

Fair Practice Code



Fair Practice Code

Fair Practice Code

Summary of Policy

Policy Name	Fair Practice Code
Issue and Effective date	April 19, 2011
Date of last review	September 15, 2020
Date of current review	February 27, 2021
Date of next review	On or before February 2022
Periodicity of review	Annual
Owner / Contact	Compliance Department
Approver	Board of Directors
Annexures	NA

Fair Practice Code

Index

S. No.	Particulars
1	Preamble
2	Purpose
3	Definitions
4	Key Commitment
5	Guidelines on Fair Practices Code for NBFCs
A	i. Applications for loans and their processing
	ii. Loan appraisal and terms/conditions
	iii. Disbursement of loans including changes in terms and conditions
	iv. General
	v. Responsibility of Board of Directors
	vi. Grievance Redressal Officer
	vii. Language and mode of communicating Fair Practices Code
	viii. Regulation of excessive interest charged by NBFCs
	ix. Complaints about excessive interest charged by NBFCs
	x. Clarification regarding repossession of vehicles financed by NBFCs
B	NBFC-MFI
C	Lending against collateral of gold jewellery
	i. Board approved policy for lending against gold
	ii. Auction Procedure

Fair Practice Code

1. Preamble

The Fair Practices Code (“**FPC**”) has been devised by DMI Finance Private Limited (“**DMI**” or “**Company**”) in accordance with guidelines issued by The Reserve Bank vide its circular dated September 28, 2006 and subsequent amendments, on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and adopting a non-coercive recovery method.

2. Purpose

DMI has put in place the FPC with an endeavor to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc. The Company’s Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. DMI’s commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company’s Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

3. Definitions

- a. “**Award**” means an award passed by the Ombudsman in accordance with the Scheme, and includes a direction for specific performance by the non-banking financial company concerned and/ or to pay compensation for the loss, if any, suffered by the complainant
- b. “**Appellate Authority**” means the Deputy Governor-in-Charge of the Department of the Reserve Bank implementing the Scheme
- c. “**Authorised Representative**” means a person other than an Advocate duly appointed and authorised by a complainant to act on his behalf and represent him in the proceedings under the Scheme before an Ombudsman for consideration of his complaint.
- d. “**Board**” means Board of Directors of the Company.
- e. “**Complaint**” means any representation or allegation made in writing or through electronic means, containing a grievance alleging deficiency in service as mentioned in Clause 8 of the Scheme.
- f. “**Company**” means DMI Finance Private Limited
- g. “**Directors**” means individual Director or Directors on the Board of the Company.
- h. “**FPC**” means Fair Practice Code;
- i. “**Ombudsman**” means any person appointed under Clause 4 of the Ombudsman Scheme.
- j. “**Settlement**” means an agreement reached by the parties, either by conciliation or mediation, under Clause 11 of the Ombudsman Scheme

Fair Practice Code

4. Key Commitment:

The essence of the FPC lies in the following aspects that DMI shall strive to follow in spirit and in letter:

- To provide professional, efficient, courteous, diligent and speedy services.
- Not to discriminate on the basis of religion, caste, sex, descent in any manner.
- To be fair and honest in any advertisement and marketing of loan products.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- If sought, to provide such assistance or advise to customers seeking loans.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.
- To comply with all the regulatory requirements in good faith.
- Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.
- Seek to confirm that the funds do not flow to companies that utilize child or forced labor or generally maintain discriminatory policies against religion or gender.
- Ensure compliances relating to Indian regulations prescribed by the Reserve Bank of India ('RBI')

5. Guidelines on Fair Practice Code For DMI

i. Applications for loans and their processing

- All loan products of the company shall be the same as mentioned in the Loan policy of the company.
- All communications to the customer by DMI shall be in **English** as it is understood by all customers of DMI.
- As part of the loan process, to inter alia ensure utmost transparency, DMI provides all necessary information to the customer along with the term sheet/application/proposal as the case may be including but not restricted to nature of security required ,fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of loan proposal, pre-payment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Non-Banking Financial Companies ('NBFCs') can be made and informed decision can be taken by the customer.

Fair Practice Code

- Time-period for disposal of application

S. No.	Category of Customer and Size of Limit	Time norms for disposal after Submission of all required papers / information sought by the DMI.
i.	For all categories of customers and for any amount of Loans	Time-period upto 60 days or such time as mutually agreed upon with customer.

- On exercise of choice, the customer would be given the relevant information about the loan product of its choice.
- The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily.

ii. Loan appraisal terms and conditions

- DMI shall scrutinize the information submitted by the customer and additional data, if any, required should be called promptly to facilitate expeditious disposal of the loan.
- DMI shall convey in writing in English as it is understood by all customers of DMI by means of Sanction letter or Term sheet or any other form of written communication key terms and conditions of the proposed exposure including:
 - the amount of loan sanctioned along with the terms and conditions including annualized rate of interest,
 - details of the default interest / penal interest rates (expressed in percentage per month / annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement)
 - acceptance of terms and conditions and other caveats governing the credit given by DMI arrived at after negotiation
 - terms of enforcement of security
 - all other information which is relevant from the point of view of the loan to be provided and all the parties involved.
 - wherever possible, reasons for rejection of loan would be conveyed to the customers.
- DMI shall furnish a copy of the loan agreement in English as understood by the borrower along with copy of all relevant enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of the loan and shall be duly approved by the customer and countersigned by the authorized officials of DMI.

Fair Practice Code

iii. Disbursement of loans including changes in terms and conditions:

- DMI shall give notice in English as understood by the customer regarding any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- Changes in the interest rates and charges shall be effected prospectively.
- A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, DMI shall give notice to customers in consonance with the loan agreement in English as may be understood by the customer.
- DMI shall 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 DMI 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 about the remaining claims and the conditions under which DMI is entitled to retain the securities till the relevant claim is settled/ paid
- All communication like acceptances (including for amendments or addendum) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of ten years.

iv. General

- DMI 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).
- In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e. objection from DMI, 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.
- If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by sending the notice or by making personal visits and/ or repossession of security, if any. In case of default, DMI may refer the case to the recovery agent and will inform the customer of the recovery proceedings being initiated. DMI shall ensure that its process of recoveries will not involve harassment to the Customer. Appropriate instructions will be provided by DMI to its staff for handling customer queries and grievances cordially.
- In accordance with circular no. DNBS(PD). CC. No. 399/03.10.42 /2014-15 dated July 14, 2014 issued by RBI to ensure customer protection and to bring in uniformity about prepayment of various

Fair Practice Code

loans by borrowers of banks and NBFCs, DMI shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.

- All the fees / charges / interest would be payable as per interest rate policy or as per mutually agreed terms.
- Post disbursement supervision is constructive and the genuine difficulties which the customer may face is given consideration.
- DMI will consider cases of financial difficulty appropriately. The customer should identify problems and immediately should let DMI know as soon as possible.
- All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, RBI, other banks and financial institutions and any other state, central or other regulatory body.
- Customer information would be revealed only under the following circumstances, namely;
 - If DMI is compelled by law
 - If it is in the Public Interest to reveal the information
 - If the interest of DMI to require disclosure.

v. Responsibility of Board of Directors

- The Board of Directors of DMI has laid down grievance redressal mechanism within the organization as per details mentioned in the next paragraph. Such a mechanism ensures that all disputes arising out of the decisions of DMI's functionaries are heard and disposed of at least at the next higher level. The Board of Directors of DMI shall annually review the compliance of the FPC and the functioning of the GRM. A consolidated report of compliance shall be submitted to the Board every year.

vi. Grievance Redressal Mechanism (GRM)

The Board of Directors of DMI Finance Private Limited ("**DMI/Company**") has laid down a Grievance Redressal Mechanism ("**GRM**") in compliance with various regulations applicable on the Company.

The Grievance Redressal Mechanism is attached as **Annexure-A**

vii. Language and mode of communicating FPC

- FPC as established by DMI has been established in English language and is based on the guidelines as outlined by the RBI.
- DMI shall also have its FPC in regional/vernacular languages for customers who are unable to read the same in English.

Fair Practice Code

viii. Regulation of excessive interest rates charged

- DMI will disclose to the borrower the risk and rationale for charging different rate of interest to different categories of borrowers in the application form and explicitly communicated in the sanction letter.
- The rates of interest and approach for gradation of risk shall also be made available on the website of DMI
- The rate of interest being charged by DMI shall be annualized rate to make the customer aware of the exact rates that would be charged to the account.

ix. Complaints about excessive interest rates charged

- Board of DMI shall lay out an interest rate policy mentioning internal principles and procedures in determining interest rates, processing charges and other charges.

x. Clarification regarding repossession of vehicles financed

- DMI does not provide vehicle finance directly but may do it through its intermediaries therefore the following points as prescribed by RBI shall be followed:
 - DMI will have an in-built re-possession clause in the loan agreement with the borrower which must be legally enforceable.
 - DMI will ensure transparency in the terms and conditions of the loan agreement regarding:
 - Notice period before taking possession
 - Circumstances under which notice period will be waived
 - Procedure for taking possession of security
 - A provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property
 - The procedure for giving repossession of the vehicle
 - Procedure for sale/auction of the property
 - DMI shall make sure that a copy of such terms and conditions is made available to the borrower in the loan agreement 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.

A. NBFC-MFIs

DMI does not envisage carrying out NBFC-MFI activities therefore such guidelines are not applicable on the company.

Fair Practice Code

B. Lending against collateral of gold jewellery

DMI does not lend against gold jewellery to individuals but if it plans to do the same in future then DMI shall adopt the following in addition to the general guidelines as mentioned above:

- DMI shall put in place Board approved policy for lending against gold that should inter alia, cover the following:
 - 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,
 - Proper assaying procedure for the jewellery received,
 - Internal systems to satisfy ownership of the gold jewellery,
 - 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 should not be extended by branches that do not have appropriate facility for storage of the jewellery,
 - The jewellery accepted as collateral should be appropriately insured,
 - Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There should be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
 - The auction should be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper,
 - As a policy, DMI themselves will not participate in the auctions held,
 - Gold pledged will be auctioned only through auctioneers approved by the Board,
 - The policy will 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.

Grievance Redressal Mechanism

❖ **KEY PARAMETERS**

Following are some of the key parameters of the GRM:

1. Resolution of customer complaints/disputes/queries within a prescribed time frame.
2. Ensuring that all complaints/disputes/queries of customers are heard and disposed off at least at the next higher level.
3. Company to ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within the prescribed time period or is not capable of being resolved, then the customer shall be informed appropriately at the earliest opportunity.
4. All communication in relation to the GRM shall be in writing.

❖ **ESCALATION MATRIX AND TIMELINES**

DMI operates into various business segments namely **Consumer/Retail Loans** (Consumption Loans, Personal Loans and MSME Loans) and **Corporate Loans** (Real Estate and Non-Real Estate). Since the customer segment and queries/enquiries would vary therefore the Company has decided to have separate escalation matrix and timelines for each business segment.

Below are the various ways/modes through the customers can register their complaints/queries/enquiries:

▪ **Consumer/Retail Loans**

For Consumer/Retail Loans (Consumption Loans, Personal Loans and MSME Loans), the customers have the following ways of approaching the Company as per details mentioned below:

- a. **Voice Support-** The customer can call us at Consumer Credit Customer care at **08064-807-777** between **9:00 am to 8:00 pm** from Monday to Saturday.
- b. **Email Support-** Please write to us at customercare@dmifinance.in (*Please ensure to mention your loan account number and contact number in the email*). The customer will receive an automated acknowledgement immediately and will receive a response from the team **within 3 business days** but there would be instances wherein the team may even take longer to respond/reply.

Escalations:

Level 1: A customer can escalate the matter to grievance@dmifinance.in in case he/she is not satisfied with the response from the Customer Care team. Depending on the query/dispute/grievance, a written reply/resolution will be sent to the customer within **10 business days** at his/her registered email id with the Company.

Fair Practice Code

Level 2: A customer not satisfied with the response at Level 1, can further escalate the matter/query/complaint to the below:

- Grievance Redressal Officer (Consumer Loans)
- head.services@dmifinance.in
- Express Building, 3rd Floor, 9-10, Bahadur Shah Zafar Marg, New Delhi-110002
- 011-41204444

▪ **Corporate Loans**

DMI has set up a dedicated e-mail address i.e. dmi@dmifinance.in where Corporate Customers can submit their grievances, complaints and suggestions. The said complaints/query would be resolved within a period of **15 business days** from the date of receipt of complaint.

❖ **DISPLAY OF GRM**

For the benefit of the customers, the Company has displayed the GRM prominently, in all the office premises of the Company. The customers can also access the GRM on the website of the company through the link <http://www.dmifinance.in/investor-greivance-rederessal.html>

❖ **GROUND OF COMPLAINTS**

Any person may file a complaint with the Ombudsman having jurisdiction, on any one of the following grounds alleging deficiency in services:

- a) non-payment or inordinate delay in the repayment/payment of interest on deposits;
- b) non-adherence to the Reserve Bank directives, if any, applicable to rate of interest on deposits;
- c) non-presentation or inordinate delay in the presentation of post-dated cheques provided by the customer;
- e) failure to convey in writing, the amount of loan sanctioned along with terms and conditions including annualised rate of interest and method of application thereof;
- f) failure or refusal to provide sanction letter/ terms and conditions of sanction in vernacular language or a language as understood by the borrower;
- g) failure or refusal to provide adequate notice on proposed changes being made in sanctioned terms and conditions in vernacular language as understood by the borrower;
- h) failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues;
- i) levying of charges without adequate prior notice to the borrower/ customer;
- j) failure to provide legally enforceable built-in repossession clause in the contract/ loan agreement;
- k) failure to ensure transparency in the contract/ loan agreement regarding;
 - (i) notice period before taking possession of security;
 - (ii) circumstances under which the notice period can be waived;
 - (iii) the procedure for taking possession of the security;

Fair Practice Code

- (iv) a provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the security;
- (v) the procedure for giving repossession to the borrower and
- (vi) the procedure for sale/ auction of the security;
- l) non-observance of directions issued by Reserve Bank to the non-banking financial companies;
- m) non-adherence to any of the other provisions of Reserve Bank Guidelines on Fair Practices Code for Non-Banking Financial Companies.

The Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time in this behalf.

❖ **PROCEDURE FOR FILING COMPLAINTS**

The complaint, when in writing, shall be duly signed by the complainant or his authorized representative and shall be, as far as possible, in the form specified in ‘**Annexure-B**’ or as near as thereto as circumstances admit, stating clearly:

- i) the name and address of the complainant,
- ii) the name and address of the branch or registered office of the Non-Banking Financial Company against which the complaint is made,
- iii) the facts giving rise to the complaint,
- iv) the nature and extent of the loss caused to the complainant, and
- v) the relief sought for.

(b) A complaint made through electronic means shall also be accepted by the Ombudsman and a print-out of such complaint shall be taken on the record of the Ombudsman

(c) The Ombudsman shall also entertain complaints covered by this Scheme received by the Central Government or Reserve Bank or other financial regulators and forwarded to him for disposal.

❖ **CONTACT DETAILS OF PRINCIPAL NODAL OFFICER**

Please find below contact details of Principal Nodal Officer of the Company:

Name of Principal Nodal Officer	Ashish Sarin Vice President - Customer Success Express Building, 3 rd Floor, 9-10, Bahadur Shah Zafar Marg, New Delhi- 110002
Contact No.	011-41204444
Email Address	grievance@dmifinance.in head.services@dmifinance.in

Fair Practice Code

Annexure-B

**FORM OF COMPLAINT (TO BE LODGED) WITH THE NBFC OMBUDSMAN
(TO BE FILLED UP BY THE COMPLAINANT)**

To:
The NBFC Ombudsman

Place of office of the NBFC Ombudsman:

Dear Sir,

Sub: Complaint against _____ (Name of the NBFC branch of _____ (Name of the NBFC))

Details of the complaint are as under:

1. Name of the Complainant-
2. Full Address of the Complainant-

Pin Code-
Phone No/ Fax No.-
Email-

3. Complaint against (Name and full Address of the branch & NBFC) -

Pin Code-
Phone No. / Fax No.-
Email-

4. Particulars of NBFC Account (If any)-

(Please state the number and the nature of account viz. deposit/ loan account etc. related to the subject matter of the complaint being made.)

5. (a) Date of representation already made by the complainant to the NBFC
(Please enclose a copy of the representation)

(b) Whether any reminder was sent by the complainant? YES/NO
(Please enclose a copy of the reminder)

6. Subject matter of the complaint *(Please refer to Clause 8 of the Scheme)-*

7. Details of the complaint:
(If space is not sufficient, please enclose separate sheet)

8. Whether any reply (Within a period of one month after the NBFC concerned received the representation) has been received from the NBFC? Yes/ No
(if yes, please enclose a copy of the reply)

9. Nature of Relief sought from the NBFC Ombudsman-
(Please enclose a copy of documentary proof, if any, in support of your claim)

Fair Practice Code

- 10. Nature and extent of monetary loss, if any, claimed by the complainant by way of compensation (please refer to Clauses 12 (5) & 12 (6) of the Scheme) Rs.....
- 11. List of documents enclosed:
(Please enclose a copy of all the documents)
- 12. Declaration:
 - i. I/ We, the complainant/s herein declare that:
 - a) the information furnished herein above is true and correct; and
 - b) I/ We have not concealed or misrepresented any fact stated in the above columns and in the documents submitted herewith.
 - ii. The complaint is filed before expiry of period of one year reckoned in accordance with the provisions of Clause 9(A)(a) and (b) of the Scheme.
 - iii. The subject matter of the present complaint has never been brought before the Office of the NBFC Ombudsman by me/ us or by any of the parties concerned with the subject matter to the best of my/ our knowledge.
 - iv. The subject matter of the present complaint has not been decided by/ is not pending with any forum/ court/ arbitrator.
 - v. I/ We authorise the NBFC to disclose any such information/ documents furnished by us to the NBFC Ombudsman and disclosure whereof in the opinion of the NBFC Ombudsman is necessary and is required for redressal of our complaint.
 - vi. I/ We have noted the contents of the Ombudsman Scheme for NBFCs, 2018

Yours faithfully,

(Signature of Complainant)

NOMINATION – (If the complainant wants to nominate his representative to appear and make submissions on his behalf before the DMI’s Ombudsman or to the Office of the DMI’s Ombudsman, the following declaration should be submitted.)

I/We the above named complainant/s hereby nominate Shri/ Smt_____ who is not an Advocate and whose address is _____ as my/ our REPRESENTATIVE in all proceedings of this complaint and confirm that any statement, acceptance or rejection made by him/her shall be binding on me/ us. He/ She has signed below in my presence.

ACCEPTED

(Signature of Representative)

(Signature of Complainant)

Note: If submitted online, the complaint need not be signed.