

FAIR PRACTICE CODE

JUMBO FINVEST INDIA LIMITED

H.O. TILAK NAGAR, JAIPUR

1. Introduction

This is in reference to RBI Master Direction DNBR.PD.007/03.10.119/2016-17 dated 1st September, 2016 & updated from time to time. Fair Practices Code 2018, as mentioned herein below, is as per Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Master Direction. This sets minimum Fair Practice standards for the Company to follow when dealing with its existing or prospective customers. It provides information to customers and explains how the Company is expected to deal with them on a day to day basis.

JUMBO FINVEST (India) Limited (herein after referred as JFIL) has put in place following best practices and implemented a “**Fair Practice Code**”. The code is applicable on all the services rendered by JFIL from all its operating/ service locations covering its every single establishment. The officials and authorized signatories of the JFIL are required to meticulously follow the code, irrespective of the place and location as well as the medium through which they render services. JFIL has adopted a revised Fair Practices Code and will implement this Code in our organization which has been duly approved by the Board of Directors of our Company.

Applications for loans and their processing

- (1) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (2) 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.
- (3) JFIL will devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

Loan appraisal and terms/conditions: JFIL will convey in writing to the borrower in the vernacular language as understood by 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 our record. As complaints received against NBFCs generally pertain to charging of high interest / penal interest (not in our case), JFIL will mention the penal interest charged for late repayment in bold in the loan agreement.

Borrowers may not be fully aware of the terms and conditions of the loans including rate of interest at the time of sanction of loans, either because some NBFCs does not provide details of the same or the borrower has no time to look into detailed agreement. Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the NBFC and the borrower

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with regard to the terms and conditions. JFIL will furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

Disbursement of loans including changes in terms and conditions

(1) JFIL will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. JFIL will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.

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

(3) JFIL will 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 we 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 JFIL is entitled to retain the securities till the relevant claim is settled/ paid.

General

(1) JFIL will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).

(2) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection 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.

(3) In the matter of recovery of loans, JFIL will not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behaviour from the staff of some companies, JFIL will ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

(4) As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, JFIL will not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

Responsibility of Board of Directors

The Board of Directors of JFIL will also lay down the appropriate grievance redresses mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redresses mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

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Grievance Redressal Officer: At the operational level, JFIL will display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted:

- (1) the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.

Shri Siddharth Ajay Singh
Whloe Time Director,
Jumbo Finvest India Ltd.
Corp Office, 102, Kanchan Apartment,
Tilak Nagar, JAIPUR 302004 (RAJ)
Phone: 0141-4047438

- (2) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of the Bank (with complete contact details), under whose jurisdiction the registered office of the applicable NBFC falls.

Language and mode of communicating Fair Practice Code

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove shall be put in place by JFIL having customer interface with the approval of their Boards. JFIL will in no way sacrificing the spirit underlying the above guidelines. The same shall be put up on their web-site, if any, for the information of various stakeholders.

Regulation of excessive interest charged by applicable NBFC

(1) The Board of JFIL will adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

(2) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

(3) The rate of interest may be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Complaints about excessive interest charged

The RBI has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by some NBFCs. Though interest rates are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice. Boards of JFIL will lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

Repossession of vehicles financed by applicable NBFCs

(1) JFIL will have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:

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- (i) notice period before taking possession;
 - (ii) circumstances under which the notice period can be waived;
 - (iii) the procedure for taking possession of the security;
 - (iv) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
 - (v) the procedure for giving repossession to the borrower; and
 - (vi) the procedure for sale / auction of the property.
- (2) A copy of such terms and conditions will be made available to the borrower. JFIL will invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which forms a key component of such contracts/loan agreements.

Lending against collateral of gold jewellery

While lending to individuals against collateral of gold jewellery, JFIL will adopt the following in addition to the general guidelines as above.

- (i) JFIL has put in place Board approved policy for lending against gold that shall inter alia, cover the following:
 - (a) Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
 - (b) Proper assaying procedure for the jewellery received,
 - (c) Internal systems to satisfy ownership of the gold jewellery,
 - (d) Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery,
 - (e) The jewellery accepted as collateral shall be appropriately insured,
 - (f) Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities.
 - (g) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper,
 - (h) As a policy, JFIL will not participate in the auctions held,
 - (i) Gold pledged shall be auctioned only through auctioneers approved by the Board,
 - (j) The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- (ii) The loan agreement shall also disclose details regarding auction procedure.
- (iii) Other Instructions
 - (a) JFIL financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above Rs. 3 lakhs.
 - (b) High value loans of Rs. one lakh and above must only be disbursed by cheque.
 - (c) Documentation across all branches must be standardized.
 - (d) JFIL will not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.