BORODRILL COMMERCIAL COMPANY PRIVATE LIMITED

FAIR PRACTICE CODE

INTRODUCTION

Borodrill Commercial Company Private Limited is a Non-Deposit Taking Non-Banking Financial Company registered with the Reserve Bank of India, primarily engaged in the investment activities and providing financial assistance.

The Company had adopted a Fair Practice Code pursuant to RBI Circular dated 28th September, 2006 which was reviewed from time to time. The revised Fair Practice code is as under:

The Objectives of the Code are:-

- Follow good, fair and transparent business practices by setting reasonable standards;
- Encourage market forces, through fair competition, to achieve higher operating standards;
- Ensure transparency in the Company's dealings with its customers;
- Ensure compliance with legal norms in matters relating to recovery of advances;
- Strengthen mechanisms for redressal of customer grievances.

I. Applications for loans and their processing

- All communications to the borrower shall be in the English language or a language as understood by the borrower.
- Application forms for each of the product offered by the Company would be different depending on the information required for each product.
- The Loan Application Form of the Company 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 also indicate the documents required to be submitted with the application form.
- The Loan Application Form shall duly authenticate and return the acknowledgement for receipt of all Loan Applications made to the Company. Further, generally, the time frame within which the loan application will be disposed of would also be indicated in the acknowledgement.
- The Company would verify the loan applications within a reasonable period of time and if additional details / documents are required, it would intimate the borrowers immediately.

II. Loan Appraisal and Terms and Conditions

- The company shall convey in writing to the borrower in the English 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 shall keep on record the acceptance of these terms and conditions by the borrower. The Company shall also communicate to the borrower if the loan is rejected.

- The Company may furnish a copy of the loan document along with a copy each of all enclosures quoted in the loan document to all the borrowers at the time of sanction / disbursement of loans.

III. Penal charges / Default charges/ Additional Finance Charges

- Penalty if charged for noncompliance of material terms and conditions of loan contract by the borrower shall be treated as penal charges and shall not be in the form of penal interest on the advances. There shall be no capitalization of penal charges ie No further interest computed on such charges.
- This will not affect the normal procedures for compounding of interest in the loan account.
- Penal charges shall be reasonable and commensurate with the non- compliance and company shall have board approved penal charges.
- The company shall impose reasonable penal charges for non compliance of material terms and conditions of the loan contract and shall disclose the quantum and reason in the loan agreement /Key Fact statement and shall display on website under the head interest rate and Service charges.
- No further interest shall be computed on such penal charges.
- The penal charges in case of loans sanctioned to individual borrowers for purpose other than business shall not be higher than the penal charges applicable to Non individual borrowers for similar non compliance of material terms and conditions.
- The Company shall keep the acceptance of these terms and conditions by the borrower on its record.
- The Company will 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 disbursement of loans.

IV. Disbursement of loans including changes in terms and conditions

- The Company shall give notice to its borrowers 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 affected only prospectively. A suitable provision in this regard shall be incorporated in the loan document.
- Decision to recall / accelerate payment or performance under the document shall also be in consonance with the loan document.
- The Company shall release all securities on 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 its borrowers. 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.

V. Release of movable/immovable property documents on repayment/ settlement of personal loans

The Company shall adopt best practices in release of movable/ immovable property documents upon receiving full repayment and closure of loan account to avoid customer grievances and disputes in future.

To address the issues faced by the borrowers and towards promoting responsible lending, the following instructions are issued:

A. Release of movable/immovable property documents:

I. The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days from date of full repayment/settlement of the loan account.

II. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.

III. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date of the said circular.

IV. In order to address the contingent event of demise of the sole borrower or joint borrowers, NBFCs shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of NBFCs along with other similar policies and procedures for customer information.

B. Compensation for delay in release of movable/immovable property documents:

I. In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days from date of full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.

II. In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (ii) above.

    However, in such cases, an additional time of 30 days will be available to the NBFCs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

III. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

C. Applicability:

The instructions in paragraph B above shall be applicable to all cases where release of original movable/immovable property documents falls due on or after December 01, 2023

VI. <u>Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans</u>

1. The company shall consider the repayment capacity of the borrowers at the time of sanction of EMI based floating rate Education loans to ensure that there is adequate headroom / margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the interest rates during the tenor of the loan.

   The Company has put in place an appropriate policy framework to meet the following requirements for implementation and compliance:

   (i) At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.

   (ii) At the time of reset of interest rates, the company shall provide the option to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.

   (iii) The borrowers shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/pre-payment penalty shall be subject to extant instructions.

   (iv) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.

   (v) The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.

   (vi) The Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.

2. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment-based loans of different periodicities.

3. The Company shall ensure that the above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

VII. Regulation of excessive interest charged by NBFCs

- The Board of Directors of the Company shall 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.
- The rates of interest and the approach for gradation of risks shall also be made available to the stakeholders of the Company.
- The rate of interest should be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

VIII. General

- The Company shall refrain from interference in the affairs of the borrower except for the purposes provided for in the terms and conditions of the loan document (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- 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 to the borrower within 21days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- The Company would not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society.
- In the matter of recovery of loans, the Company shall apply all legal means and not resort to any harassment - such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall also make sure that adequate and proper training is provided to the staff to deal with customers in appropriate manner.
- The Company shall charge interest from the date of actual disbursement of the funds to the borrower and not from the date of sanction of loan or date of execution of loan agreement, if they are predated to the disbursement date.
- In the case of disbursal or repayment of loans during the course of the month, the Company shall charge interest only for the period for which the loan was outstanding during the month and not for the entire month
- The Company shall not collect advance instalments from the borrower but reckon the full loan amount for charging interest.

IX. Digital Lending

- Whenever the Company resorts to lending through its own digital lending platform or through an external lending platform, the Company shall adhere to the Fair Practices Code guidelines.

X. <u>Confidentiality</u>

- Unless authorized by the customer BCCPL will treat all personal information as private and confidential. Unless authorized by the customer, we will not reveal transaction details to any other entity other than in the following exceptional cases:
  a) If we have to provide the information by statutory or regulatory laws
  b) If there is a duty to the public to reveal this information
  c) If our interest requires us to provide this information (e.g., fraud prevention) to Banks / Financial Institutions / Our Group and Associate Companies.
  d) We will not use this reason for giving information about customers to anyone else for marketing purposes.

XI. <u>Grievance Redressal Mechanism</u>

The Board of Directors of has laid down an appropriate grievance redressal mechanism to be followed by any aggrieved customer in the "Grievance Redressal Policy".

The Mr. Dheeraj, Assistant Manager of the company, is designated as the "Grievance Redressal Officer" of the Company and can be approached by the public for resolution of complaints against the Company at the following address:

Mr. Dheeraj
Borodrill Commercial Company Private Limited
SP2- (1A) & (2) RIICO
Industrial Area, Neemrana,
Dist: Alwar (Rajasthan) INDIA

XII. <u>Review of the Code</u>

The Company shall review the Company's Fair Practice Code periodically based on its own experience, business need and RBI guidelines in this regard.