

Fair Practices Code

Pursuant to Reserve Bank of India guidelines on Fair Practices Code (FPC), vide its letter No. RBI/2011-12/470; DNBS.CC.PD.No.266/03.10.01/2011-12 dated 26 March 2012, Bharat Bhushan Finance & Commodity Brokers Ltd (the 'Company') has adhered to the FPC in its functioning, the key elements of which are as follows:

(I) Application for Loans and their Processing

- All communications with 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. The loan application form may also 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, the time frame within which the loan application will be disposed of would also be indicated in the acknowledgement.

(II) Approval - Loan appraisal and terms/conditions

- The Company shall convey in writing to the borrower (in vernacular language) by means of sanction letter or otherwise, the amount of loan sanctioned - along with the terms and conditions, including annualized rate of interest and method of application thereof.
- 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 disbursement of loans.
- Loan Agreement shall also mention in bold about the penal interest charged for late repayment.

(III) Disbursement of Loans including Changes in Terms and Conditions

- The Company shall give notice to its borrowers (in vernacular language) 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 effected 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 all 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 Provisions

- 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 undue harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. Company shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

(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.

(VI) Measures/ Regulations against Charging of Excessive Interest

- Board of Directors of the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- The Company will obey the guidelines with regard to transparency of terms & conditions of the loan as mentioned in the Fair Practices Code of the Company.

- The Company shall adopt interest rate model with the Board Approval by taking into account the relevant factors such as Cost of Funds, Margins, and Risk Premiums etc.
- Charging different rates of interest for different product shall be disclosed in the loan application form and loan sanction letter to the Borrower.

The Company shall put the above Fair Practices Code (FPC) outlined hereinabove on its web site for the information of various stakeholders. The Company shall also review the FPC, as may be required periodically - based on (if any) guidelines, to be issued by the RBI.