

FAIR PRACTICE CODE POLICY

April 2018

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. JM Financial Products Ltd. (“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.

Based on the current business of the Company, the Fair Practices Code shall apply to all the products and services offered by the Company having customer interface.

(Commitments made in the FPC are applicable under normal operating environment).

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 of 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 in a quick and efficient manner and to the satisfaction of the customers;
 - iii. Promptly handle Borrower’s 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, if any, in terms and conditions
- iv. Post disbursement supervision/monitoring
- v. Other general provisions

i. Loan applications and processing thereof

- Loan Application Forms will be made available to the prospective borrowers on request.
- Loan documentation kit 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 analyzing 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.
- Loan Application Form shall provide for giving an acknowledgement to the borrowers acknowledging receipt of the same.
- All the loan applications shall be disposed of within a period of 90 days from the date of receipt of duly completed Loan Application Forms together with the requisite documents and subject to receipt of all documents complying with prevailing rules and regulations by the borrower.
- 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, Welcome Letter or Schedule of Terms, Term Sheet or any other document by whatever name called. 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 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 interest rate / Penal interest rate shall be mentioned in bold in the loan agreement.

- In case of lending under consortium arrangement, the participating NBFC/banks would decide the timeframe to complete appraisal of the proposal and communication of the decision. The Company will abide by the decision of the consortium.

iii. Disbursement of loans including changes in terms and conditions

- Disbursement of loans sanctioned may be made available to the borrowers as per agreed terms and/or on demand subject to completion of all formalities including execution of loan documents.
- Any change in the terms and conditions, disbursement schedule, interest rate, service charges, prepayment charges, etc. shall be notified to the borrowers in writing.
- Change in the interest rates and service charges shall be made applicable prospectively. The loan agreement shall contain a specific clause in this regard.

iv. Post Disbursement Supervision

- 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 Company shall give reasonable time to the borrowers before recall the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the Loan Agreement and other related documents.
- 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. However, in cases where the borrower has availed facility allowing him to borrow/draw monies within the overall amount sanctioned as and when needed by him, the collateral may be retained by the Company for operational convenience and also to protect interest of its associates/group company/ies from potential default by the borrowers with them.

v. Other 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).
- The Company shall generally convey its consent within a reasonable period of time to all requests from the borrower to transfer the loan account of a particular borrower to other NBFC, bank or financial institution. 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.
- The Company shall not discriminate on the grounds of gender, caste or religion in its lending policy and activities.

- In the case of recovery of loans, the Company 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 provide the terms and conditions in respect of its lending activities or services whenever the borrower requests for the same.
- On request from borrower for closure of his loan account, the request will be executed within 21 days from receipt thereof request subject to clearance of pending dues and completion of all the formalities as prescribed by the Company. In case the request cannot be executed in the time frame stated above due to any reason, the same may be communicated to the borrower.
- There shall not be any foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

IV. CONFIDENTIALITY

- Unless authorized by the borrower, the Company will treat all his personal information as private and confidential.
- The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:
 - i. If the Company is required to provide the information to any statutory or regulatory body or bodies;
 - ii. If arising out of a public duty to reveal the information;
 - iii. If it is in the interest of the borrowers to provide such information (e.g. fraud prevention);
 - iv. If the borrower has authorized the Company to provide such information to its group / associate / entities or companies or any such person/ entity as specifically agreed upon;
 - v. If the borrower defaults to meets its obligation towards the Company.

V. COMPLAINTS

In case of any complaint/grievances of the borrowers including complaints pertains to services provided by the outsourced agency/ies or service provider, same shall be intimated by them in writing to the Grievance Redressal Officer and shall be redressed promptly without involving delay. The Grievance Redressal Officer shall immediately make all efforts to redress the grievances. The concerned employee of the branch shall guide the respective borrower who wish to lodge a complaint.

VI. GRIEVANCE REDRESSAL MECHANISM

The Company has provided for three tier Grievance Redressal Mechanism to resolve any of its customers query / grievance.

Level 1:

The customer may register his/her query/ complaint to the Grievance Redressal Officer (“GRO”) in connection with any matter pertaining to business practices, lending decisions, credit management, recovery and complaints relating to updation/alteration of credit information. The details of the Grievance Redressal Officer are given as follows:

Name of the Grievance Redressal Officer:	Mr. Bharat Bharakhada
Address:	1st & 2nd Floor, B Wing, Suashish IT Park, Plot No. 68 E, Off. Dattapada Road, Opp. Tata Steel, Borivali (East), Mumbai 400 066.
Tel:	<u>022- 45057000</u>
E-mail ID:	<u>grievance.nbfc@jmfl.com</u>

Level 2:

If the complaint is not resolved within 21 days, the customer shall complaint to the Chairman of the Company at his following email id: vp.shetty@jmfl.com.

Level 3:

If the complaint / dispute is not redressed within a period of one month from date of its receipt, the customer may appeal to:

Deputy General Manager,
Department of Non-Banking Supervision, (MRO)
Reserve Bank of India,
3rd Floor, RBI Building,
Opp: Mumbai Central Railway Station,
Near Maratha Mandir, Byculla Mumbai - 400008,
Tel No.: 022- 23084121/23028436

Points to complied along with the redressal process thereof:

- The above information shall also be displayed on the Company website, outside the premises of branches / places where the business of the Company is transacted for the benefit of the customers.
- In case of complaints received, the concerned Relationship Manager would report the matter with full details within 2 days from date of receipt, to GRO.
- The GRO of the Company shall take all necessary steps to redress and resolve the grievance, and will ensure suitable response to be provided as soon as possible and in any case not later than a maximum period of 15 days. If the complaint received from the customer is in respect of updation/alteration of credit information, the same shall be responded with 7 working days.

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- Any unresolved / not replied grievance shall be escalated to the Company Secretary / Compliance Officer of the Company /Nodal Officer, who shall take all necessary steps to redress and resolve the grievance, and will send a response as soon as possible and in any case not later than a maximum period of 7 days of its receipt from the GRO.
 - If the unresolved / not replied grievance is not resolved by the Company Secretary / Compliance Officer/Nodal Officer within 21 days of its original receipt, the same shall be escalated to the Chairman of the Company.
 - The Status Report on all complaints shall be placed before the Board of Directors for their review on a quarterly basis by the Company Secretary / Compliance Officer.

VII. FORCE MAJEURE

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfill the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

In order to enhance the value and relevance to the borrowers, this code shall be under review from time to time.