

HERAMBHA LEASING LIMITED**CIN:** U85110KA1990PLC010667**Regd. Off. :** No. B-102, 1stFloor, Brigade Majestic Complex, Kalidasa Marga,
1stMain, Gandhi Nagar, Bengaluru-560009**Contact No.:** 9342659294 **E-mail:** herambaleasingltdblr@gmail.com**TABLE OF CONTENTS**

Para No.	Particulars
I.	Introduction
II.	Guidelines on Fair Practices Code for NBFCs
1.	Applications for loans and their processing
2.	Loan appraisal and terms/conditions
3.	Disbursement of loans including changes in terms and conditions
4.	General
5.	Responsibility of Board of Directors
6.	Grievance Redressal Officer
7.	Language and mode of communicating Fair Practices Code
8.	Regulation of excessive interest charged by NBFCs
9.	Complaints about excessive interest charged by NBFCs
10.	Clarification regarding repossession of vehicles financed by NBFCs

For HERAMBHA LEASING LTD..
C S Z Mural
Authorised Signatory

HERAMBHA LEASING LIMITED

CIN: U85110KA1990PLC010667

**Regd. Off. : No. B-102, 1stFloor, Brigade Majestic Complex, Kalidasa Marga,
1stMain, Gandhi Nagar, Bengaluru-560009**

Contact No.: 9342659294 E-mail: herambaleasingltdblr@gmail.com

I. Introduction

The Reserve Bank as per Chapter V-Fair Practices Code of Master Direction-Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 (updated as of July 22, 2022), issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method.

II. Guidelines on Fair Practices Code for NBFCs

1. Applications 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 should 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 may indicate the documents required to be submitted with the application form.

The NBFCs should devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.

2. Loan appraisal and terms/conditions

The NBFCs should 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 keep the acceptance of these terms and conditions by the borrower on its record. As

For HERAMBHA LEASING LTD.,
[Signature]
Authorised Signatory



HERAMBHA LEASING LIMITED

CIN: U85110KA1990PLC010667

Regd. Off. : No. B-102, 1stFloor, Brigade Majestic Complex, Kalidasa Marga,
1stMain, Gandhi Nagar, Bengaluru-560009

Contact No.: 9342659294 **E-mail:** herambaleasingltdblr@gmail.com

complaints received against NBFCs generally pertain to charging of high interest /penal interest, NBFCs shall mention the penal interest charged for late repayment in bold in the loan agreement.

It is understood that in a few cases, borrowers are not fully aware of the terms and conditions of the loans including rate of interest at the time of sanction of loans, either because the NBFC does not provide details of the same or the borrower has no time to look into detailed agreement. Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the NBFC and the borrower with regard to the terms and conditions. NBFCs are, therefore, advised to furnish a copy of the loan agreement 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.

3. Disbursement of loans including changes in terms and conditions

- (a) The NBFCs should give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- (b) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (c) NBFCs should 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 NBFCs 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

For HERAMBHA LEASING LTD.,

C S Narasimha
Authorised Signatory



HERAMBHA LEASING LIMITED

CIN: U85110KA1990PLC010667

**Regd. Off. : No. B-102, 1st Floor, Brigade Majestic Complex, Kalidasa Marga,
1st Main, Gandhi Nagar, Bengaluru-560009**

Contact No.: 9342659294 E-mail: herambaleasingltdblr@gmail.com

particulars about the remaining claims and the conditions under which NBFCs are entitled to retain the securities till the relevant claim is settled/ paid.

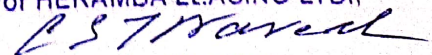
4. General

- (a) NBFCs should 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).
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the NBFC, 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.
- (c) In the matter of recovery of loans, the NBFCs should not resort to undue
- (d) harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, NBFCs shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- (e) As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, it is advised that NBFCs shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to *individual borrowers*, with immediate effect.

5. Responsibility of Board of Directors

The Board of Directors of NBFCs should also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors

For HERAMBHA LEASING LTD.,


Authorised Signatory



HERAMBHA LEASING LIMITED

CIN: U85110KA1990PLC010667

Regd. Off. : No. B-102, 1stFloor, Brigade Majestic Complex, Kalidasa Marga,
1stMain, Gandhi Nagar, Bengaluru-560009

Contact No.: 9342659294 **E-mail:** herambaleasingltdblr@gmail.com

should also provide for periodical review of 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 may be submitted to the Board at regular intervals, as may be prescribed by it.

6. Grievance Redressal Officer

At the operational level, all NBFCs have to display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted:

(a) the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.

(b) 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 (complete contact details), under whose jurisdiction the registered office of the NBFC falls.

The public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the company, together with details of the grievance redressal officer and of the Regional Office of the RBI.

7. Language and mode of communicating Fair Practice Code

Fair Practices Code (which should preferably in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove should be put in place by all NBFCs with the approval of their Boards within one month from the date of issue of this circular. NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines.

For HERAMBHA LEASING LTD.,

CS T. Naveen
Authorised Signatory



HERAMBHA LEASING LIMITED

CIN: U85110KA1990PLC010667

Regd. Off. : No. B-102, 1stFloor, Brigade Majestic Complex, Kalidasa Marga,
1stMain, Gandhi Nagar, Bengaluru-560009

Contact No.: 9342659294 **E-mail:** herambaleasingltdblr@gmail.com

The same should be put up on their web-site, if any, for the information of various stakeholders.

8. Regulation of excessive interest charged by NBFCs

- (a) The Board of each NBFC shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. 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 or customer in the application form and communicated explicitly in the sanction letter.
- (b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- (c) The rate of interest should be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

9. Complaints about excessive interest charged by NBFCs

The Reserve Bank has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by NBFCs. Though interest rates are not regulated by the Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice. Boards of NBFCs are, therefore, advised to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

For HERAMBHA LEASING LTD.,

C S Navarathna
Authorised Signatory



HERAMBHA LEASING LIMITED

CIN: U85110KA1990PLC010667

Regd. Off. : No. B-102, 1stFloor, Brigade Majestic Complex, Kalidasa Marga,
1stMain, Gandhi Nagar, Bengaluru-560009

Contact No.: 9342659294 **E-mail:** herambaleasingltdblr@gmail.com

10. Clarification regarding repossession of vehicles financed by NBFCs

NBFCs must have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement should also contain 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. A copy of such terms and conditions must be made available to the borrower in terms of circular wherein it was stated that NBFCs may invariably furnish a copy of the loan agreement 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, which may form a key component of such contracts/loan agreements

For HERAMBHA LEASING LTD.,

C S T Naveen
Authorised Signatory

HERAMBHA LEASING LIMITED

CIN: U85110KA1990PLC010667

Regd. Off. : No. B-102, 1stFloor, Brigade Majestic Complex, Kalidasa Marga,
1stMain, Gandhi Nagar, Bengaluru-560009

Contact No.: 9342659294 **E-mail:** herambaleasingltdblr@gmail.com

EXTRACT OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF M/S.
HERAMBHA LEASING LIMITED HELD ON 1ST FEBRUARY, 2023 AT THE REGISTERED OFFICE
OF THE COMPANY SITUATED AT NO. B-102, 1ST FLOOR, BRIGADE MAJESTIC COMPLEX,
KALIDASA MARGA, 1STMAIN, GANDHI NAGAR, BENGALURU-560009

AMENDMENTS TO THE EXISTING FAIR PRACTICES CODE:

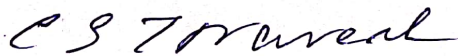
It was informed to the Board that, Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 as amended from time to time, the company shall amend the existing Fair Practices Code and the copy of revised/amended Fair Practices Code shall be displayed in the website of the Company for the information of General Public.

Accordingly, the Board passed the following resolution;

"RESOLVED THAT the Company shall make suitable amendments to the existing Fair Practices Code as per Reserve Bank of India directives and it is also further resolved to submit the so amended/revised Fair Practices Code to Reserve Bank of India and a copy to the office notice board for the information of customers."

//Certified true Copy//

for **HERAMBHA LEASING LIMITED**



CSJ Narasimhalu
Managing Director
DIN: 01758984