

# Fair Practices Code

Pursuant to Reserve Bank of India (RBI)'s Circular No.DNBS.CC.PD.No.320/03.10.01/2012-13 Date 18th February 2013 issued to Non-Banking Financial Companies (NBFCs) the Board of Directors have adopted a Fair Practices Code.

The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular.

## **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) Borrowers who have evinced interest in availing the loan from Ushakiran Finance Limited (hereinafter called "UFL") should fill up the loan application form which contains the necessary information which affects the interest of the borrower and documents required to be submitted with the application form, complete in all aspects and submit the same to UFL's Registered Office.

(c) The application so received will be acknowledged by UFL on submission duly mentioning the time frame within which the loan application will be disposed. UFL shall consider all the documents submitted and the information provided, assess the creditworthiness of the Borrower and evaluate the proposal at its sole discretion and application will be disposed of within 15 working days from the date of receipt of all requisite documents/information and if no communication is received by the Borrower, the loan application is deemed to have been rejected and UFL shall not send any communication for rejected cases..

## **ii) Loan Appraisal and Terms / Conditions:**

The sanction letter in the vernacular language or the language understood by the Borrowers would convey the following :

- Amount Financed
- The annualized rate of interest
- Details of security to be offered
- Loan repayment period and schedule
- Penal interest or delayed payment charges (in case of delay in payments of installments/interest beyond due dates) will be mentioned in BOLD letters
- Documents to be executed by the Borrower and guarantor and co-borrower for disbursement of loan

- Legal and Loan processing charges

The Borrower and Guarantor's to return to UFL a copy of the sanction letter duly acknowledged by them as a token of acceptance to the terms and conditions of sanction.

Loan agreement provides a clause for the delayed payment charges / fees and the same is in BOLD letters.

The Borrower will be furnished with a copy of the loan agreement executed along with a copy of all enclosures quoted in the loan agreement upon disbursement of loan.

### **iii) Disbursement of Loans, including changes in terms & conditions:**

(a) Any change in terms and conditions like change in disbursement schedule, interest rate, tenure, all service charges, prepayment charges would be communicated to the borrower in writing in the vernacular language or the language understood by the Borrowers..

(b) The said changes in the interest rate and charges would be with prospective effect.

(c) Any decision to recall/accelerate payment would be communicated to the borrower in writing as per the terms of the Loan Agreement.

(d) UFL would 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 UFL may be having against the said borrower. In case such right of set off is to be exercised, UFL shall give notice to the borrower about the same with full particulars about the remaining claims and the conditions under which UFL is entitled to retain the securities till the relevant claim is settled/paid.

### **iv) General:**

(a) UFL would refrain from interference in the affairs of the Borrower except for the purposes provided in the terms and conditions of the Loan Agreement and unless new information, not disclosed by the Borrower earlier, has come to the notice of UFL.

(b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of UFL, 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) UFL have an exclusive recovery team who are specialized in handling collection activity in a professional manner by adopting a due legal process as per the law of the land. Since it is a

specialized function, the quality is addressed at the recruitment level itself. UFL will ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

(d) In the matter of recovery of Loans, UFL would not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.

## **Grievance Redressal Mechanism**

In case of any complaint / grievance, the Borrower can make his complaint to the Grievance Redressal Officer of UFL, MR. T. RAMESH BABU, through any of the following modes:

**Email :** [ushakiran.rameshbabu@gmail.com](mailto:ushakiran.rameshbabu@gmail.com)

**Mobile No :** 9603514755

**Phone No :** 040-23201073

**Borrower Walk-in at Registered Office**

The next Grievance Redressal Authority will be Smt. Sanjana Jain, Compliance Officer, of UFL:

**Email Id :** [ushakiranfinance@yahoo.co.in](mailto:ushakiranfinance@yahoo.co.in)

**Mobile No :** 9347368949

**Phone No :** 040-23204480

These complaints will be received by Grievance Redressal Officer at our Registered Office in Hyderabad. The Grievance Redressal Officer / Authority would take all necessary steps to redress and resolve the grievance / dispute, preferably within a maximum period of 30 days.

UFL shall not only ensure that all the complaints received are recorded and resolved, but also ensure effective monitoring / escalation mechanism to the senior levels responsible so as to ensure that none of the complaints remain unsolved. Board will review the complaints and their resolution every quarter in its Board Meeting.

## **vi ) Display**

**The General Manager**

**Department of Non-Banking Supervision (DNBS)**

**Reserve Bank of India**

**Secretariat Road, Saifabad**

**Hyderabad – 500 004**

**Phone No : 040-23241270**

**Fax No : 040-23232628**

**Email : dnbsyderabad@rbi.org.in,helpdnbs@rbi.org.in**

## **(vii) Complaints about excessive interest charged by NBFCs**

UFL charges interest only as per the terms of the contract. The terms of the contract are clearly mentioned in the sanction letter as well as the loan agreement and any delay in payment of installments/interest as per the repayment schedule will attract penal interest as mentioned in the sanction letter and Loan Agreement. This rate of penal interest is fixed to act as a deterrent to the Borrower in delaying the payment of the installment/interest.

## **viii) Regulation of excessive interest rates charges by NBFCs**

### **– Rate of interest**

UFL intimates the borrower, the loan amount and rate of interest at the time of sanction of the loan.

### **– Approach for graduation of risk**

The rate of interest is arrived at based on the weighted average cost of funds, administrative costs, risk premium and profit margin.

The decision to give a loan and the interest rate applicable to each loan account is 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 Loan etc. Such information is collated based on borrower inputs and field inspection by UFL officials.

The rate of interest shall be annualized rates so that the borrower is aware of the exact rate that would be charged.