

## **Fair Practices Code**

**Updated on 27.03.2013**

1. This code is formulated for the information and guidance of all borrowers and prospective borrowers of Kerala State Power and Infrastructure Finance Corporation Ltd., Thiruvananthapuram. This code has the approval of the board of directors of the company.
2. This code deals with the broad outline policy of the company towards the following matters:
  - (i) processing of loan applications
  - (ii) loan appraisal and terms and conditions
  - (iii) disbursement of loans including changes in terms and conditions
  - (iv) other general connected matters.
3. The application forms for loans shall include all material information which may affect the borrower, so as to provide a meaningful comparison of the terms of borrowing, with those offered by other NBFCs and to take a conscious and informed decision. All communications to the borrower shall either be in the vernacular language or in a language understood by the borrower.
4. The loan application form shall indicate the documents normally required to be submitted with the application form. In case any additional documents are required, these will be specified in the sanction letter separately.
5. The loan application form may however be reviewed and modified by the company from time to time. The borrowers will therefore be governed by the current forms prevailing at the time of application, which will be ordinarily sent with the sanction letter.
6. The company shall issue an acknowledgment for receipt of the application for loans. The time schedule for processing of loan will be indicated in the acknowledgment letter.

7. After appraisal of the loan proposal, the company shall intimate the prospective borrower by means of a sanction letter, the following:
  - (i) amount of loan sanctioned.
  - (ii) terms and conditions, along with rate of interest, method of calculation of interest, period of loan schedule of repayment of loan and interest
  - (iii) documents required to be executed along with loan agreement
  - (iv) any other relevant matter including time frame of issue of loan, processing fees, penal interest and other charges if any etc.
  
8. The company shall keep on record acceptance of these terms and conditions and this shall form part of the loan agreement. The loan agreement shall mention the penal interest charged for late repayment in bold. The loan agreement shall mention that changes in interest rates and charges are effected only prospectively. The normal rate of interest shall be made available on the website of the company, which shall be updated as and when necessary so that the borrowers are aware of the rates. A copy of the loan agreement along with schedules/ enclosures shall be furnished to the borrower at the time of sanction/ disbursement of loans.
  
9. The company shall endeavour to issue notice to the borrower of any changes in the terms and conditions including disbursement schedule, interest rates, tax on interest, service charges, prepayment charges etc.
  
10. Ordinarily, the company shall ensure that changes in rates of interest and charges are effected prospectively except in cases where additional taxes, cess, levies etc. imposed by statutes of parliament or legislature. A suitable condition in this regard will be incorporated in the loan agreement. The Board of Directors shall also have the power to determine the interest rates and processing and other charges from time to time on a case to case basis for loans and advances, which shall be disclosed to the borrower.
  
11. The company confirms that any decision to recall the loan or accelerate payment or performance under the loan agreement shall be in consonance with the loan

agreement. However, any forbearance or delay or failure to exercise any such powers by the company shall not be construed as a waiver of such powers.

12. On repayment of loan installments, interest thereon including penal interest and other charges or dues or on realization of full outstanding amounts of loan, the company shall release all securities, subject to any legitimate right or lien or any other claim which the company may have against the borrower. The company shall give notice of such exercise of lien or right of set off, indicating full particulars of the remaining conditions under which the company will be entitled to retain those securities until the relevant claim is settled/paid.
13. The company shall not interfere with the affairs of the borrower except as provided in the loan agreement and for purposes specified therein, unless any material has come to the notice of the company not earlier disclosed by the borrower which may have a bearing on the loan sanctioned.
14. Any request for transfer of borrowed amount, may be considered by the company and consented to or rejected, and such consent or otherwise i.e., rejection shall be conveyed within 21 days of receipt of such request. The company shall consider any such request for transfer in accordance with contractual terms in consonance with law.
15. The company shall follow a policy legitimate with the terms of loan agreement without any unfair methods of harassment such as persistently bothering the borrower at odd hours or by use of muscle power for recovery of loans. In the matter of recovery of loans, the company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
16. The company shall follow its grievance settlement machinery scrupulously wherever any faithful complaints are received from borrowers. All such complaints will be

examined and disposed of at the level of a sub-committee of directors constituted for the purpose. However, personal allegations shall not be considered.

17. The company shall display prominently, for the benefit of their customer/clients, at its registered office, the details of the grievance redressal officer of the company, including the name and contact details and also that of the local office of RBI under whose jurisdiction the registered office of the company falls.

18. The company is at present financing the power and infrastructure sectors. If in future, in the event of company financing the vehicles, the company shall abide by the guidelines issued by RBI from time to time.

19. This fair practices code is meant to be a code of conduct on the part of the company. However, this shall never be treated as prevailing over the terms of loan agreement in any manner. Wherever any interpretation of the loan agreement becomes necessary, this code shall not have any legal significance and therefore this code shall be construed accordingly and not meant to supplant the terms agreed upon specifically or to dilute them