



Credit Fair
Fair Finance For Everyone

Introduction:

The debt collection policy of CREDIT FAIR (brand name of K. M. Global Credit Private Limited) is built around dignity and respect to customers. We will not follow policies that are unduly coercive in collection of dues. The policy is built on courtesy, fair treatment and persuasion. CREDIT FAIR believes in following fair practices with regard to collection of dues and repossession of security and thereby fostering customer confidence and long-term relationship.

The repayment schedule for any loan sanctioned by CREDIT FAIR will be fixed taking into account paying capacity and cash flow pattern of the borrower. CREDIT FAIR will explain to the customer upfront the method of calculation of interest and how the Equated Monthly Instalments (EMI) or payments through any other mode of repayment will be appropriated against interest and principal due from the customers. CREDIT FAIR would expect the customers to adhere to the repayment schedule agreed to and approach CREDIT FAIR for assistance and guidance in case of genuine difficulty in meeting repayment obligations.

General Guidelines:

All the members of the staff or any person authorized to represent CREDIT FAIR in collection or/and security repossession would follow the guidelines set out below:

1. The primary objective would be to establish contact with the customer to understand the reason for default and how CREDIT FAIR can provide assistance/guidance towards helping him/her to overcome the same.
2. The customer would be contacted ordinarily at the place of his/her choice and in the absence of any specified place, at the place of his/her residence and if unavailable at his/her residence, at the place of business/occupation.
3. Identity and authority of persons authorized to represent CREDIT FAIR for follow up and recovery of dues would be made known to the customers at the first instance. CREDIT FAIR staff or any person authorised to represent CREDIT FAIR in collection of dues or/and security repossession will identify himself / herself and display the authority letter issued by CREDIT FAIR and upon request. The ID card issued to CREDIT FAIR's authorized representative has a QR code which can be scanned by the customer to authenticate the same.
4. CREDIT FAIR would respect privacy of its borrowers. It shall however be noted that contacting the borrower on phone or personal visits for assistance towards recovery of dues (in line with this model policy) will not be construed as an intrusion of the privacy of the borrower.
5. CREDIT FAIR is committed to ensure that all written and verbal communication with its borrowers will be in simple business language and CREDIT FAIR will adopt civil manners for interaction with borrowers.
6. Normally CREDIT FAIR's representatives will contact the borrower between 0700 hrs and 1900 hrs, unless the special circumstances of his/her business or occupation requires CREDIT FAIR to contact at a different time. However, customer would be contacted up



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to 2100 hrs if unable to establish contact during specified calling/working hours or basis customer request.

7. Borrower's requests to avoid calls at a particular time or at a particular place would be honoured, barring exceptional circumstances.
8. CREDIT FAIR will document the efforts made for the recovery of dues and gist of interactions with the borrowers. All telephonic interaction with the borrower is recorded.
9. Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.
10. CREDIT FAIR has a range of digital modes of payment available for the customer to enable them to repay their overdue in a quick and easy manner. These modes are shared periodically with the customers during our communication campaigns with the customers.

Giving notice to borrowers:

While written communications telephonic reminders or visits by CREDIT FAIR's representatives to the borrowers place or residence will be used as loan follow up measures, CREDIT FAIR will not initiate any legal or other recovery measures including repossession of the security without giving due notice in writing. The service of demand notice will be made by delivering or transmitting to the borrower or his agent, by Registered Post with acknowledgement due, or by Speed Post or by Courier or by any other means of transmission of documents like fax message, SMS, WhatsApp or Electronic Mail service. CREDIT FAIR will follow all such procedures as required under law for recovery/repossession of security. The borrower will be given due notice as required under the prevailing laws which includes Notice of 60 days from the dispatch of notice under the provisions of Sec. 13(2) to pay the debt failing which the CREDIT FAIR will proceed to take possession of the asset.

Usage of data for collections

INFORMATION SECURITY:

All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by customer. The term 'Third Party' excludes all Law Enforcement Agencies, Credit Information Bureau, Reserve Bank of India, other NBFCs and Financial Institutions. Subject to above Para, customer information would be revealed only under the following circumstances, namely: If the NBFC is compelled by Law. If it is in the Public Interest to reveal the information. If the interests of the NBFC require disclosure.

FAIR PRACTICES:

1.PRODUCT INFORMATION:

K. M. GLOBAL CREDIT PVT LTD | CIN U65999MH2018PTC308921

4th Floor Surya Mahal, 5 Burjorji Bharucha Marg, Fort, Mumbai – 400001, Maharashtra

+919967235047 | payments@creditfair.in



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A prospective customer would be given all the necessary information adequately explaining the range of loan products available with Credit Fair to suit his needs. On exercise of choice, the customer would be given the relevant information about the loan product of 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 at Credit Fair. The Customer would be informed of the names and phone numbers of branches and the persons, whom he can contact for the purpose of loan to suit his needs. The Customer would be informed the procedure involved in servicing and closure of the loan taken.

2. INTEREST RATES:

Interest Rates for different loan products would be made available through and in any one or all of the following media, namely Credit Fair's website. Over phone, if tele-banking services are provided. Through prominent display in the Branches and at other delivery points. Through other media from time to time. Customers would be entitled to receive periodic updates on the interest rates applicable to their accounts. On demand, customers can have full details of method of application of interest.

3. REVISION IN INTEREST RATES:

Credit Fair would notify immediately or as soon as possible any revision in the existing interest rates and make them available to the customers in the media listed. Interest Rate revisions to the existing customers would be notified within 3 working days from the date of change.

4. DEFAULT INTEREST/PENAL INTEREST:

Credit Fair would notify clearly about the default interest/penal interest rates to the prospective customers.

5. CHARGES:

Credit Fair would notify details of all charges payable by the customers in relation to their loan account. Credit Fair would make available for the benefit of prospective customers all the details relating charges generally in respect of their retail products in the media specified. Any revision in charges would be notified in advance and would also be made available in the media as listed. Credit Fair would clearly specify the charge account for interest and charges, wherever necessary and get a mandate for debiting the said charge account along with the documentation.

6. TERMS AND CONDITIONS FOR LENDING:



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Credit Fair would ordinarily give an acknowledgement of receipt of loan request and if demanded by the customer, a copy of the application form duly acknowledged would also be given, as soon as the customer chooses to buy a product or service of his choice. Immediately after the decision to sanction the loan, Credit Fair would show draft of the documents that the customer is required to execute and would explain, if demanded by the customer the relevant terms and conditions for sanction and disbursement of loan. Loan Application Forms, Draft documents or such other papers to be signed by a customer should comprehensively contain all the terms and conditions relating to the product or service of his choice. Wherever possible, reasons for rejection of loan would be conveyed to the customers. Before disbursement of loan and on immediate execution of the loan documents, Credit Fair would deliver a copy of the duly executed documents to the customers.

7. ACCOUNT PRACTICES:

Credit Fair would provide regular statement of accounts, unless not found necessary by the customers. Credit Fair would notify relevant due dates for application of agreed interest, penal interest, default interest, and charges, if they are not mentioned in the Loan applications, documents or correspondence. Credit Fair would notify in advance any change in accounting practices, which would affect the customer before implementation.

8. FINANCIAL DISTRESS:

Credit Fair would reckon cases of customer's financial distress and consider them sympathetically. Customer would be encouraged to inform about their financial distress as soon as possible. Credit Fair would adequately train the operational staff to give patient hearing to the customers in financial distress and would render such help as may be possible in our view.

9. GRIEVANCE REDRESSAL:

Credit Fair would have a Grievance Redressal Cell/Department/ Centre within or outside the organisation. Credit Fair would make available all the details, namely: Where a complaint can be made, How a complaint should be made, When to expect a reply, Whom to approach for redressal of grievance etc., to the customers individually on demand and through the media listed.

Response to a complaint whether positive or negative or requiring more time for redressal would be given within a maximum period of four weeks from the date of complaint, unless the nature of complaint is such that requires verification of voluminous facts and figures.

Roles & Responsibilities of Recovery Agents

- Recovery Agency shall assist the NBFC in recovery of dues either by direct recovery or seizure & disposal of secured assets or facilitating a negotiated settlement between the borrower and



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the NBFC by adopting legally permissible means of recovery.

- Agents would be provided with an Identity card for proper identification and shall limit his role of recovery of dues from the NPA accounts specifically entrusted to them. Any action beyond limits of law shall be at Recovery Agents' sole risk and responsibility.
- Taking possession, drawing inventory, making security arrangements.
- Identifying bidders to participate in sale, effecting sale.
- Co-ordinate/liaison with Government Agencies, Municipal Authorities, Registration Authorities.
- Ascertain particulars of legal heirs of deceased borrower, guarantor, mortgagor and their addresses etc.
- In accounts where the legal proceedings are taken, their services can be utilised for identifying other assets (Non-EM Properties) of the borrowers/guarantors for getting them attached and bringing for sale, liaison with Recovery Officers of DRT, Officials of Courts etc.
- Representatives proposed to be identified as Agent, should have undergone necessary training and obtained the said certificate from IIBF as per RBI guidelines.
- Agency shall have all the infrastructure for recording the conversations with the borrowers
- Recoveries are to be accepted by cheques and drafts drawn in favour of the NBFC only
- Recovery Agency shall keep all the affairs of entrusted borrowers highly confidential.
- The Agency shall not have any right to sub-delegate or appoint any sub-agent.
- The arrangement of placing Recovery Agents' name on the panel does not amount to any employment and create no obligation of any kind on the NBFC.
- The Recovery Agency Firm / Company should carry out verification of the antecedents including pre-employment Police verification of all their staff engaged in the recovery process. The Agency should carry-out Re-verification of the antecedents of their employees who are undertaking the task of recovery of dues after every two years.
- The Recovery Agents shall strictly adhere to the NBFC's Model Code of Conduct for Collection of dues and Repossession of Secured Assets.

Tools for Recovery :

The repayment record of borrowers shall be monitored both with regard to payment of interest and repayment of principal. Whenever a borrower defaults or is likely to default, rigorous follow-up shall be made for the collection of dues / arrears. When default occurs, oral and written communications are to be sent to the borrower to regularise their accounts within a specified period. In case the assistance is secured by a guarantee (personal or corporate), steps shall be taken to recover dues from the guarantor.

Credit Fair shall use any of the following broad methods for management of problem accounts:

1. Restructuring, rephasing and rehabilitation
2. Settlements / compromise
3. Legal Action & recovery
4. Write-off

Identification of Non-Wilful Individual Default of Credit Fair

The NBFC shall view sympathetically all genuine cases of non-wilful defaults due to sickness in the family, seasonal variation in the family income, sudden cash needs, late payment of salary, slowdown in business etc. Regional Managers shall be delegated powers to allow time up to 30 days to regularize such Accounts.

The decision for re-phasing of the loan account will be taken centrally by the Credit Committee.

Identification of Wilful Defaulters of Credit Fair

As per the scheme framed by RBI with effect from 01.04.1999, banks/FIs are required to submit



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the list of suit filed accounts of wilful defaulters of Rs. 20 lac and above as at end of every quarter to CIBIL and/or any other credit information company of which it is a member and the quarterly list of wilful defaulters of Rs. 20 lac and above where suit has not been filed to RBI. However, CREDIT FAIR shall classify wilful defaulters irrespective of the amount outstanding, for internal purposes.

For the purpose of determining future course of action in an account, the guiding principle will be the intention of the borrowers concerned. On this score, all NPA borrowers may be grouped in the following broad categories:

Wilful defaults broadly cover the following:

- ▶ Deliberate non-payment of the dues despite adequate cash flow and good net worth
- ▶ Siphoning off of funds to the detriment of the defaulting unit
- ▶ Assets financed either not been purchased or been sold and proceeds have mis-utilised
- ▶ Misrepresentation/falsification of records
- ▶ Disposal/removal of securities without bank's knowledge
- ▶ Fraudulent transactions by the borrower. The term "wilful default" has been revised in

accordance with RBI guidelines¹³ as under:

A "wilful default" would be deemed to have occurred if any of the following events is noted:

The unit has defaulted in meeting its payment/repayment obligations to the lender even when it has the capacity to honour the said obligations.

▶ The unit has defaulted in meeting its payment/repayment obligations to the lender and has not utilized the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes.

▶ The unit has defaulted in meeting its payment/repayment obligations to the lender and has siphoned off the funds so that the funds have not been utilized for the specific purpose for which finance was availed of, nor are the funds available with the unit in the form of other assets.

1. The proposal for classification of wilful defaulters shall be forwarded by branch/controlling office to Credit Department at Head Office substantiating the reasons and also supported by documentary proof.

2. The Head Office should examine and obtain legal opinion as to whether there is prima facie case warranting criminal prosecution under penal law and forward their recommendation to Credit Department

3. The matter shall be examined from the legal angle and placed to the ERC¹⁴ who shall be responsible for the identification of Wilful Defaulters

4. If in the opinion of the ERC, the case is fit for prosecution, sanction shall be accorded for initiating criminal proceedings

5. It should be ensured that penal provisions are used effectively and determinedly but after careful consideration and due caution.

6. The decision taken on classification of wilful defaulters should be well documented and supported by requisite evidence. The decision should clearly spell out the reasons for which the borrower has been declared as wilful defaulter vis-à-vis RBI guidelines.

7. Reporting of wilful defaulters to authorities like RBI/ CIBIL etc., shall be done as per the RBI/CIBIL etc., guidelines in this regard.

8. The NBFC shall proceed legally after assessing the chances of recovery

The system of dissemination of credit information pertaining to wilful defaulters was put in place for cautioning banks and FIs, so as to ensure that further finance is not made available to them.

Hence, the above scheme is a very important tool which can be effectively used against the wilful defaulters of CREDIT FAIR, to bring pressure on them to settle their dues.