

MF GLOBAL FINANCE AND INVESTMENT SERVICES PRIVATE LIMITED

FAIR PRACTICES CODE

INTRODUCTION

Reserve Bank of India (RBI) has issued broad guidelines on Fair Practices for Non-Banking Financial Companies (NBFCs). NBFCs are required to frame a Fair Practice Code (hereinafter referred to as “Code”) based on the broad guidelines issued by RBI and get it approved by their Board of Directors.

MF Global Finance and Investment Finance Services Private Limited (“the Company”) has put in place the following Code based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the Code from time to time to conform to the standards that may be prescribed by RBI from time to time.

FAIR PRACTICE CODE AND ITS APPLICABILITY

The Code will be applicable to the following broad areas:

- i. Loan applications and processing thereof
 - ii. Loan appraisal and terms/conditions
 - iii. Disbursement of loans including changes, if any, in terms and conditions
 - iv. Post disbursement supervision/monitoring
 - v. Other general provisions
 - vi. Grievance Redressal Mechanism
- i. Loan applications and processing thereof**
- Standard Loan Application Forms will be made available to the prospective borrowers on request.
 - Loan Application Form shall, inter alia, include necessary information which affects the interest of the borrower and terms and conditions governing the loan. This would enable the borrowers to take an informed decision by comparing and analyzing the terms and conditions offered by the Company with other NBFCs.

The Loan Application Form shall also specify the documents required to be submitted by the borrowers along with application form.

- On receipt of Loan Application Form, an acknowledgement will be given to the borrower. It shall specify the indicative time frame within which the loan application form will be processed and disposed of.
- Loan applications shall be disposed of within a period of 20 working days from the date of receipt of duly completed Loan Application Forms together with requisite documents.

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.
- 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 annualised rate of interest and method of application thereof.
- A copy of the loan agreement alongwith a copy of all documents submitted with loan agreement will be given to the borrower at the time of sanction / disbursement of loans.

iii. 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.
- Change in the interest rates and service charges shall be made applicable prospectively. The loan agreement shall contain a specific clause in this regard.
- All changes in the terms and conditions can be effected only through amendments in the agreement or by executing addendum / supplemental deed signed by both the parties to the Loan Agreement.

iv. 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 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. If such right of set off is to be exercised, the borrower will 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.

v. 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 convey its consent within 21 days from the date of receipt of request from the borrower to transfer the loan account of a particular borrower to other NBFC, 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 of muscle power for recovery of loans, etc.
- The Company shall provide the terms and conditions in respect of its lending activities or services whenever the borrower requests for the same.

vi. Grievance Redressal Mechanism

In case of any complaint/grievances of the borrowers, the same shall be intimated by them in writing to Mr. Amish Gandhi who shall immediately make all efforts to redress the grievances.

- The Company has appointed Mr. Amish Gandhi to redress the grievances of the borrowers, in connection with any matter pertaining to NBFC business. His details are given below:
- Name of the Compliance Officer: Mr. Amish Gandhi
- Address: 2nd Floor, C Wing, Modern Centre
Near Jacob Circle, Mahalaxmi (East),
Mumbai – 11
- Tel: 022 23021839
- E-mail ID: agandhi@mfglobal.com
- In case of complaints received, the concerned Relationship Manager would report the matter with full details within 2 days from date of receipt to Mr. Amish Gandhi 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 30 days.
- The Status Report on all complaints shall be placed before the Board of Directors for their review on a quarterly basis.

vii. Interest rates

- a. Interest rates will be decided 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 will be disclosed in the application form and communicated explicitly in the sanction letter.
- b. The rates of interest and the approach for gradation of risks shall be made available on the website 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. Annualized rates of interest shall be informed to borrower so that the borrower is aware of the exact rates that would be charged to the account.

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 commitments under the Code 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.