



HINDON MERCANTILE LIMITED

FAIR PRACTICE CODE

1. INTRODUCTION

Hindon Mercantile Limited , a Non-Banking Finance Non - Deposit Taking Company registered with Reserve Bank of India is presently in the business of providing different types of loans which includes Consumer Durable Loans, Personal Loans, Two-Wheeler loans, Three Wheeler loans, Loan against Property, etc., to its various customers. Such credit facilities are extended to different types of customers, which include Individuals, Partnership Firms, Companies and other Legal entities

The Fair Practice Code (FPC) has been formulated by HINDON MERCANTILE LIMITED (the Company) as per the RBI directives and it has been duly approved by the Board of Directors. The Fair Practice Code sets out the principles for fair practices/ standards while dealing with its customers.

The FPC will be applicable to all the offices of the Company and the Branches located across India. The FPC shall be binding on all the employees and officers of the Company.

2. OBJECTIVES

The objectives of the FPC are as under:-

- I. Adopt the best practices in dealings with customers.
- II. Set challenging benchmarks and strive to achieve high operating standards for ensuring customer satisfaction.
- III. Follow transparent, fair, ethical and legally tenable practices while conducting business.
- IV. Provide all necessary information and inputs to customers / prospective customers and promote a mutually beneficial long term relationship.
- V. Facilitate a continuously growing base of satisfied customers while scrupulously avoiding acquisition of customers having doubtful credentials or criminal background.

3. FAIR PRACTICES

I. Applications for loans and their processing

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (b) Loan application forms 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 can be made and informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the application form.

- (c) The Company will devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.

II. Loan appraisal and terms/conditions

- (a) The Company will duly 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 annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The Company will mention the penal interest charged for late repayment in bold in the loan agreement.
- (b) The company will furnish a copy of the loan agreement as understood by the borrower 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, so that borrowers will be fully aware of the terms and conditions of the loans including rate of interest at the time of sanction of loans.

III. Disbursement of loans including changes in terms and conditions

- a) The Company will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company will also ensure that changes in interest rates and charges 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 will release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim, we 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 are entitled to retain the securities till the relevant claim is settled/ paid.

IV. General

- a. The Company will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- b. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection if any, shall 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 will not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behaviour from the staff of some companies, the company will ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- d. As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, the company will not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

V. Grievance Redressal

The Board of Directors of the company will also lay down the appropriate grievance redresses mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' 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 redresses mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

Grievance Redressal Officer: At the operational level, the company will display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted:-

- a. the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.

Sh.Parveen Sabharwal

Vice President,

'Hindon Mercantile Limited'

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- b. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of the Bank (with complete contact details), under whose jurisdiction the registered office of the applicable NBFC falls.

VI. Posting on Website

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove shall be put in place by the company having customer interface with the approval of their Boards. The Company will in no way sacrificing the spirit underlying the above guidelines. The same shall be put up on their web-site, if any, for the information of various stakeholders.

VII. Regulation of excessive interest charged

- a) The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- c) The rate of interest shall be annualised rate so that the borrower is aware of the exact

rates that would be charged to the account.

VIII. Principles And Procedures In Determining Interest Rates

Boards of the Company will lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

IX. Repossession of vehicles financed

- a. The Company shall include a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:
 - i. notice period before taking possession;
 - ii. circumstances under which the notice period can be waived;
 - iii. the procedure for taking possession of the security;
 - iv. a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
 - v. the procedure for giving repossession to the borrower; and
 - vi. the procedure for sale / auction of the property.
- b. A copy of such terms and conditions will be made available to the borrower. The Company will invariably 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, which forms a key component of such contracts/loan agreements.

X. Lending against collateral of gold jewellery

In addition to the general guidelines as above, the Company shall, while lending to individuals against gold jewellery, follow the policy, duly approved by the Board of Directors, containing, inter-alia, the following:-

- a) Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- b) Proper assaying procedure for the jewellery received,

- c) Internal systems to satisfy ownership of the gold jewellery,
- d) Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery,
- e) The jewellery accepted as collateral shall be appropriately insured,
- f) Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower.
- g) There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities.
- h) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper,
- i) As a policy, the company will not participate in the auctions held,
- j) Gold pledged shall be auctioned only through auctioneers approved by the Board,
- k) The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- l) The loan agreement shall also disclose details regarding auction procedure.

XI. Review of Fair Practice Code

The Director(s) shall be authorized to review and approve any modifications to the Fair Practice Code from time to time.

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