

GILADA FINANCE & INVESTMENT LTD.
FAIR PRACTICES CODE

1. APPLICATION FOR LOANS & THEIR PROCESSING :

- i. All communications to borrower(s) should be in the vernacular language besides being in English to enable clear understanding by the applicants/ borrower(s).
- ii. Loan application forms should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.
- iii. The company shall acknowledge receipt of all loan applications. The time frame within which loan applications will be disposed should also be indicated in the acknowledgement.

2. LOAN APPRAISAL AND TERMS & CONDITIONS :

- i. The company should convey to the borrower in writing in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The company shall also mention the penal interest chargeable for late repayment in bold in the loan agreement.

Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice, which could lead to disputes between the company and the borrower with regard to the terms and conditions on which the loan is granted.

The dealing manager/ officer is, therefore, advised to furnish a copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy of each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/ disbursement of loans.



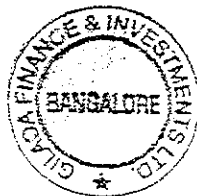
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3. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS :

- i. The company should give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.. The company should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- ii. Decision to recall/ accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- iii. The company should release all securities 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 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 company is entitled to retain the securities till the relevant claim is settled/ paid.

4. GENERAL :

- i. The company should refrain from interference in the affairs of the 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 lender).
 - ii. 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, should 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.
 - iii. In the matter of recovery of loans, the company should 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 ensure that the staff are adequately trained to deal with the customers in an appropriate manner and refrain from rude behavior.
5. The Board of Directors of the company should lay down an appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the



decisions of lending institution's functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for periodical review of the compliance of the Fair

Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews should be submitted to the Board at regular intervals, as may be prescribed by it.

6. Fair Practices Code (which should preferably in the vernacular language as understood by the borrower) based on the guidelines outlined hereinabove should be put in place by the company with the approval of the Board of Directors. The same should be displayed/ circulated for necessary information of all stakeholders including customers/ borrowers.

Dt.18.04.2012

For Gilada Finance & Investment Ltd.




Director

As approved in the meeting of the Board of Directors of the company held at the Regd. Office, Bangalore on the 16th April 2012.