

BERAR FINANCE LIMITED

**CODE OF CONDUCT FOR OUTSOURCING
ACTIVITIES**

PREAMBLE:

The Reserve Bank of India (“**RBI**”) vide its notification reference DNBR.PD. CC. No. 090/03.10.001/2017-18 dated November 09, 2017 has issued Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs. In accordance with this notification, all Non-Banking Finance Companies (“**NBFC**”) are required to adopt a Board approved Code of Conduct for Direct Sales Agents (“**DSA**”)/ Direct Marketing Agents (“**DMA**”)/ Collection or Recovery Agents (“**RA**”) hereinafter together referred to as “**Service Providers**” and obtain their undertaking to abide by the Code.

Berar Finance Limited (“**the Company**”) is a deposit taking NBFC registered with RBI. The Board of Directors of the Company (“**Board**”), in accordance with the abovementioned directions of the RBI, has adopted the Code of Conduct for Outsourced Activities (“**Code**”) which *inter-alia* provides for a model code of conduct for Service Providers of the Company. This Code is based on Indian Bank Association’s Model Code of Conduct for DSAs for Banks and the Code of Conduct for Collection or Recovery Agents is based of RBI guidelines on Fair Practice Code for NBFCs.

OBJECTIVE:

The Company as part of its business operations outsources certain activities to Service Providers. These outsourcing arrangements, if disrupted, have the potential to significantly impact the operations, reputation, and/or profitability of the Company. The objective of this Code is to regulate the activities of Service Providers and protect the Company from any failure by such Service Provider in providing a specified service, a breach in security/ confidentiality, or non-compliance with regulatory requirements.

SCOPE:

The Code lays down the responsibilities, dos and don’ts for the Service Providers while performing and providing outsourcing activities on behalf of the Company. All Service Providers must agree to abide by this Code prior to undertaking any activities on behalf of the Company. Failure to comply with this Code may result in termination and blacklisting of the Service Provider by the Company.

AUTHORITY AND RESPONSIBILITY:

The Risk Management Committee of the Board together with the functional heads of the respective departments whose activities are being outsourced will be responsible for monitoring the performance of Service Providers and report to the Board on a quarterly basis whether this Code is being complied by the Services Providers.

SERVICE PROVIDERS’ COVENANTS:

The Service Providers agree to the following covenants while performing any outsourced activities on behalf of the Company:

- To provide a declaration to the Company at the time of entering into any outsourcing agreement that it is not directly or indirectly owned or controlled by any director of the Company;
- To abide by terms and conditions of the agreement entered into with the Company;
- To provide access to the Company’s authorized officials to all the books, records and information relevant to the outsourced activity agreement with the Company;
- To allow access to RBI, or any person authorized by it, to the Company’s documents, transaction records and other necessary information given to, stored or processed by the Service Provider, in

- relation to the outsourced activity agreement with the Company, within the required timeline;
- To allow RBI to inspect or cause an inspection of the Service Provider's books, records and accounts;
- To obtain prior written approval of the Company for use of services of any sub-contractor(s) for all or any part of the outsourced activity;
- Where a Service Provider acts as an outsourcing agent for multiple NBFCs, the Service Provider should be able to isolate and clearly identify the Company's customer information, documents, records and assets;
- To protect the confidentiality of any information relating to the Company during and post termination/ expiry of the agreement with the Company;
- To preserve documents in accordance with regulatory requirements and take suitable steps to ensure that the Company's interests are protected even post termination/expiry of the service agreement;
- Service Providers are not authorized to send any written communication to the customers of the Company by any mode (e-mail, letter, electronic messages, social media, etc. If customers are required to be reached out by the Service Providers, they shall send a request to the Company along with reasons for such written communication;
- To train their staff to handle their responsibilities with care and sensitivity.

CODE OF CONDUCT FOR DMA/DSA:

The following guidelines/code of conduct shall be applicable to all arrangements between the Company and the DSA/DMA in relation to marketing and distribution of any loan products of the Company by such DSA/DMA.

- Customers should be contacted at appropriate time only usually between 08.00 a.m. to 07.00 p.m.; the prescribed time may be placed only when the prospect has expressly authorized to do so either in writing or orally;
- DSA/DMA should respect the client's privacy and not disclose the prospect's interest to anyone other than the prospect;
- No DSA/DMA shall mislead any prospective customer on i) any service/product offered; ii) about the business or organization's name or iii) make any false commitment on behalf of the Company for any facility/service;
- Customers who have expressed their lack of interest in the offering should not be called for the next 3 months with the same offer;
- All DMA/DSA shall be appropriately dressed;
- During the call, all DSA/DMA should identify themselves and the Company before requesting permission to proceed, speak in a language which is understood by the prospect, reconfirm next call/visit details, keep the conversation limited to business matters and check for understanding of the key terms and conditions of the relevant product.

CODE OF CONDUCT FOR RECOVERY AGENTS:

The following guidelines shall be applicable to all arrangements between the Company and the RAs in relation to performance of their duties on behalf of the Company.

- Contact customers only at an appropriate time. The RA should refrain from visiting customers before 8 a.m. or after 7 p.m.;
- Customer should be contacted ordinarily at the place of his choice and in the absence of any specified place at the place of his residence and if unavailable at his residence, at the place of business/occupation;
- Communicate in a language which the customer understands and use the language of customer's choice;

- Customer privacy should be respected at all times;
- Customer should be provided information regarding his/her dues;
- Customer request to avoid calls at a particular time or at a particular place should be honored as far as possible;
- Refrain from forcibly entering the house/office of the customers;
- Do not resort to undue harassment viz. persistently bothering at odd hours or using muscle power/physical intimidation on customers for recovery of loans;
- Reasonable notice should be given before repossession of security and its realization;
- All assistance should be provided to resolve disputes or differences in a mutually acceptable and reasonable manner;
- RAs and their employees shall be well-groomed and dressed in an appropriate manner;
- In case any customer resorts to abusive or threatening tactics, the RAs should document it and promptly inform the Company of the same; and
- Refrain from any action that could damage the integrity and reputation of the Company.

REVIEW AND AMENDMENT:

This Code shall be subject to review and amendment by the Board as deemed necessary and in accordance with any regulatory requirements.