



POLICY ON FAIR PRACTICES CODE

OVERVIEW

Ujjivan Financial Services Limited (hereinafter referred as “**Ujjivan**”) is presently registered as a Systemically Important Core Investment Company (“**CIC-ND-SI**”) with the Reserve Bank of India (“**RBI**”), but was previously registered with the RBI as a non-banking financial company- microfinance institution (“**NBFC-MFI**” or “**MFI**”). Ujjivan has always strived to ensure that the principles of responsible lending, transparency and ethical values are followed in all its dealings with its borrowers, since its inception. Taking this legacy forward, Ujjivan wishes to implement the same principles in its investments into, and dealings with its group companies, pursuant to its registration as a CIC-ND-SI. For the purposes of this code, “**Borrowers**” shall mean the group companies of Ujjivan, and each group company shall be a “**Borrower**”.

OBJECTIVES OF THE POLICY

- Develop a comprehensive Fair Practices Code to adopt guidelines provided by the regulator and self-regulatory organizations.
- Formulate operating guidelines for implementation of Fair Practices Code in an effective manner.
- Disseminate the policy guidelines in an effective manner to all stakeholders in general and to the group companies of Ujjivan in particular.
- Review & reinforcement mechanism to ensure high level of adherence to Fair Practices Code.
- Mechanism for constantly receiving feedback/grievances from group companies in order to improve the implementation of Fair Practices Code.

FAIR PRACTICES CODE

A. Integrity, Quality of Service and Transparency.

1) Applications for loans and their processing

- a) All communications to the Borrower shall be in the vernacular language of the place where the registered office of the Borrower is situated, or in a language used by Ujjivan in its general communications with the Borrower.
- b) 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 lenders 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.
- c) Ujjivan shall provide acknowledgement for receipt of all loan applications. To the extent administratively practical, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

2) Loan appraisal and terms/conditions

- a) Ujjivan shall convey in writing to the Borrower, by means of loan card and/or loan agreements, 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.
- b) Ujjivan shall provide a copy of the loan agreement, along with a copy of each of all the enclosures quoted in the loan agreement to all the Borrowers at the time of sanction / disbursement of loans.
- c) Ujjivan shall mention the penal interest charged for late repayment and loan prepayment charges in bold in the loan agreement.

3) Disbursement of loans including changes in terms and conditions

- a) Ujjivan shall give notice to the Borrower in the vernacular language of the place where the registered office of the Borrower is situated or in a language used by Ujjivan in its general communications with the Borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- b) Ujjivan shall 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.
- c) The decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- d) Ujjivan 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 Ujjivan 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 Ujjivan is entitled to retain the securities till the relevant claim is settled / paid.

4) Repossession of vehicles

- a) Ujjivan shall have a built-in repossession clause in the loan agreement with the Borrower, which shall be legally enforceable.
- b) The terms and conditions of such loan agreements shall also contain the provisions listed below regarding:
 - Notice period before taking possession;
 - Circumstances under which the notice period can be waived;
 - The procedure for taking possession of the security;
 - The final chance to be given to the Borrower for repayment of loan before the sale or auction of the property;
 - The procedure for giving repossession to the Borrower; and
 - The procedure for sale or auction of the property.

- c) These terms and conditions shall be made available to the Borrowers. Further, Ujjivan shall invariably furnish a copy of the loan agreement along with a copy of each of all the enclosures quoted in the loan agreement to all the Borrowers at the time of sanction/disbursement of loans (which form a key component of such loan agreements).

B. Fair Practices and Ethical Behaviour.

1) Fair Practices

- a) The rate of interest shall be annualised rates so that the Borrower is aware of the exact rates that would be charged to the account. The Board shall adopt an interest rate model, taking into account relevant factors such as cost of funds, margin and risk premium and thereafter determine the rate of interest to be charged for loans made to the Borrower.
- b) 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 in the application form and communicated explicitly in the loan agreement.
- c) The rates of interest and the approach for gradation of risks shall also be made available on the website of Ujjivan. The information published in the website shall be updated whenever there is a change in the rates of interest.
- d) Ujjivan 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 by the Borrower, has come to the notice of Ujjivan) or unless in accordance with the agreement in writing between Ujjivan and Borrower.
- e) In case of receipt of request from the Borrower for transfer of borrowal account, the consent or otherwise i.e. objection of Ujjivan, 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.

- 2) Appropriate Interactions and Collection Practices: In the matter of recovery of loans, Ujjivan and its employees shall not follow coercive collection practices such as collecting at odd/late hours or during bereavement / sickness of Borrowers, behaving rudely / aggressively, or use of muscle power during collection etc.

GRIEVANCE REDRESSAL POLICY (“GRP”)

The Board of Ujjivan shall lay down appropriate grievance redressal mechanism within the organization which will ensure that all disputes arising out of Ujjivan’s functionaries are heard and disposed of at least with the next higher level. Ujjivan shall display the (i) name and contact details (telephone/mobile numbers and email addresses) of the ‘Grievance Redressal Officer’ who can be approached by the public for resolution of complaints against the Company. If the complaint / dispute is not redressed within a period of one month, an appeal may be made to the Officer-in-Charge of the Regional Office of DNBS of RBI (with complete contact details), under whose jurisdiction the registered office of Ujjivan falls.

A copy of the FPC & GRP shall be put up on Ujjivan's website for the information of various stakeholders.

This policy on FPC and the functioning of the grievances redressal mechanism at various levels of management shall be reviewed and placed before the Board on an annual basis for their review and approval.