

**WEST END INVESTMENT & FINANCE CONSULTANCY PRIVATE LIMITED
(WEIFCPL)**

FAIR PRACTICE CODE

Approval date: 21st May, 2018

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1. Introduction

The RBI has issued its extant guideline in respect of Fair Practice code, to be followed by an NBFC, by defining and setting standards, which are expected to comply with, while dealing with its existing or prospective customers, vide master circular no. DNBR (PD) CC. No. 054/03.10.119/2015-16 dated July 01, 2015 and also issued Master Direction-Non-Banking Financial Company-Systemically Important Non- Deposit taking Company and Deposit Taking Company (Reserve Bank) Direction, 2016 ("Master Directions"), as amended from time to time.

The Company has put in place the best practices to follow while operating (which has been set out forth in this document) and implementing the "Fair Practice Code".

The Fair Practice Code (FPC) covers general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method.

2. OBJECTIVE OF THE CODE

- i. To ensure Fair Practices while dealing with the customers and promote good, fair and trustworthy practices by setting up minimum standards;
- ii. To ensure greater transparency enabling customers in having a better understanding of the product and taking informed decisions;
- iii. To ensure that clients are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction;
- iv. To monitor and administer client accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided;
- v. Recovery and enforcement, where necessary, is conducted following due process of law.
- vi. To ensure compliance of applicable regulations prescribed by RBI relating to fair practices

3. Applications for loans and their processing

- a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b) The Company should receive a loan request letter from the borrower. Sanction note shall be prepared by the company and placed for approval.
- c) On exercise of choice, the customer shall be given the relevant information about the loan product of his/her choice. All information about the fees/charges, if any payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interests of the borrower shall be prescribed in the Application Form. This information will enable the

applicants to have a meaningful comparison with similar provisions of other companies and thereafter to take an informed decision.

- d) The Company shall provide an acknowledgement for all loan applications to the prospective borrower. The time frame, within which loan applications will be disposed of, will be indicated in the acknowledgement.

4. Loan appraisal and terms/conditions

- a) The Company shall make proper and prompt assessment of all Loan applications.
- b) When sanctioned, the Company shall convey to the applicant the details of Loan amount, interest rates, penal interest for late payment, repayment schedule, terms & conditions for loan and other charges in Loan Agreement in writing to the borrower in the vernacular language or any other language as understood by the borrower by means of sanction letter or otherwise and keep the acceptance of these terms and conditions by the borrower on Company's record.
- c) The Company shall furnish a copy of the loan agreement to the borrower along with a copy of each of the enclosures quoted in the loan agreement at the time of sanction / disbursement of loans.

5. Disbursement of loans including changes in terms and conditions

- a) The Company shall ensure timely disbursement of loans sanctioned in conformity with the terms & conditions. The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms & conditions including disbursement schedule, interest rates, service charges, prepayment charges and any other charges, etc. Further, the changes in interest rates and charges shall be affected only prospectively, and the conditions in this regard must be incorporated in the Loan Agreement.
- b) If Company decides to recall / accelerate payment or performance under the agreement or to seek additional securities, it shall give notice to the borrower, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- c) The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim if may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which WEIFCPL is entitled to retain the securities till the relevant claim is settled/ paid.

6. General

- a) The Company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c) In the matter of recovery of loans, the Company shall not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. The Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate, polite and courteous manner.
- d) WEIFCPL shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to *individual borrowers*.

7. GRIEVANCE REDRESSAL MECHANISM:

- a) The Company will always make efforts to redress the complaints of the customers at the earliest and in the best practice possible way and provide the customer with our best practice.
borrower make his/her complaint to the level as indicated below:

Primary Level:

- Phone: They can call the on our number 022- 40851000/ 22623000 between 10:30 to 18:00 Monday to Friday, except public holidays.
- Email: They can write to the Grievance Redressal Officer at pooja.westend@gmail.com
- Direct: They can visit our office and handover a complaint letter.
- Letter: They can write to us at:

Ms. Pooja Kunwar
(Grievance Redressal Officer),
West End Investment & Finance Consultancy Pvt. Ltd.
38, 2nd Floor, Bombay Mutual Building, Dr. D. N. Road,
Fort, Mumbai- 400001

Secondary Level:

If the borrower is not satisfied with the resolution received from above channel, or if the borrower does not hear from us in 15 days, the borrower can write to:

Mr. Pankaj Kumar Gupta,
(Chairman)
West End Investment & Finance Consultancy Pvt. Ltd.
38, 2nd Floor, Bombay Mutual Building, Dr. D. N. Road, Fort, Mumbai- 400001

- b) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI:

Department of Non-Banking Supervision,
Reserve Bank of India,
3rd Floor,
Byculla,
Mumbai – 400 008.

8. **Regulation of excessive interest**

- a) The Board has adopted 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 borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- b) 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.

PENAL CHARGES IN LOAN ACCOUNTS (with effect from 1st January, 2024)

- a) if any penalty charged by the Company from the borrower for non-compliance of material terms and conditions of loan agreement shall be treated as 'penal charges' not penal interest that is added to the rate of interest charged on advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. This will not affect the normal procedures for compounding of interest in the loan account.
- b) The Company shall not introduce any additional component to the rate of interest.
- c) 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.
- d) The Company will disclose the quantum and reason of penal charges in loan agreement. The Company will communicate the penal charges, instance of penal charges and reason to the borrower at the time of reminder also.

- e) In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of this circular, whichever is earlier.

9. Clarification regarding repossession of vehicles financed by WEIFCPL

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

- 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 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, which may form a key component of such contracts/loan agreements.

Presently, WEIFCPL does not finance purchase of vehicles. However, WEIFCPL shall adhere to these guidelines upon granting such loans.

10. Lending against collateral of gold jewellery

While lending to individuals against gold jewellery, Company shall adopt the following in addition to the general guidelines as above.

WEIFCPL shall put in place Board approved policy for lending against gold that shall inter alia, cover the following:

- a) Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- b) Proper assaying procedure for the jewellery received,
- c) Internal systems to satisfy ownership of the gold jewellery,
- d) Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery,
- e) The jewellery accepted as collateral shall be appropriately insured,
- f) Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process shall

- ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
- g) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper,
 - h) As a policy, WEIFCPL themselves shall not participate in the auctions held,
 - i) Gold pledged will be auctioned only through auctioneers approved by the Board,
 - j) The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

The loan agreement shall also disclose details regarding auction procedure.

Other Instructions

- (a) WEIFCPL shall insist on a copy of the PAN Card of the borrower for all transaction above 5 lakhs.
- (b) Documentation across all branches must be standardized.
- (c) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Presently, WEIFCPL does not lend against collateral of gold. However, WEIFCPL shall adhere to these guidelines upon granting such loans.

11. Digital Lending Platform

Loans Sourced by Company over Digital Lending Platforms

Currently WEIFCPL does not loans source over Digital Lending Platforms.

Whenever Company lend through digital lending app irrespective of whether they lend through their own digital lending platform or through an outsourced lending platform, must adhere to the Fair Practices Code guidelines in letter and spirit. The Company must also meticulously follow regulatory instructions on outsourcing of financial services and IT services.

Wherever Company engage digital lending platforms as their agents to source borrowers and/ or to recover dues, they must follow the following instructions:

- a) Names of digital lending platforms engaged as agents shall be disclosed on the website of Company.
- b) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
- c) Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company.

- d) A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
- e) Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.

Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

REVIEW:

This policy shall be reviewed and updated periodically for any changes. In case any amendments issued by Reserve Bank of India in form of clarifications, circulars or guidelines or by any other name, which may not be consistent with the current provisions laid down under this Code, then the provisions of such amendments / clarifications, shall prevail upon the provisions contained in the RBI communication and the same shall stand amended accordingly effective from the date as laid down under such RBI communication.”