

## **FAIR PRACTICES CODE**

Reserve Bank of India vide its Circular No. DNBS(PD)CC No.80/03.10.042/ 2005-06 dated September 28, 2006 has advised all Non-Banking Finance Companies (NBFC's) to frame a Fair Practices Code.

Accordingly, following is the Fair Practices Code of Kirloskar Brothers Investments Limited as framed & approved by its Board of Directors at their Meeting held on January 23, 2010 in terms of the Guidelines issued by the RBI in this regard.

### **(i) Applications for loans and their processing**

- (a) The Loan application forms shall include necessary information which affects the interest of the borrower. The loan application form shall indicate the documents required to be submitted with the application form.
- (b) The Company shall devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

### **(ii) Loan appraisal and terms / conditions**

The Company shall convey in writing to 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 keep the acceptance of these terms and conditions by the borrower on its record.

The acceptance of these terms and conditions are to be recorded by obtaining the signature of the borrower.

### **(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 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.
- (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 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 the lender).
- (b) 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 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, 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.
- (d) The grievance redressal mechanism in the Company comprising the Chairman and Executive Director shall resolve disputes arising in this regard.
- (e) There shall be a periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism by the Management. A consolidated report of such reviews shall be submitted to the Board at regular intervals.

**For Kirloskar Brothers Investments Limited**

**Sd/-  
G. P. Kulkarni  
Director**