



USHA FINANCIAL SERVICES LIMITED (“UFSL”)

FAIR PRACTICES CODE

Updated on 14th December, 2024

**Regd. Office: 330, Mezzanine Floor Functional Industrial Estate, Patparganj, Delhi- 110092
CIN: L74899DL1995PLC068604**

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Summary of Policy

Policy Name	Fair Practices Code
Approver	Board of Directors
Periodicity of Review	Annual
Date of last review	30.04.2024
Date of current review	14.12.2024
Date of next review	April, 2025
Owner / Contact	Compliance/Secretarial Department
Annexures	NA

INDEX

S. No.	Particulars
1	CHAPTER I- INTRODUCTION
2	CHAPTER II- OBJECTIVE OF THE CODE
3	CHAPTER III- APPLICATION OF THE CODE
4	CHAPTER IV- COMPANY'S KEY COMMITMENTS
5	CHAPTER V- GUIDELINES ON FAIR PRACTICES CODE FOR NBFCS
	1. APPLICATIONS FOR LOANS AND THEIR PROCESSING
	2. LOAN APPRAISAL AND TERMS/CONDITIONS
	3. PENAL CHARGES IN LOAN ACCOUNT
	4. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS
	5. POST DISBURSEMENT PRACTICES
	6. CONFIDENTIALITY
	7. GENERAL PROVISIONS
	8. RECOVERY/COLLECTION OF DUES
	9. GRIEVANCE REDRESSAL MECHANISM
	10. REGULATION OF EXCESSIVE INTEREST CHARGED BY NBFCS

CHAPTER I - INTRODUCTION

Usha Financial Services Limited (“Company” or “UFSL”) is a non-deposit taking, non-systematically important NBFC, registered with the Reserve Bank of India (RBI). The Company has framed and adopted the Fair Practices Code (“Code” or “FPC”) which sets the fair practice standards while dealing with its customers and legal entities. The Company endeavors to review and follow the policy guidelines laid down by RBI.

This Code has been framed, approved, and also being reviewed by the Board of the Company from time to time. Hence, it has been amended pursuant to Chapter VII of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10. 119/ 2023-24 dated October 19, 2023.

CHAPTER II- OBJECTIVE OF THE CODE

The Code has been adopted:

1. To Promote good and fair lending practices by setting minimum service standards in dealing with the customers;
2. To increase transparency enabling customers having a better understanding of the loan products and taking decisions wisely as to what they can reasonably expect from the Services of the Company.
3. To encourage market forces through competition, to achieve higher operating standards;
4. To promote a fair and cordial relationship between customers and the Company;
5. To develop customer confidence in the company through a mechanism for constantly receiving feedback/grievances from customers and aim to resolve the grievances in a proper and legible manner.

CHAPTER III - APPLICATION OF THE CODE

1. The Code shall apply to all employees, its agents/ representatives /third-party vendors/ service providers of the Company and other persons authorized to represent it in the course of its business.
2. This Code shall apply while dealing with all the products and services provided by the Company across the Nation, over the phone, by post, other communication channels, through interactive electronic devices, on the internet, or by any other method.
3. This code will be applicable while dealing with all our customers (which as the context permits may include prospective customers, customers who have applied for loan with us but loan not sanctioned / disbursed in addition to the customers who are in receipt of loan amount from the Company).

CHAPTER IV - COMPANY’S KEY COMMITMENTS

1. The Company shall always act fair and reasonable in dealings with its customer(s) by adhering to the principles of integrity and transparency at all times.
2. The Company shall meet all the legal and regulatory requirements and fulfil standards provided in this Code while soliciting any products and services.
3. The Company shall ensure that all advertising and promotional material is clear and not misleading.
4. The Company shall ensure transparency in communication and provide information on interest rates, fees and charges in the loan document or on its website.

5. The Company may, from time to time, communicate to customer about various features of products/services to be availed/availed by them including information about third party products/services or promotional offers after obtaining prior written consent from the customer.
6. The Company shall implement transparent Code of Conduct for its Direct Selling Agency/Agents (DSAs) / Direct Selling Teams (DST's) /Tele callers in line with the Code.
7. The Company shall always preserve the privacy and confidentiality of personal information provided by Customer.
8. The Company shall ensure compliances relating to regulations prescribed by the Reserve Bank of India.

CHAPTER V- GUIDELINES ON FAIR PRACTICES CODE FOR NBFCs

1. APPLICATIONS FOR LOANS AND THEIR PROCESSING

- i. All communication with the customer shall be in English or in the vernacular language as understood by the customer.
- ii. At the time of sourcing a Loan, the company will provide Information about the indicative range of annualized Rate of Interest (ROI), Annual Percentage Rate (APR) to be charged over year including interest, any fees and charges for the loan product availed along with method of calculating rate of interest (i.e. factors influencing credit & pricing of risk), pre-payment options, fees, financial charges, penal charges and other charges, if any, and any other matter which affects the interest of the customer, so that a meaningful comparison with those of other lenders can be made and informed decision is taken by the customer.
- iii. The loan application form shall contain the complete checklist of documents required to be submitted with the application form by the customers with the relevant detailed information of customers and their desired loan products which affects the interest of the customer.
- iv. Receipt of every loan application completed in all respects shall be duly acknowledged by the authorized personnel of the Company. The Company will also indicate the approximate time to the Customer for disposing the loan applications completed in all respects (i.e. time frame within which the customer can expect to hear from the Company regarding his/ her loan application).

2. LOAN APPRAISAL AND TERMS/CONDITIONS

- i. The company shall obtain and collect all the information and documents required for the purpose of evaluation and /or processing of loan application at the time of loan application itself or at earliest point of time if further required. In case any additional information is required for credit and risk assessment, the customer shall again be immediately contacted.
- ii. The Company shall conduct a due diligence on the credit worthiness of the customers in line with the **Company's credit policies**, norms and other procedures in respect thereof.
- iii. The Company shall convey in writing to the customer in English or a language as understood by the customer by means of sanction letter or otherwise the amount of loan sanctioned along with the

terms & conditions thereof including annualized rate of interest, method of application, EMI Structure, and any other fees or charges if any and keep the **written acceptance of all these terms and conditions by the customer** in its records.

- iv. Penal charges for different types of defaults, late payment charges or any other charges for any default etc. to be clearly mentioned in the Sanction letters and the Loan Agreements and the penal charges for default of late payment shall be highlighted in **bold with the bigger font size** to sensitize the Customers about consequences of defaults in delay in payment of periodic installments and/or any other breach of the terms of the loan agreement and sanction letter.
- v. After the execution of the Loan Agreement, the Company shall furnish a **copy of the Sanction letter approved by the company and the loan agreement** executed along with a copy of each of its enclosures quoted in the Loan Agreement/Documents, to each and every customer, subsequent to loan disbursement.

3. PENAL CHARGES IN LOAN ACCOUNT

- i. Penalty, if any charged, for non-compliance of material terms and conditions of loan contract by the customer 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. Also, no additional component shall be introduced to the rate of interest. However, this will not affect the normal procedures for compounding of interest in the loan account.
- ii. The **quantum of penal charges shall be reasonable** and commensurate with the non-compliance without being discriminatory within a particular loan / product category.
- iii. 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 Company's website under Interest rates and Service Charges.
- iv. 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.

4. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- i. The company shall make Disbursement in accordance with the disbursement schedule and/or terms agreed with the customer as per the loan Agreement/ sanction Letter.
- ii. The Company shall give notice, to the customer in English or a language as understood by the customer, of any change in the terms and conditions including disbursement schedule, rate of interest, service charges, pre- payment charges, other applicable fee/charges etc. in writing. The Company shall also ensure that **changes in rate of interest** and other charges are effected only **prospectively** with prior intimation to the customer. A suitable condition in this regard shall be incorporated in the loan agreement.

5. POST DISBURSEMENT PRACTICES

- i. Any decision by the company to recall/ accelerate payment or performance under the loan agreement or seeking additional securities, shall be taken after giving notice to the customer in consonance with the loan agreement.
- ii. The Company will release all securities/collaterals, if any, on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the customer/borrower. If such right of set off is to be exercised, the customer 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.

6. CONFIDENTIALITY

The Company shall not reveal any personal information or other transaction details of the borrowers to anyone except under following circumstances:

1. The information is required to be disclosed by any applicable law, regulation, direction, or as required by any government authority.
2. The information is required by the Auditor, professional advisors, agents or any third party service providers of the lenders who are under duty of confidentiality.
3. The information is required by any person with whom the lender may enter into any assignment, participation or other agreements.
4. The information is required by other banks if the borrower has availed any facility from them or any credit information bureau.

7. GENERAL PROVISIONS

- i. The Company will refrain from interference in the affairs of the customer/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 Company).
- ii. The Company shall publicize the Code as under:
 - Provide existing and new customer with a copy of this Code, whenever requested;
 - Disclose this Code on the website of the Company; and
 - Periodic trainings to the entire customer facing staff about the fair business practices as mentioned in this Code.
- iii. The Company shall periodically review this Code basis its business and regulatory requirements.
- iv. Periodic reports on the customer/borrower complaints (entailing the number and nature of the complaints received, ageing of complaints, adherence to TATs, root cause details of the complaints in which service deficiencies are found) shall be submitted to the Board of Directors / Audit Committee at regular intervals.

8. RECOVERY/COLLECTION OF DUES:

- i. The Company at the time of giving a loan to the customer shall explain to the customer the

repayment process including installment amount, tenure, bounce charges, penal charges, other charges and periodicity of repayment. However, if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of loan dues. The process will involve reminding the customer by sending a notice or by making personal visits and / or repossession of security if any.

- ii. REPOSSESSION, IF VEHICLES ARE FINANCED BY THE COMPANY: The terms and conditions for enforcing security interest and/or **re-possession of the property collateral, if any, shall be clearly mentioned in the loan or security related document.** To ensure transparency, the said terms will speak about: (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) provision regarding final chance to be given to the customer for repayment of loan before the sale / auction of the property; (e) the procedure for giving repossession to the customer; and (f) the procedure for sale / auction of the property.
- iii. In the matter of recovery of loans, the Company or its agents will resort only to remedies which are legally and legitimately available to it and will not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, and will not resort to use of muscle power for recovery of loans, etc. The Company will make all efforts so that its staff is adequately trained to deal with the customers in an appropriate manner.

9. GRIEVANCE REDRESSAL MECHANISM:

The Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising from the customers/borrowers in regard to their loans or otherwise. The Board of Directors shall also periodically review the functioning of the grievance's redressal mechanism at various levels of management. A **consolidated report of such reviews** shall be submitted to the Board at periodic intervals. The mechanism will also address the complaints pertaining to outsourced services provided by the agencies/companies on behalf of the Company as required under the RBI.

The Company follows a Three (3) tier approach for redressal of customer grievances, as detailed below:

1. Level 1:

- i. In case of any service request / complaints, the customer/borrower may contact the customer engagement team/ Customer Service Department on any of the below mentioned contact points:

Email: info@ushafinancial.com / usha.nbfc@gmail.com/legal@cashsuvridha.com

Toll Free Number for customers calling from India: 18001032348

Registered Office Landline Number: 011-47019079

Website: www.ushafinancial.com

Written request to the below mentioned details:

CUSTOMER SERVICE DEPARTMENT

USHA FINANCIAL SERVICES LIMITED

330, Mezzanine Floor, Patparganj Industrial Area,
Delhi-110092

- ii. At such level, if the Company is able to adequately investigate and examine the issue, it shall endeavour to respond to the same within a period of 14 days.
- iii. However, in case where a complaint warrants extensive investigation and/or support of the customer to identify the perpetrator, root cause analysis, or under litigation (incl. pending with local Police authorities), the TAT for responding and resolving such complaints may be more than 14 days.
- iv. In case the customer is not satisfied with the resolution/response provided by the customer engagement team/s as above, then customer shall escalate to Level 2 as given below.

2. Level 2

- i. In case the customer request / complaint remains unresolved for a period of 14 days or in case the customer is not satisfied with the resolution at Level 1 or in case of delayed or no response from the above respective channel/level within the specified timeline, such complaint may be escalated to the Grievance Redressal Officer (GRO) of the Company whose details are herein below,;

Kind Attn: MR. PRANAY DHONDIYAL
GRIEVANCE REDRESSAL OFFICER (GRO)
USHA FINANCIAL SERVICES LIMITED
330, Mezzanine Floor, Patparganj Industrial Area,
Delhi-110092
Email: pranaydhondiyal@ushafinancial.com
Telephone: 011-47019079

The company shall make their best efforts to resolve customer's complaint at this level basis on its merit.

3. Level 3:

- i. If the complaint is not redressed within a period of 30 days or if the customer is dissatisfied with the resolution received at Level 2 hereinabove, the customer may further escalate to Ombudsman via CMS Portal or Electronic/ Physical mode by following procedure as mentioned below table:

SR. NO	PARTICULARS	Click on the Link
A.	Salient features of Company Ombudsman Scheme	https://www.ushafinancial.com/policies.html
B.	Format of Complaint to Ombudsman	https://www.ushafinancial.com/policies.html
C.	Contact Officers of Nodal Officer of UFSL/Company	https://www.ushafinancial.com/contact.html
D.	CMS portal	https://cms.rbi.org.in , Helpline No: 14440

- ii. If the customer/borrower is aggrieved by the Ombudsman Award or rejection of complaint by Ombudsman Office, customer can file an appeal within 30 days of receipt of Award or rejection of complaint to-

EXECUTIVE DIRECTOR
Consumer Education & Protection Department (CEPD)
Reserve Bank of India
6 Sansad Marg,
New Delhi-110001
Email: CRPC@rbi.org.in
Helpline Number: 14448

The Appellate Authority may, if it is satisfied that the complainant had sufficient cause for not making the appeal within the time, may allow a further period not exceeding 30 days.

10. REGULATION OF EXCESSIVE INTEREST CHARGED BY NBFCs

- i. The Board of the company 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 customers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- ii. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- iii. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.