

Reserve Bank of India (RBI) vide its Circular No. DNBS(PD)CC No. 80/03.10.042/2005-06 dated September 28, 2006 had advised all Non-Banking Financial Companies (NBFCs) to frame a Fair Practices Code.

Reserve Bank of India vide its Circulars no. RBI/2011-12/470 DNBS.CC.PD No. 266/03.10.01/2011-12 dated March 26, 2012 and RBI/2012-13/416 DNBS.CC.PD.No. 320/03.10.01/2012-13 dated February 18,2013 has issued revised guidelines on Fair Practices Code (FPC) applicable to all NBFCs.

Reserve Bank of India vide its Circulars no. DNBS(PD)CC.48 dated 21st February, 2005 and DNBS(PD)CC.68/03.10.04/2005-06 dated 5th April, 2006 etc. has issued guidelines on `Know Your Customer` (KYC) policy & `Anti-Money Laundering` (AML) measures to be framed by all NBFCs.

Accordingly following is the Fair Practices Code of Stanrose Mafatlal Investments and Finance Limited as framed and approved by the Board of Directors at their Meeting held on 22nd May,2013, in terms of the guidelines issued by RBI in this regard.

FAIR PRACTICES CODE

FOR

LENDING BUSINESS, KYC POLICY AND AML MEASURES

The Board of Directors (“the Board”) of Stanrose Mafatlal Investments and Finance Limited. (“the Company”) adopts the following Fair Practices Code as required by Reserve Bank of India vide its Circulars No. DNBS (PD) CC No. 80/03.10.042/2005-06 dated September 28, 2006, RBI/2011-12/470 DNBS.CC.PD No. 266/03.10.01/2011-12 dated March 26, 2012 and RBI/2012-13/416 DNBS.CC.PD.No. 320/03.10.01/2012-13 dated February 18,2013 for lending business and Circulars no. DNBS(PD)CC.48 dated 21st February, 2005 and DNBS(PD)CC.68/03.10.04/2005-06 dated 5th April, 2006 etc. on `Know Your Customer` (KYC) policy & `Anti-Money Laundering` (AML) measures.

- (i) **Applications for loans and their processing**
 - (a) The Loan application forms should include necessary information which would affect the interest of the borrower and also list out the documents required to be submitted alongwith the application form.
 - (b) The Company shall acknowledge the receipt of the loan applications by affixing the Company stamp and date.

(ii) Loan appraisal and terms/conditions

The Company shall issue to the borrower, a sanction letter giving details of the amount of loan sanctioned, annualized rate of interest and other terms and conditions including penal interest for late repayment etc.

The Company shall also keep the acceptance of these terms and conditions by the borrowers on its record.

(iii) Disbursement of loans including changes in terms and conditions

(a) The Company shall give notice to the borrower for any change in the terms and conditions of the loan including disbursement schedule, interest rates, service charges and prepayment charges, etc. The Company shall ensure that changes in interest rate and charges are effected only prospectively. The loan agreement shall stipulate a condition in this regard.

(b) The decision of the Company to recall/accelerate payment or performance under the agreement should be in consonance with the loan agreement.

(c) The Company shall release all securities upon 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 the borrower.

The Company shall give notice to the borrower for any such right of set off to be exercised 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

(a) The Company shall refrain from interference in the affairs of the borrower except for the purposes provided 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).

(b) The Company shall convey its consent or otherwise i.e. objection to the borrower within 21 days of the request for transfer of his borrowal account.

(c) The Company shall not resort to undue harassment viz. persistently bothering the borrower at odd hours, use muscle power for the recovery of loans.

(v) Redressal of Grievances

Shri Bharat N. Dave, Financial Advisor shall act as Grievance Redressal Officer to redress the grievances of the borrower pertaining to any dispute arising out of non-fulfillment of loan obligations or any other purpose. The Board of Directors shall redress the grievances unsolved by Shri Bharat N. Dave, Financial Advisor.

The Board of Directors shall also periodically review the compliance of Fair Practices Code and the functioning of the grievance redressal at different levels of management.

As and when the Company decides to grant loans and advances for vehicle financing or otherwise as its business activities, and/or borrow moneys by way of public deposits, etc, the Company's FPC would stand amended as under:

1. Public Notice/Display of the Details of Grievance Redressal Officer of the Company & Officer- in-Charge of RO of DNBS of RBI:

The Company shall prominently display the following information at its Branches/Places where the business is transacted:

- The Name and Contact details(Telephone/Mobile Nos. as also E-mail address) of Grievance Redressal Officer who can be approached by the borrower for resolution of complaint against it.
- Complete contact details of the Officer-in-Charge of the Regional Office of DNBS of RBI under whose jurisdiction the registered office of the Company falls and to whom the customer may appeal if the Complaint/Dispute is not redressed within a period of One month.

2. Use of vernacular language:

With regard to application for loans, loan appraisal, loan agreements, notice to borrowers, posting on website, etc. all communications to the borrower shall be in the vernacular language or in a language as understood by the borrower.

3. Training to avoid rude behavior:

In the matter of recovery of loans, to avoid rude behavior from the staff of the Company, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

4. Regulation of excessive rate of interest:

The Board of Directors of the Company shall make appropriate guidelines for determining interest rates which are not excessive.

5. Repossession of vehicles financed:

The Company shall make appropriate guidelines regarding re-possession of vehicle financed.

6. Policy on 'Know Your Customer' (KYC) and Anti-Money Laundering (AML) measures:

The Board of Directors of the Company shall formulate appropriate policies on 'Know Your Customer' (KYC) & 'Anti-Money Laundering' (AML) measures, as directed by Reserve Bank of India, Prohibition of Money Laundering Act, 2002 and Rules framed thereunder, to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities, etc. KYC procedures shall also enable the Company to know and understand its Customers and its financial dealings better which in turn will help in managing its risks prudently.

Till the Board formulates its own KYC Policy and AML measures, the Company shall follow the guidelines directed by RBI through its periodical circulars and the provisions of the law as aforesaid.