



# **BAID FINSERV LIMITED**

**(FORMERLY KNOWN AS “BAID LEASING AND FINANCE CO. LTD.”)**

## **FAIR PRACTICES CODE**

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Company Circulation

## Version Control

Document Version	Description of Change/ Annual Review	Date	Prepared / Changed by
1.0	Annual Review	<b>04<sup>th</sup> May, 2022</b>	Office of Chief Financial Officer
1.1	Amendment pursuant to RBI/2023-24/53 DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023	<b>09<sup>th</sup> February, 2024</b>	Compliance Department

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## **I. PREAMBLE**

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non- Banking Financial Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. Baid Finserv Limited (“the Company”) hereby furnishes the Fair Practices Code (“the FPC/the Code”) based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the FPC from time to time to conform to the standards that may be prescribed by RBI from time to time. Considering the nature of business of the Company, it is proposed to establish the following as the Fair Practices Code for the Company’s lending activities.

Further, RBI has inserted new provisions in the scope of areas covered by the Fair Practices Code vide its circulars RBI/2023-24/53DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated November 10, 2023 and the same have been incorporated in the Code accordingly.

Based on the current business of the Company, the Fair Practices Code shall apply to the following categories of products and services offered by the Company.

- a) Vehicle Loan
- b) Unsecured Loan
- c) Real Estate Loan, Loan against property, MSME
- d) Any other type of loan as and when decided

(Commitments made in the FPC are applicable under normal operating environment).

## **II. KEY OBJECTIVES**

The key objectives of putting in place the FPC are as follows.

- a) To act fairly and reasonably in all the dealings with borrowers by ensuring that:
  - i. The Company’s products, services, procedures and practices will meet the broad requirements and standards in the FPC;
  - ii. The Company’s products and services will be in accordance with relevant laws and regulations as applicable for the time being in force;
  - iii. The Company’s dealings with its borrowers will rest on ethical principles of honesty, integrity and transparency.
- b) The Company will assist its customers in understanding as to what are the broad features of its financial products and services and what are the benefits and risks involved in availing the same by
  - i. Providing information about the products and services in simple manner;
  - ii. Explaining the financial implications of using the products and services.
- c) The Company will make every attempt to ensure that its customers would have trouble-free

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experience in dealing with it. However, in case of error of commission and/or omissions, it shall :

- i. deal with the errors promptly and effectively;
- ii. Deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the customers;
- iii. Promptly handle Complaints;
- iv. Have Escalation process, in the event of dissatisfaction of the borrower in handling his complaint(s);

### **III. APPLICABILITY OF FAIR PRACTICE CODE**

The FPC will be applicable to the following broad areas:

- i. Loan applications and processing thereof
- ii. Loan appraisal and terms/conditions
- iii. Penal Charges in Loan Accounts
- iv. Disbursement of loans including changes, if any, in terms and conditions
- v. Post disbursement supervision/monitoring
- vi. Other general provisions

#### **I. LOAN APPLICATIONS AND PROCESSING THEREOF**

- Loan Application Forms will be made available to the prospective borrowers on request.
- Loan documentation set will, inter alia, include the broad features and the terms and conditions governing the loan. This would enable the borrowers to take an informed decision by comparing and analyzing the terms offered by the Company with other lenders in the market. The said Form shall also specify the documents required to be submitted by the borrowers.
- Loan Application Form may also list out the additional information required from the borrowers and their family members in order to enable the Company to create the database.
- Loan Application Form shall provide for giving an acknowledgement to the borrowers acknowledging receipt of the same.
- All the loan applications shall be disposed of within a period of 30 days from the date of receipt of duly completed Loan Application Forms together with the requisite documents and subject to receipt of all documents complying with prevailing rules and regulations by the borrower.
- All communication with the borrowers shall be in the vernacular language or language understood and confirmed by borrowers.

#### **II. LOAN APPRAISAL AND TERMS/CONDITIONS**

- The Company shall consider all the loan applications keeping in mind the risk based assessment procedures adopted by it.
- The Company, before sanctioning the loan, would assess the ability of the borrowers to repay the loan.

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- The grant of the loan shall be communicated to the borrowers in writing through a Sanction Letter. The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions governing the loan. The Sanction Letter shall contain the broad terms and conditions governing the loan including the annualized rate of interest and method of application thereof.
- The Company will furnish a copy of the loan agreement preferably in the vernacular 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.
- The exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. shall be communicated to the borrower at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms/ loan agreement till full repayment of the loan. In cases of loan facilities with moratorium on payment of principal and / or interest, the exact date of commencement of repayment shall also be communicated to the borrower.
- The default interest rate will be mentioned in bold in the loan agreement.

In case of lending under consortium arrangement, the participating NBFC/banks would decide the timeframe to complete appraisal of the proposal and communication of the decision. The Company will abide by the decision of the consortium.

### **III. PENAL CHARGES IN LOAN ACCOUNTS**

- Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

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- The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company's website under Interest rates and Service Charges.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

#### **IV. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

- Disbursement of amount of loans sanctioned may be made available to the borrowers on demand subject to completion of all formalities including execution of loan documents.
- Any change in the terms and conditions, disbursement schedule, interest rate, service charges, prepayment charges, etc. shall be notified to the borrowers in writing in the vernacular language, or a language as understood by the borrower.

Change in the interest rates and service charges shall be made applicable prospectively. The loan agreement shall contain a specific clause in this regard.

#### **V. POST DISBURSEMENT SUPERVISION**

- The decision, if any, of the Company to recall/accelerate payment or performance of loan shall be in accordance with the terms and conditions of the Loan Agreement.
- The Company shall give reasonable time to the borrowers before recall the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the Loan Agreement and other related documents.
- The collaterals lying with the Company may be released on receipt of full and final repayment of loans subject of course to any legitimate right or lien and set off for any other claim that the Company might have against the borrowers. However, in cases where the borrower has availed facility allowing him to borrow/draw monies within the overall amount sanctioned as and when needed by him, the collateral may be retained by the Company for operational convenience and to protect its interest from potential default by the borrowers.

#### **VI. OTHER GENERAL PROVISIONS:**

- The Company shall refrain from interfering in the affairs of the borrowers except as provided in the terms and conditions governing the loan as contained in the loan documents (unless new information, not earlier disclosed by the borrower, has come to its notice).
- The Company shall generally convey its consent within 21 days from the date of receipt of requests from the borrower to transfer the loan account of a particular borrower to other NBFC,

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bank or financial institution. Such transfer shall be in accordance with the contractual terms entered into with the borrower and in accordance with the statutes, rules, regulations and guidelines as may be applicable from time to time.

- The Company shall not discriminate on the grounds of gender, caste or religion in its lending policy and activities.
- In the case of recovery of loans, the Company shall resort to the usual measures, which are legally and legitimately available to it and as per laid down guidelines and extant provisions and shall operate within the legal framework. The Company shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behaviour from the staff of the companies, and shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of the Company, it shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

#### **IV. CONFIDENTIALITY**

- Unless authorized by the borrower, the Company will treat all his personal information as private and confidential.
- The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:
  - ✓ If the Company is required to provide the information to any statutory or regulatory body or bodies;
  - ✓ If arising out of a duty to the public to reveal the information;
  - ✓ If it is in the interest of the borrowers to provide such information (e.g. fraud prevention);
  - ✓ If the borrower has authorised the Company to provide such information to its group / associate / entities or companies or any such person/ entity as specifically agreed upon;

#### **V. COMPLAINTS**

In case of any complaint/grievances of the borrowers, the same shall be intimated by them in writing to the Grievance Redressal Officer. The Grievance Redressal Officer shall immediately make all efforts to redress the grievances. The concerned employees shall guide the borrowers who wish to lodge a complaint.

#### **VI. GRIEVANCE REDRESSAL MECHANISM**

The Company has provided for three tier Grievance Redressal Mechanism to resolve any of its customers query / grievance.

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**Level 1:**

Please visit to the nearest Baid Finserv Ltd. branch and submit your complaints/grievance and get your complaint lodged in the Complaint and Grievance Register maintained at the branches (During the working hours 10:00 A.M. to 5:30 P.M.) or drop a mail at [info@baidfinserv.com](mailto:info@baidfinserv.com)

We will respond to your complaint within 15 working days.

**Level 2:**

The customer may register his/her query/ complaint to the Company which shall be addressed to the Grievance Redressal in connection with any matter pertaining to business practices, lending decisions, credit management, recovery and complaints relating to updation/alteration of credit information. The details of the Grievance Redressal Officer are given as follows:

**GRIEVANCE REDRESSAL OFFICER – MR. AMAN BAID**

**ADDRESS - “BAID HOUSE”, 2ND FLOOR, 1-TARA NAGAR, AJMER ROAD, JAIPUR-06**

**DESIGNATION – WHOLE-TIME DIRECTOR & GRIEVANCE REDRESSAL OFFICER**

**CONTACT NO. - 9214018855**

**E-MAIL ID - amanbaid@baidgroup.in**

**Level 3:**

If the complaint is not resolved within 15 days, the customer shall complaint to the Principal Nodal Officer of the Company. The details of Principal Nodal Officer are as follows:

**PRINCIPAL NODAL OFFICER – MR. PANNA LAL BAID**

**ADDRESS - “BAID HOUSE”, 2ND FLOOR, 1-TARA NAGAR, AJMER ROAD, JAIPUR-06**

**DESIGNATION – CHAIRMAN AND MANAGING DIRECTOR & PRINCIPAL NODAL OFFICER**

**CONTACT NO. - 8503085889**

**E-MAIL ID – pno@baidfinserv.com**

**Level 4:**

If the complaint / dispute is not redressed within a period of one month from date of its receipt by the Principal Nodal Officer, the customer can lodge a complaint on RBI CMS portal - <https://cms.rbi.org.in> or alternatively, the customer may appeal to:

**Deputy General Manager,  
Department of Non-Banking  
Supervision,  
Reserve Bank of India, Tonk Road,  
Jaipur – 302004 (Rajasthan)**

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**Points to be complied with along with the redressal process thereof:**

- The above information shall also be displayed at the branches / places where the business of the Company is transacted for the benefit of the customers.
- In case of complaints received, the concerned Relationship Manager would report the matter with full details within 2 days from date of receipt, to grievance redressal officer (GRO).
- The GRO shall take all necessary steps to redress and resolve the grievance, and will send a response as soon as possible and in any case not later than a maximum period of 15 days. If the complaint received from the customer is in respect of updation/alteration of credit information, the same shall be responded with 10 working days.
- Any unresolved / not replied grievance shall be escalated to the Principal Nodal Officer of the Company, who shall take all necessary steps to redress and resolve the grievance, and will send a response as soon as possible and in any case not later than a maximum period of one month of its receipt from the GRO.
- The Status Report on all complaints shall be placed before the Board of Directors for their review on a quarterly basis.

**VII. REGULATION OF EXCESSIVE INTEREST CHARGED**

- The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. 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.
- The rates of interest and the approach for gradation of risks shall also be made available on the website of the company. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

**VIII. REPOSSESSION OF VEHICLES FINANCED**

The Company shall include a built in re-possession clause in the loan agreement with the borrower which will be legally enforceable. To ensure transparency, the terms and conditions of the loan agreement shall also contain provisions regarding:

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- (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 shall be made available to the borrowers.

**IX. FORCE MAJEURE**

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfill the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

In order to enhance the value and relevance to the borrowers, this code shall be under review from time to time.

**X. REVIEW OF FAIR PRACTICE CODE**

The Company shall review and approve any modifications to the Fair Practice Code from time to time.

<b>Proposed by:</b>	
<b>Name</b>	<b>Signature</b>
Mrs. Surbhi Rawat, Company Secretary and Compliance Officer	
<b>Reviewed by:</b>	
Mr. Aman Baid, Whole-Time Director	

<b>Approving Authority</b>	Board of Directors
<b>Date of Approval/ Review</b>	09 <sup>th</sup> February, 2024

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