.

**General Clauses:****A. Non-Interference:**

- i. Company or any of the employee of the Company shall not interfere in the affairs of the borrower except as provided under the circumstances mentioned in the agreement.
- ii. If any new information or findings not previously disclosed by the borrower comes to the notice of Company, the above restriction shall not apply.

**B. Transfer of Account**

Whenever a request for transfer of loan account is received from a borrower, Company shall respond to the same within 21 days of receipt of request. Acceptance or refusal thereof shall be in accordance with terms of the agreement. Such transfer shall be as per transparent contractual terms in consonance with law.

**C. Recovery Process**

If any recovery proceedings need to be initiated, these shall be conducted in accordance with the rights provided under the agreement and in accordance with legally accepted norms. The Company trains its staff adequately to deal with the borrowers in an appropriate manner. The Company does not resort to coercive measures (like persistently bothering at odd hours, use of muscle power, rude behaviour or harassment from any of the staff of the Company) for recovery of loan.

#### **D. Foreclosure charges/ Pre-payment penalties on floating rate term loans**

As a measure of borrower protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of the Company, Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

#### **Repossession of Security**

- i. The Company has the right to take possession of the Asset by giving 30 days' notice to the Borrower to clear the dues or to hand over possession of the Asset. Such notice need not be given in the following circumstances:
  - a. when the Borrower agrees for waiver of such notice;
  - b. when the Borrower has expressed his willingness to surrender the possession of the Asset voluntarily;
  - c. when there is reasonable apprehension to the Company or its officers/agents that such notice may defeat the taking of possession of the Asset due to any foul play or forcible resistance from the part of the Borrower/Guarantor(s) when the Asset remains abandoned by the Borrower for any reason;
  - d. when the Borrower ceases to exist;
  - e. when the Borrower has absconded with a view to prevent the recovery of the dues from him;
  - f. for any other similar reasons so as to facilitate peaceful taking possession of the Asset by the Company;
  - g. on such other conditions as mentioned in the loan agreement executed between the Company and the borrower;
- ii. The procedure for taking possession of the Asset includes:
  - a. when the Borrower fails to follow the demand made in the above referred notice, the Company may approach appropriate forum for an order enabling it to take possession of the Asset by suitable ways either by way of a commissioner or receiver;
  - b. by asking the borrower personally to surrender the vehicle at a place convenient to the Company;
  - c. by compelling the Borrower to hand over possession through the authorities so as to prevent the use of the Asset by the Borrower;
- iii. The above two clauses (i and ii) are not applicable to the cases wherein the Borrower surrenders the Asset voluntarily.
- iv. Provision regarding final chance to be given to the borrower for repayment of the loan before the sale / auction of the property. The Company is entitled to transfer in any form like sale, rental and conversion for own use etc. the Asset, the possession of which is obtained in any

of the ways stated above or otherwise, in connection with the default, in the way convenient to the Company and appropriate the proceeds thereof towards repayment/dues from the Borrower, when the Borrower and Guarantor fails to follow the notice for repayment of the dues within 7 days in any of the modes of service of such notice at the convenience of the Company, as a final chance to avoid the transfer under this clause. This right to transfer does not take away the sole discretion of the Company to return the possession of the Asset in appropriate cases.

- v. If such sale proceeds are insufficient to discharge the entire dues, the Company shall move further against the Borrower and/or the Guarantor and if the sale proceeds exceeds the due, the balance shall be paid to the Borrower when he claims it. However, the above entitlement is no bar for the Company to proceed against the Borrower and/or Guarantor directly, sparing the proceedings against the security.
- vi. The Company is entitled to recover from the Borrower all types of expenses on full indemnity basis, incurred by or on behalf of the Company in ascertaining the where about of the Asset, taking possession, garaging, insuring, transporting and selling the Asset and also for other legal steps in connection with the loan.

#### **Responsibility of Board of Directors:**

The Board of Directors or the Committee thereof of Company shall lay down appropriate grievance redressal mechanism within the organization. Such a mechanism should 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 either through itself or by through any Committee thereof 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 appropriate.

#### **Grievance Redressal:**

It shall be the endeavor of the Company to improve the quality of service and redress complaints and grievances, if any, of the borrowers as part of Grievance Redressal Mechanism.

#### Grievance Redressal Mechanism

**Level 1:** Borrower complaints, shall in the first instance, be logged in at the nearest branch. The designated Branch Manager shall be the point of contact. The Borrower may also call 810 818 2222 or write to [contact@df ltd.in](mailto:contact@df ltd.in).

**Level 2:** If the Borrower is not satisfied with the response received from the Branch or if the issue is not resolved within 7 working days, the same shall be escalated using the escalation matrix

intimated to borrowers so that the borrower grievance is resolved speedily. The Borrower may escalate the complaint / grievance to Grievance Redressal Officer – Mr. Arvind Jirapure, Assistant Vice-President Operations, Dhanvarsha Finvest Limited, 3<sup>rd</sup> Floor, Building No. 4, Wilson House, Old Nagardas Road, Andheri (East), Mumbai 400 069. Phone: 022 2826 4295. E-mail ID: arvind.jirapure@df ltd.in.

**Level 3:** If the issue is not resolved within 10 working days, Borrower can escalate the complaint / grievance to Nodal Officer – Mr. Mahendra Servaiya, Principal Officer, Dhanvarsha Finvest Limited, 2<sup>nd</sup> Floor, Building No. 4, Wilson House, Old Nagardas Road, Andheri (East), Mumbai 400 069. Phone: 022 6845 7200. E-mail ID: mahendra.servaiya@df ltd.in.

**Level 4:** The Borrower can write to the following Officer of Reserve Bank of India, if the issue is not resolved within one month or if they are not satisfied with the Company's response:

Officer-in-Charge

Department of Non-Banking Supervision,

Reserve Bank of India. Ahmedabad Regional Office,

1st Floor, Near Gandhi Bridge,

Ahmedabad - 380014.

Phone: 079 2654 5652

E-mail ID: dnbsahmedabad@rbi.org.in

### **Interest Rates and Gradation of Risk:**

Company has adopted following practice to comply with THE RBI CIRCULAR DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009 and vide its Guidelines on Fair Practice Code for NBFCs DNBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012 and subsequently DNBS (PD) CC No.388/03.10.042/2014-15 dated July 01, 2014. Aim of adopting these practices is to communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers to have a transparent trade with borrowers and also to comply with the regulatory guidelines.

#### **A. Interest Rate**

Appropriate internal principles and procedures in determining interest rates and processing and other charges shall be followed in line with the approved Company policies from time to time. The rate of interest arrived shall be based on the weighted average cost of funds, administrative costs, risk premium and profit margin.

#### **B. Gradation of Risk**

The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as the type of asset being

financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset etc.

The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.

The rate of interest informed are annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

The Company shall disclose the interest rates and gradation of risks on its website.

### **Implementation**

The Managing Director and Principal Officer of the Company shall oversee the implementation of the code and shall review its functioning periodically.