DUGAR FINANCE & INVESTMENTS LTD
FAIR PRACTICE CODE

BACKGROUND

In accordance with circular no. DNBS.CC.PD.No.320/03.10.01/2012-13 dated 18th February, 2013 regarding guidelines on Fair Practice Code for NBFCs and for adoption of reviewed policy , the Board of Directors at it's Meeting held on 18-02-2022 approved the Fair Practice Code and also amended the same from time to time.

(i) **Applications for loans and their processing**

(a) The Company shall make it's best to communicate with the borrower in the Vernacular language or a language as understood by the borrower.

(b) Loan application Form 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 an be made and informed decision can be taken by the borrower. The loan application form may indicate the documents, like identity proof, income proof, residential proof, required to be submitted with the application form.

(c) The Company shall give acknowledgement for receipt of all loan applications.
Loan applications will be disposed of within 7 days of complete application.

(ii) Loan appraisal and terms / conditions

The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on it's record. The Company shall mention the penal interest charged for late payment in bold in the loan agreement. The Company shall furnish copy of the loan agreement along with copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction or disbursement of loans.

(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 disbursements schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and changes are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

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

(c) The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of the loan subject to any legitimate right or lien for any other claim the Company may have against 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 borrower account, the consent or otherwise i.e. objection of the Company, if any , should 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 borrower at odd hours, use of muscle power for recovery of loans, etc. It shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

(v) Regulation of excessive interest charged

(a) The company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.

(b) Pursuant to notification no. DNBS.204/CGM (ASR)-2009 dated 2 January 2009 in respect to regulation of excessive interest charged by NBFCs, the company has adopted an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances. The rate of interest to be charged depends upon the gradation of the risk of the borrower, viz, the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower, etc.

(vi) Grievance Redressal Mechanism:

(a) All grievances shall be heard and disposed off by a person at least one level higher to the person / designation against / relating to whom the grievance is made. After examining the matter, it will be our endeavor to provide the borrower/applicant with our final or other response, within a period of one month from receipt of such complaint / grievance.
(b) In case of any complaint/grievance, the applicant/borrowers may contact through any of the following channels:

Grievance Redressal Officer
Name: Gopinath
E-mail: dugar@dugar.co.in
Telephone: +91 9551067021

For the benefit of our customers, the above information on "grievances" be displayed at our branches / places where business is transacted. *In addition, drop box facility may be kept at all branches to enable complaint letters to be physically lodged by the customers; a mechanism for maintaining log book for the same may be implemented.

(vii) Gradation of Risk:

The rate of interest specified for each loan is at monthly rests, with the corresponding annualized rate being arrived at through Dugar Finance & Investments' interest rate model which takes into account relevant factors such as cost of funds, margin and risk premium. We take a comprehensive approach to the gradation of risk that does not discriminate between borrowers in the same class, but rather tailors the interest rate to each loan. The decision to give a loan and the rate of interest thereon are carefully assessed on a case by case basis based on multiple factors which may include the borrower's cash flows (past, current and projected), borrower's other financial commitments, the borrower's credit record, the security for the loan as represented by underlying assets or other financial guarantees etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection.

(viii) Re-possession of Vehicle:

The Company shall disclose re-possession clause in the loan agreement with the borrower which must be legally enforceable. It must form a key component of the loan agreement. To ensure transparency, the terms and conditions of the loan agreement shall contain the following:
(a) Notice period before taking possession.
(b) Circumstances under which the notice period can be waived.
(c) The procedure of taking possession of security.
(d) A provision regarding final chance to be given to the borrower for repayment of loan before sale of the vehicle.
(e) The procedure for giving repossession to the borrower
(f) The procedure for sale of the vehicle.

(ix) Review of Fair Practice Code:

Compliance with respect to all aspects of the Fair Practice Code shall be reviewed by the Board annually.