

Fair Practices Code

With a view to institute fairness, transparency and healthy practice in rendering the lending business the Company has adopted and put in place the following updated Fair Practice Code in accordance with the Reserve Bank of India circular no.DNBS.CC.PD.No.266 /03.10.01/2011-12 dated March 26, 2012 and DNBS (PD) CC No. 286/03.10.042/2012-13 dated July 02, 2012. The said is updated as per the circular No. RBI / 2012-13/416 dated 18th February, 2013.

Objectives:

- To promote good and fair practices by setting minimum standards in dealing with customers;
- To increase transparency and to make the customer understand the services clearly ;
- To encourage market forces, through competition, to achieve higher operating standards;
- To promote a fair and cordial relationship between customer and the Company;

Application of the code:

This code shall apply to the Company and all employees of the Company and other persons who are authorized on behalf of the Company to represent it in the course of its business, whether the products and services are provided across the counter, over the phone, by post, by email, through interactive electronic device, on the internet or by any other mode.

In pursuance of the directions issued by Reserve Bank of India for Non-Banking Financial Companies (NBFCs), the Company, has adopted the following code for fair practices while dealing with customers. The Fair Practice Code (FPC) covers the following areas:

1. Applications for loans and their processing:

- Loan application forms of the Company will include necessary information which are likely to affect the interests of the prospective borrower, so that a meaningful comparison with the terms and conditions offered by other Non Banking Finance Companies can be made and an informed decision taken by the prospective borrower.
- The loan application form shall indicate the documents required to be submitted along with the application form.
- The Company shall provide to the prospective borrower an acknowledgement for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be mentioned in such acknowledgement.
- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

2. Loan appraisal and terms/conditions:

- NFCL shall convey in writing to the borrower in the vernacular language or a 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 annualized rate of interest and method of application thereof and keeps the acceptance of these terms and conditions by the borrower on its record. As complaints received against NBFCs generally pertain to charging of high interest / penal interest, NFCL shall mention the penal interest charged for late repayment in bold in the loan agreement.
- NFCL shall furnish a copy of the loan agreement preferably in the vernacular language or a language 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.

3. Disbursement of loans, including changes in terms and conditions:

- The Company shall 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. The Company shall ensure that changes in interest rates and other charges are affected only prospectively. The loan agreement shall contain a specific clause to this effect.
- The decision of the Company to recall / accelerate payment or performance shall be in consonance with the loan agreement.
- The Company shall release all securities upon repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim it will have against borrower. In case such right of set off is to be exercised, the borrower shall be given due notice with full particulars about the outstanding claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

4. General provisions:

- NFCL shall not interfere 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 deliberately or otherwise by the borrower, has come to its notice.
- In case of receipt of request from the borrower for transfer of a borrower account to other NBFC, bank of financial institution, the consent or objection of the NBFC shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be in accordance with the transparent contractual terms entered into with the borrower and in consonance with the statutes, rules, regulations and guidelines as will be applicable from time to time.
- In the matter of recovery of loans NFCL shall resort only to remedies which are legally and legitimately available to it and will avoid using recovery measures during odd hours of the day, undue harassment, and use of muscle power for recovery of loans. **As complaints from customers also include rude behavior from the staff of the companies, NFCL shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.**

- There shall be no discrimination in extending products and facilities including loan facilities to the physically / visually challenged applicants on grounds of disability (Ref: RBI Circular No.DNBS.CC. PD. No. 191/03.10.01/2010-11 dated July 27, 2010).

5. Responsibilities of Board of Directors for Investor Grievance Redressal

NFCL Board of Directors shall also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. 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 redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it

6. Grievance Redressal Officer Details:

In case of any complaint/ grievance, the applicant / borrowers may contact the NFCL:-

Name : **Sunny Maria**
Contact No : 0161- 2449890
E-mail : northlink86mall@gmail.com
Visit us at : www.northlink.co.in
Address : 86, Mall Road,
Civil Lines
Ludhiana – 141001.
Punjab

If the complaints/dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Reserve Bank of India under whose jurisdiction our company is registered:

Address : **Reserve Bank of India**
Department of Non Banking Supervision,
Central Vista, Sector 17,
Chandigarh-160017
Contact No : 0172-2715282

The same information is also displayed at our branches and places of business.

7. Regulation of excessive interest charged by NBFC:

- The Board shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc 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.

- The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the NFCL or published in the relevant newspapers and should be updated whenever there is a change in the rates of interest.
- The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

8. Complaints about excessive interest charged by NBFC:

- 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. NFCL shall 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.

9. Lending against collateral of gold jewellery

While lending to individuals against gold jewellery, NFCL shall adopt the following in addition to the general guidelines as above:

i. The Board has approved following policy with regards to lending against gold to individuals as following

- 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.
- Proper assaying procedure for the jewellery received.
- Internal systems to satisfy ownership of the gold jewellery.
- There shall be 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. As a policy, loans against the collateral of gold should not be extended by branches that do not have appropriate facility for storage of the jewellery.
- The jewellery accepted as collateral should be appropriately insured.
- The auction shall be announced to the public by issue of advertisements in at least 2 newspapers, one in vernacular language and another in national daily newspaper.
- As a policy the NBFCs themselves shall not participate in the auctions held.
- Gold pledged will be auctioned only through auctioneers approved by the Board.
- 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.

The Company will abide by all guidelines, directives, instructions and advices of Reserve Bank of India as may be in force from time to time. The contents in this document shall be read in conjunction with these guidelines, directives, instructions and advices. The Company will apply better practice so long as such practice does not conflict with or violate Reserve Bank of India regulations.

Applicability:

This code shall be effective immediately. The Company shall provide for periodical review of the compliance of this Fair Practice Code and the functioning of the grievance redressal mechanism at various levels of management.