



**ESSEL FINANCE BUSINESS LOANS
LIMITED**

**FAIR PRACTICE CODE
MARCH 2017**

I. PREAMBLE

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. Essel Finance Business Loans Limited (“the Company”) hereby furnishes the Fair Practices Code (“the FPC”) based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the FPC from time to time to conform to the standards that may be prescribed by RBI from time to time. Considering the nature of business of the Company, it is proposed to establish the following as the Fair Practices Code for the Company’s lending activities.

II. KEY OBJECTIVES

The key objectives of putting in place the FPC are as follows.

- a) To act fairly and reasonably in all the dealings with borrowers by ensuring that:
 - i. The Company’s products, services, procedures and practices will meet the broad requirements and standards in the FPC;
 - ii. The Company’s products and services will be in accordance with relevant laws and regulations as applicable for the time being in force;
 - iii. The Company’s dealings with its borrowers will rest on ethical principles of honesty, integrity and transparency.
- b) The Company will assist its customers in understanding as to what are the broad features of its financial products and services and what are the benefits and risks involved in availing the same by
 - i. Providing information about the products and services in simple manner;
 - ii. Explaining the financial implications of using the products and services.
- c) The Company will make every attempt to ensure that its customers would have trouble-free experience in dealing with it. However, in case of error of commission and/or omissions, it shall:
 - i. deal with the errors promptly and effectively;
 - ii. Deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the customers;
 - iii. Promptly handle Complaints;
 - iv. Have Escalation process, in the event of dissatisfaction of the borrower in handling his complaint(s);

III. APPLICABILITY OF FAIR PRACTICE CODE

The FPC will be applicable to the following broad areas:

- i. Loan applications and processing thereof
- ii. Loan appraisal and terms/conditions
- iii. Disbursement of loans including changes in terms and conditions
- iv. General Provisions and
- v. Investor Grievance Mechanism

i. Loan applications and processing thereof

- Loan documentation set will, inter alia, include the broad features and the terms and conditions governing the loan. This would enable the borrowers to take an informed decision by comparing and analysing the terms offered by the Company with other lenders in the market. The said Form shall also specify the documents required to be submitted by the borrowers.
- Loan Application Form may also list out the additional information required from the borrowers and their family members in order to enable the Company to create the database.
- The Company shall acknowledge the receipt of completed application forms. The time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
- All communication with the borrowers shall be in the language understood and confirmed by borrowers.

ii. Loan appraisal and terms/conditions

- The Company shall consider all the loan applications keeping in mind the risk based assessment procedures adopted by it.
- The Company, before sanctioning the loan, would assess the ability of the borrowers to repay the loan.
- The grant of the loan shall be communicated to the borrowers in writing through a Sanction Letter. The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions governing the loan. The Sanction Letter shall contain the amount of the loan sanctioned along with the broad terms and conditions governing the loan including the annualized rate of interest and method of application thereof.
- A copy of the loan documents including loan agreement and annexures thereof shall be made available to the borrower.
- The default/penal interest rate shall be mentioned in bold in the loan agreement.

iii. Disbursement of loans including changes in terms and conditions

- The disbursement shall be done upon compliance of all the terms and conditions of the sanction by the borrower.
- The Company shall give a notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- Change in the interest rates and service charges shall be made applicable prospectively. The loan agreement shall contain a specific clause in this regard.
- The decision, if any, of the Company to recall/accelerate payment or performance of loan shall be in accordance with the terms and conditions of the Loan Agreement.
- The collaterals lying with the Company may be released on receipt of full and final repayment of loans subject of course to any legitimate right or lien and set off for any other claim that the Company might 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 the right to retain or setoff the securities/sale proceeds from the securities or right to transfer the securities or sale proceeds is exercised by the Company.

iv. General Provisions

- The Company shall refrain from interfering in the affairs of the borrowers except as provided in the terms and conditions governing the loan as contained in the loan documents (unless new information, not earlier disclosed by the borrower, has come to its notice).
- 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 within 21 days from the date of receipt of request. Such transfer shall be in accordance with the contractual terms entered into with the borrower and in accordance with the statutes, rules, regulations and guidelines as may be applicable from time to time.
- In the case of recovery of loans, the Company shall not use muscle power and shall resort to the usual measures, which are legally and legitimately available to it and as per laid down guidelines and extent provisions and shall operate within the legal framework. The Company shall ensure that all its concerned employees are adequately trained to deal with the borrowers in an appropriate manner.
- The Company had laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.
- The rate of interest is established through Essel Finance Business Loans Limited's interest rate model, which takes into consideration aspects such as market borrowing (cost of funds), margin and risk premiums.
- Our approach to the gradation of risk is not intended to discriminate between classes of borrowers but instead customize the interest rate to correspond with the loan amount. The decision to offer a loan, and the interest rate established are thus carefully assessed, and applied on a deal-by-deal basis and consideration of the associated level of risk.

- Besides market conditions, the interest rate offered is also based on the borrower's possibility of default, their past, present and projected cash flows, the borrower's credit record, the security of the loan as represented by underlying assets or other financial guarantees.
- This information is collated through information provided by the customer, credit reports and market intelligence. The additional charges (e.g. prepayment fees / late payment fees) may be applied during the life cycle of loan agreement.
- The rate of interest and approach for gradation of risks shall be available on company website and shall be updated periodically whenever there is change.

v. Grievance Redressal Mechanism

The Company has provided for the following three tier Grievance Redressal Mechanism to resolve any of its customers query / grievance. The below information shall also be displayed outside the branches / places where the business of the Company is transacted for the benefit of the customers.

Level 1:

The customer can directly approach the Branch Head and enter his/her complaint/grievance in the complaint register/Complaint Box maintained at the branch. On registering the complaint, the customer shall obtain complaint no and date for future reference.

Level 2:

If the Complaint is unresolved at the branch level within 15 days, the customer may approach the Grievance Redressal Officer as below:

Name of the Grievance Redressal Officer:	Mr. Vinay Patel
Address:	Office No. 301, 3rd Floor, Jet Prime, Plot No. 39-B, Suren Road, Andheri (E), Mumbai 400093
Tel:	022 71335021
Email Id:	gro@esselfinance.com

Level 3:

In case the borrower/customer do not receive any communication from the Grievance Redressal Officer or the borrower/customer is not satisfied with the resolution or the complaint remain unresolved by the Grievance Redressal Officer within a period of one month, the borrowers/customers may appeal to:

Officer In-charge
Department of Non-Banking Supervision,
Mumbai Regional Office,
Reserve Bank of India,
3rd Floor, Opp Mumbai Central Station,
Byculla, Mumbai- 400 008

IV. REVIEW

A consolidated report of periodical review with compliance with the Fair Practices Code and functioning of the grievances redressal mechanism at various levels of management shall be submitted to the Board of Directors (or a committee thereof) at regular intervals.