



Rajasthan State Power Finance Corporation Limited

(A Government of Rajasthan Undertaking)

Registered Office : Vitta Bhawan, Janpath, Jaipur – 302005

Email : rspfcl@rajasthan.gov.in, Tel. No.: +91-141-2227934

Fair Practices Code

1. Applications for loans and their processing

(a) Application forms for loan will have 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 will indicate the documents required to be submitted with the application form.

(b) The RSPFCL will issue acknowledgement for receipt of all loan applications. In addition, a time frame within which receipted loan applications to be disposed of will be indicated in the acknowledgement.

2. Loan appraisal and terms/conditions

The RSPFCL will convey to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest, applicable rate of penal interest to be charged for late repayment in the loan agreement and method of application thereof and will ensure to keep the acceptance of these terms and conditions by the borrower on its record.

The RSPFCL will furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to the borrowers at the time of sanction / disbursement of loans.

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3. Disbursement of loans including changes in terms and conditions

- (a) The RSPFCL shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The RSPFCL will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- (b) Decision to recall/ accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

4. Post disbursement supervision

- (a) Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, the RSPFCL shall give notice to borrowers in consonance with the loan agreement.
- (b) The RSPFCL 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 that 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 the RSPFCL is entitled to retain the securities till the relevant claim is settled /paid.

5. General

- (a) The RSPFCL will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of

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the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).

- (b) In case of receipt of request from the borrower or from a lender for transfer of borrowal account or otherwise, which proposes to take over the account, the consent or otherwise i.e. objection of the RSPFCL, if any, will be conveyed within 21 days from the date of receipt of such request. Such transfer of borrowal accounts shall be as per transparent contractual terms in consonance with law.
- (c) In the matter of recovery of loans, the RSPFCL shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, nor shall use unfair means including use of recovery agents or muscle powers for recovery of loans etc. The RSPFCL will ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- (d) The Board of Directors of the RSPFCL shall lay down the appropriate grievance redressal mechanism within the Company to resolve disputes arising in this regard and shall appoint a Dispute Redressal Officer to resolve the dispute. The RSPFCL shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Audit Committee or a Committee of the Board shall meet bi- annually and review of the compliance of the Fair Practices Code and ensure proper functioning of the grievances redressal mechanism. A consolidated report of such reviews shall be submitted to the Board at six monthly intervals or as may be prescribed by it.

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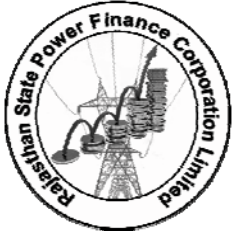
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- (e) The Fair Practices Code duly approved by the Board will be put up on the web-site, if any, for the information of various stakeholders.
- (f) Keeping in view the normal financial practice, the RSPFCL will lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- (g) The RSPFCL will adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc 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.
- (h) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the Company or published in the relevant newspapers. The information published in the website or published in newspapers will be updated whenever there is a change in the rates of interest.
- (i) The RSPFCL will cause to include a built in re-possession clause in the contract/loan agreement with the borrower which shall be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement will 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

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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.

(Akhil Arora)
Managing Director

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