

ELECTRONICA FINANCE LIMITED

FAIR PRACTICES CODE

Pursuant to the Notification issued by the Reserve Bank of India by its Circular No. RBI/2011-12/470 DNBS.CC.PD.No.266 /03.10.01/2011-12 dated 26th March, 2012 and subsequent amendment thereof by its Circular No. RBI / 2012-13/416 DNBS.CC.PD.No. 320/03.10.01/2012-13 dated 18th February, 2013 , Electronica Finance Limited (referred as 'We') have formulated Fair Practice Code which sets the fair practices standards that will govern dealings of the company with its customers and to serve as a part of best corporate practice.

Objective of the Code:

- (A) Promote good, fair and trustworthy practices in dealing with the customers.
- (B) Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.
- (C) Encourage market forces, through competition, to achieve higher operating standards.
- (D) Promote a fair and cordial relationship between the customers and the Company.
- (E) Timely redressal of customer grievances.

Application of the Code:

This is applicable to all the sections of the Company while dealing with customers in relation to any business transactions.

Our Key Commitments and Declarations:

We shall act efficiently, fairly and diligently in our dealings with all our customers by:

- (A) Meeting the commitments and standards of this Fair Practices Code for the financial products and services, we offer, and the procedures and practices our staff follows;
- (B) Ensuring that all the financial services meet relevant laws and regulations;
- (C) Providing professional, courteous and speedy services;
- (D) Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transactions.

We shall help the customer understand how our financial products and services work by:

- (A) *Giving verbal information about the financial schemes in Hindi and/or English and/or local vernacular language;*

- (B) Ensuring that our advertising & promotional literature is clear and is not misleading;
- (C) Explaining financial implications of the transactions;
- (D) Helping the customer to choose the financial scheme.

We shall deal quickly and proactively with things that goes wrong, by:

- (A) Correcting mistakes;
- (B) Attending customer complaints;
- (C) Informing; our customers how to take their complaint forward if the customers are not satisfied with our initial assistance;
- (D) Reversing any charges wrongly applied to a customer's account due to an error on our part.

Non-Discrimination Policy:

We will not discriminate between our customers on the basis of their gender, race or religion. Our policy is to treat all the clients consistently and fairly. Our employees will offer assistance, information and service in a fair, equitable and consistent manner. We will also communicate our Fair Practices Code to our customers by placing it on the company's website.

Applications for loans and their processing:

- (A) Loan application forms issued along with a preliminary quote includes necessary information, which affects the interest of the borrowers, so that he/she can do a meaningful comparison with the terms and conditions offered by other NBFCs and an informed decision can be taken by the borrowers. The loan application form indicates the documents required to be submitted along with the application form.
- (B) We issue an acknowledgement receipt for all loan applications.
- (C) Decisions on Loan applications shall be communicated to the borrowers within maximum period of 8 days or such extended time as may be mutually agreed between the customers and the Company, from the date of receipt of the application form along with complete set of required supportive documents.
- (D) If any additional details/ documents are required, the same shall be intimated to the borrowers immediately.

Loan appraisal and terms/conditions:

- (A) We conduct a due diligence on the credit worthiness of the borrowers, which is an important parameter for taking decision on processing of the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- (B) The borrowers would be informed by means of a written sanction letter of the amount of loan sanctioned or otherwise. The sanction letter shall contain gist of the terms and conditions including the annualized rate of interest and the method of application thereof.
- (C) The Company shall obtain an acceptance from the borrower on the said sanction letter with

the borrower's signature.

(D) We shall furnish a copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers within 15 days from the last tranche of disbursement of loans.

Disbursement of loans including changes in terms and conditions:

(A) We have framed appropriate internal principles and procedures for determining and ensuring that the interest rates and processing and other charges are not excessive. We, at the time of disbursement, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedures.

(B) The disbursement will be done immediately upon compliance of all the terms and conditions of the sanction by the borrower.

(C) We will notify the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. We will also ensure that changes in interest rates and charges are effected prospectively only.

Post Disbursement Supervision:

(A) Any decision to recall/accelerate payment or performance under the loan agreement shall be in consonance with the Loan Agreement.

(B) We will release all securities offered by the borrower 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 the borrower. If such right of set off is to be exercised, the borrower will be notified 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.

Interest Charged:

(A) We have laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.

(B) We 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. Besides disclosing the approach towards risk and rationale for charging different interest to different categories of borrowers, the Company would also communicate the same explicitly in the sanction letter.

Repossession:

(A) We have a re-possession clause in the contract/loan agreement with the borrower that would be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement will include provisions regarding:

- (a) notice period before taking possession;
- (b) circumstances under which the notice period can be waived;
- (c) the procedure for taking possession of the security;
- (d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- (e) the procedure for giving repossession to the borrower and
- (f) the procedure for sale / auction of the property.

General:

- (A) We will not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the borrower has come to our notice.
- (B) We will not persistently bother or call delinquent customers at odd hours unless special circumstances of the borrower's business require to call them otherwise
- (C) We may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues, cost and expenses of such enforcement action.
- (D) We ensure that the entire process of enforcing its security, valuation and realisation thereof be fair and transparent.
- (E) We would not resort to undue harassment or use of muscle power for recovery of loans.
- (F) In case of receipt of a request from the borrower for transfer of the borrower account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.

Terms and Conditions:

- (A) When a customer accepts a product or service for the first time, we will provide the customer with the Rules and Regulations that are relevant to the product / service.
- (B) All Terms and Conditions will be fair and will set the customer's rights and responsibilities clearly and in plain language. We will use legal or technical language only where necessary.

Complaint/ Grievance Redressal Mechanism:

The toll free number for recording the grievances of the customers is available in the Application Form.

- (A) Customers can register complaint on our dedicated email ID:

customerfirst@efl.srpelc.com

- (B) The customer redressal officer will examine the matter and respond to complaints within 7 days from the date of receipt of query / complaint.

- (C) If customer is not satisfied with our initial assistance, then the Officer will provide guidance

to such customer on escalation mechanism

Review:

A periodical review of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management would be undertaken by the Company.

The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business.

Interest Rate Policy:

Loan Assets advanced by EFL shall be priced primarily based on the market borrowing (cost of funds) and risks associated with the quality of the asset and the possibility of borrower's default. The cost of funds vary according to market conditions and, thus, the pricing of new loans is impacted by any change in the cost of funds.

In addition to the cost of funds, we also consider cost of capital, credit risk premium associated with a particular borrower, administrative costs and profit margin while deciding the pricing. Competitors & their lending rates also play a role in deciding the interest rate policy.

The borrowing rate for EFL is dependent on the Bank's / Financial Institution's lending rate & the maturity period. Similarly, the loans advanced by us are priced based on the repayment period / tenure offered to the customer.

Based on the above, our Lending Rates are between 13.00% - 21.00% p.a.