

BAJAJ FINSERV LIMITED

Fair Practice Code

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

Accordingly, following is the Fair Practices Code of Bajaj Finserv Limited as framed & approved by its Board of Directors at their Meeting held on January 15, 2009 in terms of the Guidelines issued by the RBI in this regard.

(i) Applications for loans and their processing

(a) The 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.

(b) The Company shall devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

(ii) Loan appraisal and terms/conditions

The Company shall convey in writing to 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.

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

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

(b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

(c) The Company shall 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 the Company may have against the 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 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 lender).

(b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, 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 shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

(d) The grievance redressal mechanism in the Company comprising the Managing Director & Chief Financial Officer shall resolve disputes arising in this regard.

(e) There shall be a periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism by the Management. A consolidated report of such reviews shall be submitted to the Board at regular intervals.

[An Amendment to the Circular on Fair Practices Code](#)

Pursuant to Reserve Bank of India (RBI) Circular No. DNBS(PD)CC No.80/03.10.042/ 2005-06 dated September 28, 2006, the company had framed the Fair Practices Code, which was approved by its Board of Directors at its Meeting held on January 15, 2009.

RBI vide its Circular no. DNBS.CC.PD.No.266/03.10.01/2011-12 dated 26 March 2012, has issued revised guidelines on Fair Practices Code (FPC) applicable for all NBFCs.

Pursuant to the said Circular, **if and when the Company decides to take up grant of loans and advances for vehicle financing or otherwise as a business activity**, the company's Fair Practices Code would stand amended as under:-

(i) 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.

(ii) 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 are adequately trained to deal with the customers in an appropriate manner.

(iii) Regulation of excessive rate of interest

As approved by the board at its meeting held on 12 January 2010, the company shall make appropriate guidelines for determining interest rates which are not excessive

(iv) Repossession of vehicles financed

The company shall make appropriate guidelines regarding repossession of vehicles financed.

The amendment takes effect from the day of this Circular.