

FAIR PRACTICES CODE (as amended on 30th April 2013)

Pursuant to the Notification issued by the Reserve Bank of India, by its Circular No. RBI / 2006-2007 / 138 DNBS (PD) CC No. 80/03.10.042/2005-2006 dated 28th September 2006, Upasana Finance Limited, (hereinafter referred to as the "Company") has formulated this Fair Practices Code (hereinafter referred to 'Code') to lay down the following procedures / practices in dealing with the business transactions and also amended from time to time. This Code shall come into effect on and from **1st May 2007**.

i) Application for loans and their processing

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (b) Loan Application Forms 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 indicates the documents required to be submitted with the application form.
- (c) The Company would give acknowledgement for receipt of all loan applications. The time frame within which loan applications shall be disposed of is also indicated in the acknowledgement.

ii) Loan appraisal and terms / conditions

The Company shall convey in writing to the borrower by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof. The Company shall keep the acceptance of these terms and conditions by the borrower on its record. The Company shall also communicate to the borrower if the loan is rejected. The Company should mention the penal interest charged for late repayment in bold in the loan agreement.

The Company should 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.

iii) Disbursement of loans including changes in terms and conditions

- (a) 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 ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard to be incorporated in the loan agreement.
- (b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.



- (c) 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 / paid.

iv) General

- (a) The Company shall refrain from interference in the affairs of the borrowers 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 the Company.)
- (b) In case of receipt of request from the borrower the transfer of borrowal account, the consent or otherwise i.e the Company's objection, 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.
- (c) In the matter of recovery of loans, consistent with its policy over the years, 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's staff are adequately trained (including not be behave rudely with the customers) to deal with the customers in an appropriate manner.

v) Repossession of Vehicles Financed by NBFCS

- (a) The Company shall give not less than 21 days notice to the borrower, before taking possession of the vehicles financed by the Company. However, the Company shall not give notice to the borrower regarding repossession, if it has reasons to believe that the borrower may destroy the vehicle in order to avail any undue advantage like making any insurance claims, non- payment of loan amount due to destruction of vehicle itself.
- (b) The Company shall mention the circumstances and the manner in which the security be repossessed from the borrower at the time of entering the loan agreement itself. The Company shall also explain in detail regarding the repossession clause before the borrower signs the loan agreement.
- (c) The Company shall give one last chance to the borrower for avoiding re-possession on the 22nd day of giving notice to the borrower. If within 25 days there is no response from the borrower to the notice of repossession, then the Company shall immediately re- possess the vehicle from the borrower without giving any further consideration to the borrower.
- (d) The Company shall give back the vehicle to the borrower provided the borrower pays back the dues within 2 days of re-possession of the vehicle by the Company.
- (e) If within 2 days of re-possession there is no payment from the borrower then the Company shall auction the vehicle so re-possessed.



vi) Grievances

Grievances, *if any*, in connection with this Code shall be addressed to the Director, Upasana Finance Limited, No. 98-A 3rd Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004 by a letter with a copy marked to Company Secretary, Upasana Finance Limited, No. 98-A Dr. Radhakrishnan Salai, 3rd Floor, Mylapore, Chennai 600 004.

GRADATION OF RISK

The rate of interest specified for each loan is payable monthly, with the corresponding annualised rate being arrived at through Upasana Finance Limited's interest rate model which takes into account relevant factors such as cost of funds, margin and risk premium. The Company takes a comprehensive approach to the gradation of risk that does not discriminate between classes of borrowers, but rather tailors the interest rate to each loan. The decision to give a loan and the rate of interest thereon are carefully assessed on a case by case basis based on multiple factors which may include the borrower's cash flows (past, current and projected), borrower's other financial commitments, the borrower's credit record, the security for the loan as represented by underlying assets or other financial guarantees etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.

INTEREST RATE POLICY

The rate of interest charged to the customers of the Company is linked to the Average Base Rate (ABR) of bankers to the Company. The mark up over the ABR varies from 200 bps to 800 bps depending on the risk profile of the customer, asset class (commercial vehicle, car, tractors, construction equipment, machinery etc.), asset type (new/ used), and prevalent liquidity conditions. Accordingly, the present rate of interest charged to the customers of the Company is in the range of 12% to 18% p.a. payable monthly.

