

**UAE Exchange & Financial Services Ltd**

**Fair Practices Code**

**Loans**

The Company, among other things, sanctions/disburses loans for various purposes to those who comply with its requirements.

**(1) Applications for Loans**

The Company shall prescribe proforma of application for loans. The application shall contain the essential details of the applicant as under:

- (a) Name & Address of the Applicant.
- (b) Amount of Loan required.
- (c) Purpose for which loan is required.
- (d) Period of Loan
- (e) List of documents to be submitted along with the application like photocopy of election identity card, pass port, driving License or Pan card
- (f) Collateral Security details
- (g) Declaration.

**(2) Acknowledgement of Application.**

The Company shall acknowledge receipt of application(s) for Loan duly signed by its authorized official over the company's seal/stamp indicating therein the approximate number of days required for processing of the application.

**(3) Processing of Applications**

All applications shall be duly processed by the authorized officials of the Company within 15 days from the date of receipt thereof.

**(4) Loan appraisal and terms/conditions.**

Where an application for loan is rejected, the company shall advise the applicant giving the **reasons** thereof

*B. R. Chandikumar*



In all other cases and on sanction of the loan, the same shall be conveyed in writing by way of a sanction letter giving details as under:

- (a) Amount of Loan sanctioned
- (b) Period of Loan
- (c) Rate of Interest.
- (d) Processing charges.
- (e) Method of application/calculation of interest i.e. whether it's on constant balance or reducing balance etc.
- (f) Penalty for delayed payment of installment.
- (g) Charges for pre-payment of loan.
- (h) Proforma of Loan Agreement to be executed by the borrower, the conditions to be complied with and documents/collateral securities to be submitted for disbursement of the loan.

**Internal guidelines on Interest and Processing charges**

Rate of Interest

The rate of interest of the company at which it lends varies according to the cost of fund. Depending on the risk involved the rate of interest also varies as per the period for which the loan is availed by the borrower. The rate of interest so levied at higher rate over the base rate charged by the company will be recovered as risk charges.

In determining the interest rate, The Company has formed internal committee and it meets periodically to analyze the situation and fix the interest rate in consonance with the prevalent market conditions. In determining the interest rates the company will follow the appropriate internal principles and procedures conforming to normal financial practice.

Processing charges

Loan processing charge will be Rs.250/- or 1% of loan amount which ever is higher.

Any change in the interest rate/charges will be informed to the borrower and acceptance of these terms and conditions are to be recorded by obtaining the signature of the borrower.

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**(5) Disbursement of loans including changes in terms and conditions**

- (a) The Company shall, upon receipt of all documents for disbursement of loan and the same being in order, disburse the amount of loan either by way of cash or by way of a crossed account payee cheque drawn in favour of the borrower.
- (b) The Company shall acknowledge receipt of documents/collateral securities and undertake to keep them in its safe custody till such time the loan amount together with the interest there of is repaid.
- (c) The Loan Agreement, among other things, shall contain the details of the borrower/lender, amount of loan, period of loan, rate of interest, method of calculation of interest, penalty for pre-payment of loan or delayed payment of installment etc. the details of collateral securities submitted, value thereof and the copy of the same will be provided to borrower together with enclosures.
- (d) Besides collateral security, the company may also insist upon guarantees such as Personal guarantees acceptable to the company, guarantees issued by banks etc. The cost of obtaining and furnishing such guarantees shall be to the borrower's account.
- (e) Stamp Duty, Registration Charges, other taxes/levies, if any, applicable for registration of the loan agreement shall be borne by the borrower.
- (f) Decision to recall/accelerate the payment or performance under the agreement shall be in consonance with the agreement and should be with prior intimation to borrower and acceptance of the same by the borrower should be kept on records.
- (g) The Company shall give due notice of changes, if any, in any or all the terms and conditions of the Loan agreement. Changes, if any, in the interest rates shall be effected prospectively.
- (h) The Company shall furnish a statement of account relating to the borrowal account as on 31<sup>st</sup> March of each year or at such intervals as the borrower may require for purposes such as income-tax etc.
- (i) The Company shall release all securities held by it as collateral against the loan only on repayment of dues completely or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim of the company against borrower. The Company shall exercise its right of set off with due notice to the borrower giving full particulars about the remaining claims and the conditions under which the company is entitled to retain the securities till the relevant claim is settled/paid.

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(j) The company shall build a repossession clause in the agreement in the case of repossession of vehicles which will be legally enforceable. The terms and conditions for repossession of vehicles contains (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 sale/auction of the property; (e) the procedure for giving repossession to the borrower and (f) the procedure for sale/auction of the property. The company shall provide a copy of the terms and conditions to the borrowers.

**General**

(a) The company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement. The Company, however, reserves its right to interfere in the affairs of the borrower if some new information, not earlier disclosed by the borrower, comes to the notice of the company.

(b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise, if any, of the Company shall be conveyed within 21 days from the date of receipt of such 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 of muscle power for recovery of loans, etc.

(d) The company shall maintain appropriate grievance redressal mechanism within the organization to resolve any disputes arising with regard to loans and advances. This mechanism shall ensure that disputes arising out of the decisions of sanctioning authorities of the company are heard and disposed of at the next higher level. The next higher level of the sanctioning authority shall conduct periodical review of compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

*P. V. Chandrakumar*

