

USHA FINANCIAL SERVICES LIMITED

**POLICY ON
CODE OF CONDUCT**

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INTRODUCTION:

Usha Financial Services Limited (UFSL), an NBFC-ND registered with Reserve Bank of India. UFSL head quarter is in New Delhi. UFSL has a social vision and business orientation aiming to provide under privileged with economic opportunities to transform the quality of their lives.

UFSL has been following Code of Conduct since its inception to improve quality of lending, transparency, grievance redressal, ethical behavior and client protection.

OBJECTIVE:

- Promote good and fair practices by setting standards in dealing with the customer.
- Lay down a comprehensive guideline on Code of Conduct in order to achieve organization's core objectives.
- Ensuring effective dissemination of code of conduct throughout the organization and stake holders.

CODE OF CONDUCT

Usha Financial Services Limited shall adopt and practice the code of conduct as stated hereunder in letter and spirit.

1. INTEGRITY AND ETHICAL BEHAVIOUR

- I** UFSL shall put strong systems and promote good governance practices within the organization.
- II** UFSL shall adhere to the Fair Practice Code and Code of Conduct.
- III** All the compliances shall be regularly audited and presented in the 'Board' meeting.
- IV** UFSL shall design appropriate board approved policies and operating guidelines to treat clients and employees with fairness and dignity.
- V** The incentive structure for the staff shall aim at promoting good business and service practices towards customers.
- VI** Through Group/Center meeting/Loan disbursement, clients shall be educated on code of conduct and its adherence.

2. TRANSPARENCY

- I** UFSL shall disclose complete information to the clients, regarding the loan products such as interest amount, number of installments, installment amount, loan processing fee, insurance premium etc.
- II** Communicate all the terms and conditions for all products/services offered to clients in the vernacular language or English understood by them.



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- III. Disclose Rate of interest on a reducing balance method processing fee, total charges recovered for insurance coverage and risks covered and any other charges or fees howsoever described.
- IV. Communicate in writing, charges levied for all financial services rendered. Fee on non-credit products/services will be collected only after prior declaration to the client.
- V. The flat and reducing rate of interest shall be clearly printed in all the sanction letters.
- VI. Formal records of all transactions must be maintained in accordance with all regulatory and statutory norms, and borrowers' acknowledgment/acceptance of terms/conditions must form a part of these records.
- VII. Place in public domain the assessment reports on code of conduct compliance.
- VIII. UFSL shall display Fair Practice Code in English or vernacular language in all its branches.
- IX. All the documents related to the clients shall be in English or vernacular language.
- X. Shall disclose reasons for rejection of loan to applicants.

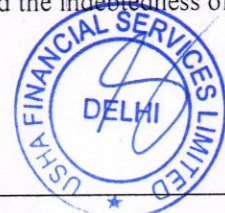
3. CLIENT PROTECTION

A. FAIR PRACTICE

- I. UFSL shall treat all its clients with respect and dignity.
- II. UFSL ensures that the services are provided to the eligible clients as per RBI guidelines.
- III. UFSL shall complete documents requirements as per the standard KYC norms.
- IV. The staffs shall not indulge in any kind of misbehavior while interacting with the clients.
- V. The staffs shall keep in mind the appropriate timing to visit clients' house for loan related work.
- VI. The staffs shall not visit clients on inappropriate occasions such as sickness, death etc.
- VII. UFSL shall provide induction trainings to all the staffs at the branch on Fair Practice code, and Code of Conduct to ensure respectful treatment of clients and fair collection practices.
- VIII. The internal audit teams shall monitor staff's ethical behavior and professional conduct with the clients.
- IX. UFSL shall indicate the time taken within which customer can expect a decision on their application and if sanctioned, the time taken for disbursement of loan.

B. AVOIDING OVER-INDEBTEDNESS

- I. UFSL shall adhere to the total debt limit, processing fee, interest and insurance premium as prescribed by the Reserve Bank of India (RBI).
- II. UFSL shall use pin code analysis report from the credit bureau to understand the indebtedness of the clients.



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- III.** UFSL shall share clients' data with the credit bureaus such as Equifax and Highmark to check their level of indebtedness prior to extension of loan.
- IV.** UFSL shall train branch staffs to make necessary enquiries with regard to existing debt of the borrowers and shall ensure the repayment capacity of the clients.
- V.** UFSL shall also enquire about clients' credit health from informal sources.

C. APPROPRIATE INTERACTION AND COLLECTION PRACTICES

- I.** Staffs shall talk politely, address the clients respectfully.
- II.** Under no circumstance staff shall talk harshly, loudly or use any threat, abusive or disrespectful language.
- III.** Staff shall not show any aggression and shall not indulge in confrontation, altercation with client or family members.
- IV.** On sensitive occasions such as death, accident, illness or any other tragedy, staff shall inform the BM and shall not insist on repayment either from the client or from the group members.
- V.** Staffs will not use any physical force or enter dwellings of people.
- VI.** Staffs will not visit clients before 8.00am and after 6.30 pm at any location for any business related work.
- VII.** UFSL shall provide valid receipt for every payment received from the borrower and record the payment in the loan passbook with the client.
- VIII.** UFSL shall have a detailed Board approved process for dealing with clients, at each stage of default.
- IX.** UFSL shall not collect shortfalls in collections from employees and their HR policies must categorically denounce this practice. However in proven cases of frauds by employees the NBFC can recover the money from employees.

D. PRIVACY OF CLIENT INFORMATION

- I.** UFSL shall treat client's information and data as private and confidential.
- II.** Client data shall be stored in UFSL Management Information System (MIS) which should be protected by required security system.
- III.** UFSL shall seek client's consent on written disclosure in the loan application form on sharing client's data with the Credit Bureaus or any third party.

4. GOVERNANCE

- I.** UFSL shall be transparent in maintaining books of accounts and shall get its financial statement



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audited by an audit firm.

- II.** Ensure transparency in the maintenance of books of accounts and reporting/ presentation and disclosure of financial statements by qualified auditor/s.
- III.** Put in best efforts to follow the Audit and Assurance Standards issued by the Institute of Chartered Accountants of India (ICAI).
- IV.** Place before the Board of Directors, a compliance report indicating the extent of compliance with this Code of Conduct and the functioning of the grievance redressal mechanism at various level of management, specifically indicating any deviations and reasons therefore, at regular intervals, as may be prescribed by Board.

5. RECRUITMENT

- I.** UFSL shall recruit employees through a fair recruitment practice.
- II.** UFSL shall recruit employees from other NBFC as well.
- III.** UFSL shall make it mandatory for the employees to furnish the original documents for verification.
- IV.** UFSL shall conduct a thorough reference check on the employees.
- V.** UFSL shall honor notice period between employer and employee subject to confirmation from the HR Department. This will exclude the cases where employees have violated UFSL ethics, practice and policy.

6. CLIENT EDUCATION

- I.** UFSL shall proactively work towards enhancing the awareness of the clients on UFSL services, products, process and procedures. Customer feedback shall be gathered, as part of internal audit systems or through some other regular monitoring such as a system of calls to random sample of customers. The feedback from such monitoring shall be reported to the board periodically.
- II.** UFSL shall help clients understand their rights as borrower.

7. DATA SHARING

- I.** UFSL shall provide the data and information called for by all supervisory and regulatory bodies on demand.



8. MECHANISM FOR COMPLAINT RESOLUTION

- I.** UFSL shall have an efficient and accessible grievance redressal mechanism for clients.
- II.** Appropriate mechanism for ensuring compliance with the Code of Conduct.
- III.** Display toll-free number on sanction letter, on the website and at the branches as well.
- IV.** Provide clients with contact numbers of Relationship officers, Branch managers and Area managers in case they have any complaint.
- V.** Display an easy to read grievance redressal flow-charts in vernacular language or English at branches.
- VI.** UFSL shall provide training to the relationship officers to educate and improve client's awareness on Grievance redressal mechanism.
- VII.** UFSL shall appoint 'Grievance Redressal Officer', a dedicated person in charge of attending to the calls received at the toll-free number and maintaining a grievance tracker.
- VIII.** The grievance redressal officer shall respond to the grievances in prompt, efficient and courteous manner.
- IX.** The grievance redressal officer shall maintain a tracker of the grievances received on the toll-free number with utmost clarity and complete information.
- X.** Grievances grave in nature shall be escalated further. The head of concerned departments shall be informed on this.
- XI.** The summary of grievances shall also be presented to the board members at the quarterly 'Board Meeting'.
- XII.** UFSL shall display contact number and address of nodal official and details of the grievance redressal system of RBI.

