

BEST FINANCE CORPORATION LIMITED

RBI-Reg. No. -N-07-00785

CIN-U65921TZ2009PLC015595

*Best Finance Corporation Ltd.,*

(CIN-U65921TZ2009PLC015595)

(RBI Licence No.- N-07-00785)

**(Fair Practices Code)**

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**Fair Practice Code**

This has reference to RBI's Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, wherein the Reserve Bank of India (RBI) has revised the guidelines on Fair Practices Code for NBFCs to implement the same.

**Objectives**

Greater transparency enabling customers to understand the products and for taking informed decisions.

Building customer confidence in the company.

Ensuring fair practices while dealing with customers.

**Applications for loans and their processing**

All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

The 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.

The application form will clearly state the information to be provided by the customer to fulfil the KYC norms and to comply with legal and regulatory requirements.

**Loan appraisal and terms and conditions**

The Company shall 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 keeps the acceptance of these terms and conditions by the borrower on its record.

Company shall mention the penal interest charged for late repayment in bold in the loan document.

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Subject to receipt of all the requisite information and completion of documentation and creation of charge over the security, loan applications shall be disposed of in the normal course on the same day of receipt of the application form complete in all respects. However, if there is any delay in sanctioning the loan beyond the period of 1 day due to reasons like field verification etc, the customer shall be given an acknowledgment for receipt of the application which indicates the time frame within which the loan application will be disposed of. The customer shall be kept informed of the status of his/her application.

**Disbursement of loans including changes in terms and conditions**

The terms and conditions of the loan shall be accepted by the borrower before disbursement of the loan amount. The Company shall give notice to the borrower 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 effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.

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

The Company 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 the Company may have against the 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 the Company is entitled to retain the securities till the relevant claim is settled or paid.

**Responsibility of Board of Directors**

The board laid down an appropriate grievance redressal mechanism within the organisation which ensures that all disputes are heard and disposed of at least at the next higher level.

The board reviews periodically 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 is submitted to the Board at regular intervals.

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**Grievance Redressal Officer**

The contact details of the Grievance Redressal Officer as also that of the Regional Office of the Reserve Bank of India shall be displayed in all the Branches for the benefit of customers. 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 DNBS of RBI as per the contact details displayed in the branch.

**Rate Of Interest**

a. The Company after taking into account relevant factors such as cost of funds, margin and risk premium shall frame appropriate internal policies and procedures for determining the interest rates and processing and other charges, if any and also ensure that they are not excessive. The Company shall, at the time of disbursement, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal policies and procedures.

b. The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower.

**Lending against collateral of gold jewellery**

While lending to individuals against gold jewellery, decision will be based on the Board Approved gold loan policy.

**(i) Board approved gold loan policy covers 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 appraisal procedure for assessing the value and purity of the jewellery accepted as collateral security.

c. Declaration shall be obtained from the borrower confirming ownership of gold jewellery.

d. All branches shall have proper storage facility of either Strong Rooms or Safes conforming to ISI Standards of approved make to store the jewellery in safe custody. The sets of keys to the strong room/safe shall be held separately by two officials and the operations thereof shall be done jointly. The staff shall be imparted training on a continuous basis to ensure that the guidelines covering security issues are strictly adhered to.

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e. The jewellery accepted as collateral security shall be adequately and appropriately insured.

f. The auction procedure in case of non - repayment shall be transparent. Prior notice to the borrower shall be given before the auction and there shall not be any conflict of interest. The auction process shall ensure that an arm's length relationship in all transactions during the auction is maintained including with group companies and related entities. The details regarding procedure for auction shall be disclosed in the loan document for availing the loan. The auction will be only through auctioneers approved by the Board and the Company shall not participate in the auction.

g. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and the other in a national daily newspaper.

h. Any fraud in the functioning of the Company shall be enquired into by the appropriate authority and suitable punitive measure shall be taken by the appropriate disciplinary authority. Any review of the decision of the disciplinary authority shall be carried out by the Board.

**Company have a board approved auction policy which has been summarised as below.**

The Company will resort to disposal of security (gold) only as a last resort and that too after adequate and proper notice is served on the customer to repay the dues. Such notice will be as per the terms contained in the sanction letter and also in compliance with applicable laws and regulatory guidelines. The disposal of the security (gold) will be taken up through public auction when the customer does not positively respond to the communications sent by the Company to close the loan account along with interest and other charges.

The auction procedure shall be transparent. Prior notice will be given to customer by Registered Post/Courier informing about the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper, describing the date of auction, venue of auction, and the details of gold etc. Auction will be conducted by an approved auctioneer appointed by the Board of Directors of the Company and the Company will not participate in the auction. The amount due to the Company by the customer, being the aggregate of the principal and upto the date of interest as well as other expenses like expenses for conducting auction, will be adjusted against the sale proceeds, whereas the surplus, if any available, will be refunded to the customer, and deficit if any shall have to be paid by him/her.

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The company or its associate concerns will not participate in the auction.

Legal action for recovery of shortfall in individual accounts from the borrower will also be considered at the Company's discretion.

**General**

The Company shall 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).

In case of receipt of request from the borrower for transfer of 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 request. Such transfer shall be as per transparent contractual terms in consonance with law.

In the case of a recovery of loan, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

The company shall state in its terms and conditions of the loan agreement with the borrower which shall contain provisions regarding notice period before taking possession, circumstances under which the notice period can be waived, procedure for taking possession of the security, provision regarding final chance to be given to the borrower for repayment of the loan before auction/sale of security, procedure for giving repossession to the borrower and the procedure for sale/auction of the property. A copy of such terms and conditions shall be made available to the borrowers.

As a measure of customer protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers, the Company shall not charge any foreclosure charges or pre-payment penalties on loans.

All loans are sanctioned at the sole discretion of the company.<sup>1</sup>

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- <sup>1</sup> RBI- Reserve Bank of India
  - KYC- Know Your Customer
  - NBFC- Non Banking Financial Corporation