

## **FAIR PRACTICES CODE**

### **Introduction:**

The Reserve Bank of India (RBI) has provided guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) through Circular no. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015. This code sets standards for fair business and corporate practices when dealing with customers. Lok Suvidha Finance Limited ("the Company") is committed to adhering to these guidelines and seeks to update its Fair Practices Code accordingly.

### **Purpose:**

The purpose of this code is to:

- Promote good, fair, and trustworthy practices in customer dealings.
- Ensure transparency in the Company's interactions with customers.
- Comply with legal norms regarding the recovery of advances.
- Provide customers with a clear understanding of the services offered.
- Adapt to market forces through competition and enhance operating standards.
- Strengthen mechanisms for addressing customer grievances.

### **Applications for Loans and their Processing:**

- All communications with borrowers will be in English or a language understood by them.
- Loan application forms will provide necessary information for informed decision-making.
- Additional documents/information required from customers will be promptly communicated.
- Acknowledgment of loan applications will specify the timeframe for processing.

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

- Loan approval details, including terms and conditions and interest rates, will be communicated in writing to borrowers.
- Penalties for late repayment or defaults will be clearly mentioned in loan agreements.
- Borrowers will receive copies of the loan agreement and relevant enclosures at the time of disbursement.

### **Disbursement of Loans and Changes in Terms and Conditions:**

- Loans will be disbursed upon completion of necessary documentation and formalities.
- Any changes in terms and conditions will be communicated to borrowers in their preferred language.
- Decisions regarding loan recall or acceleration will align with the loan agreement.
- Securities will be released upon full repayment or realization of outstanding amounts, with notice to the borrower if any claim is pending.

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

- The Board or its Committee will establish an effective grievance redressal mechanism.
- Periodic reviews of compliance with the Fair Practices Code and grievance redressal mechanism will be conducted, with reports submitted to the Board.

### **Grievance Redressal:**

- The Company aims to improve service quality and address customer complaints promptly.
- Complaints will be logged at the nearest branch, with designated executives as the first point of contact.
- Escalation procedures will be followed for unresolved complaints, ensuring timely resolution.

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

- Interest rates will be determined based on internal principles and procedures, considering factors like cost of funds, administrative costs, and risk.
- The interest rates will be communicated to the customer prior disbursement.
- Loan decisions and interest rates will be assessed case by case, considering various parameters.

### **Confidentiality:**

- Customer information will be treated as confidential unless authorized or required by law.
- Transaction details will only be disclosed under specific circumstances, such as regulatory requirements or fraud prevention.

### **Posting on Website:**

- The Fair Practices Code will be posted on the Company's website for stakeholders' information, preferably in a language understood by borrowers.

### **General:**

- The Company will refrain from undue interference in Borrowers' affairs.
- Requests for loan account transfers will be processed promptly, with transparent contractual terms.
- Harassment during loan recovery will be avoided, and staff will be trained to interact appropriately with customers.