

JALAN CHEMICAL INDUSTRIES PVT LTD

**STEPS FOR SECURITY, SAFEGUARD AND ACCURACY TO BE TAKEN BY
CREDIT INSTITUTION RELATING TO CREDIT INFORMATION DATA**

(Formulated in terms of Rule 29 of the Credit Information Companies Rules, 2006;
approved and adopted by the Board of Directors at their meeting held on 31.03.2024)

Our Company, M/s. Jalan Chemical Industries Pvt Ltd, is an Investment and Credit Company “NBFC-ICC”, as defined in Para 5.1.19 of Chapter II of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“the Directions”) issued by the Reserve Bank of India on 19th October, 2023. The Company is engaged in the business of providing finance by way of making loans and trading/investments in securities.

CHAPTER VI of the Credit Information Companies (Regulation) Act, 2005 provides for Information Privacy Principles.

Section 19 of the Act inter-alia reads as under:

Accuracy and security of credit information

A credit information company or credit institution or specified user, as the case may be, in possession or control of credit information, shall take such steps (including security safeguards) as may be prescribed, to ensure that the data relating to the credit information maintained by them is accurate, complete, duly protected against any loss or unauthorised access or use or unauthorised disclosure thereof.

Section 20 of the Act inter-alia reads as under:

Privacy Principles

Every credit information company, credit institution and specified user, shall adopt the following privacy principles in relation to collection, processing, collating, recording, preservation, secrecy, sharing and usage of credit information, namely:—

(a) the principles—



- (i) which may be followed by every credit institution for collection of information from its borrowers and clients and by every credit information company, for collection of information from its member credit institutions or credit information companies, for processing, recording, protecting the data relating to credit information furnished by, or obtained from, their member credit institutions or credit information companies, as the case may be, and sharing of such data with specified users;
 - (ii) which may be adopted by every specified user for processing, recording, preserving and protecting the data relating to credit information furnished, or received, as the case may be, by it;
 - (iii) which may be adopted by every credit information company for allowing access to records containing credit information of borrowers and clients and alteration of such records in case of need to do so;
- (b) the purpose for which the credit information may be used, restriction on such use and disclosure thereof;
 - (c) the extent of obligation to check accuracy of credit information before furnishing of such information to credit information companies or credit institutions or specified users, as the case may be;
 - (d) preservation of credit information maintained by every credit information company, credit institution, and specified user as the case may be (including the period for which such information may be maintained, manner of deletion of such information and maintenance of records of credit information);
 - (e) networking of credit information companies, credit institutions and specified users through electronic mode;
 - (f) any other principles and procedures relating to credit information which the Reserve Bank may consider necessary and appropriate and may be specified by regulations.

Rule 10 of Chapter VI of Credit Information Companies Regulations, 2006 provides for Privacy Principles to be followed by Credit Institutions:

In addition to the principles and procedures as provided in section 20 of the Act, every credit information company, credit institution and specified user, shall adopt the following privacy principles in relation to their functioning, namely:-



(a) Care in collection of credit information:

(i) Every credit information company shall take all such necessary precautions, in respect of information received or collected by it so as to ensure that such information is –

(A) properly and accurately recorded, collated and processed; and

(B) Protected against loss, unauthorised access, use, modification or disclosure thereof.

(ii) Every credit institution shall –

(A) keep the credit information maintained by it, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the credit institution and the credit information company; and

(B) Take all such steps which may be necessary to ensure that the credit information furnished by it, is update, accurate and complete.

(b) Access to, and modification of, the credit information:

(i) Every credit information company shall –

(A) establish and adopt procedures relating to disclosure to a person, upon his request, his own credit information and subject to his satisfactory identification; and

(B) provide reasonable time and opportunity to such person for establishing his identity and the credit information company may call for his personal attendance, if so necessary, and production of such other documents as may be necessary as proof of his identity.

(ii) Every specified user on receipt of a request as per subsection (3) of section 21 of the Act, from a client or a borrower, as the case may be, for updating of his credit information, shall intimate about such request to the credit information company which had furnished such credit information to the specified user.

(iii) Every credit information company on receipt of the intimation from a specified user, shall intimate about the request made by the borrower or the client, as the case may



be, the credit institution which had furnished such credit information to the credit information company .

(iv) Every specified user, credit information company, and credit institution, shall take prompt action in relation to updating of the credit information and to send the intimation and their response with proper co-ordination amongst them so as to ensure that the requisite action is taken in this behalf within the time limit as provided under sub-section (3) of section 21 of the Act.

(c) Data use limitation :

Obligation to disclose.- Every specified user, in case of denying credit or any other service to a borrower or a client, as the case may be, on the basis of his credit information report within thirty days of its such decision shall -

- (A) send a written intimation to such borrower, or the client about the rejection;
- (B) include in such intimation the specific reasons for rejection;
- (C) forward a copy of the credit information report relied upon for such decision; and
- (D) also provide the name and address of the credit information company which had provided the credit information report to the borrower or client, as the case may be.

(d) Length of preservation of credit information:

- (i) Every credit information company and credit institution shall retain credit information collected, maintained and disseminated by them for a minimum period of seven years.
- (ii) Every credit information company and credit institution shall develop guidelines and procedures to be adopted by them, with the approval of the Reserve Bank in respect of preservation and destruction of credit information.

Having regards to the above rules, the Company has framed this policy.

As per Rule 18 of the Credit Information Companies Rules, 2006 ("the Rules"), every Credit Institution, in existence in India, is required to formulate appropriate policy and procedure, duly approved by its Board of Directors, specifying therein the steps and security safeguards to be adopted in their operations relating to credit information data.



Rule 20 of the Credit Information Companies Rules, 2006, requires that every credit Institution before furnishing data or an information or credit information to a Credit Information Company or making disclosure thereof to anyone else in accordance with the provisions of the Act shall ensure that the credit information is accurate and complete with reference to the date on which such information is furnished or disclosed.

Further, Rule 29 of the Credit Information Companies Rules, 2006, requires every credit institution to formulate the policy and procedure duly approved by its Board of Directors specifying therein the steps to be taken by them to ensure compliance of the fidelity and secrecy obligation by their managers, officers, employees with respect to data, information and credit information under their control.

Accordingly, Jalan Chemical Industries Pvt Ltd (the "Company") has adopted the Policy and Procedure (hereinafter referred to as 'the Policy') to be followed while conducting in due compliance with the Rules and their operations.

1. OBJECTIVE:

- a) The Policy should be complied with both in letter and spirit.
- b) No dispensation would be granted to this Policy.
- c) Any lapse or non-compliance to the Policy would be viewed seriously and reported to the Management for suitable disciplinary action.
- d) Action of Company shall in no way preclude Reserve Bank of India from taking any action in case of violation of The Credit Information Companies (Regulation) Act, 2005.
- e) The Policy is subject to review from time to time to comply with the regulatory requirements and industry standards.

2. SCOPE OF THE POLICY

The Policy shall apply to all such relevant data in respect of its borrower or client, as the Company may deem necessary and appropriate for collecting, processing, security, protecting, transmitting and maintaining an accurate and complete data, information and credit information in respect of such borrower or client.



3. DEFINITIONS

- a) "the Act" means The Credit Information Companies (Regulation) Act, 2005
- b) "the Rules" means The Credit Information Companies Rules, 2006
- c) "Company" means Jalan Chemical Industries Pvt Ltd or "JCIPL", or "the Company" for the purposes of this Policy.
- d) "Credit Information Company" means a Credit Information Company registered under the Companies Act, 1956/Companies Act, 2013 and which has been granted a Certificate of Registration u/s 5(2) of the Credit Information Companies (Regulations) Act, 2005.
- e) "Regulations" mean the Credit Information Companies Regulations, 2006.
- f) "RBI" means the Reserve Bank of India.
- g) "Borrower" means any person who has been granted loan or any other credit facility by JCIPL and includes a client of a credit institution.
- h) "credit information" means any information relating to—
 - (i) the amounts and the nature of loans or advances, amounts outstanding under credit cards and other credit facilities granted or to be granted, by JCIPL to any borrower;
 - (ii) the nature of security taken or proposed to be taken by JCIPL from any borrower for credit facilities granted or proposed to be granted to them;
 - (iii) the guarantee furnished or any other non-fund based facility granted or proposed to be granted by JCIPL for any of its borrowers;
 - (iv) the creditworthiness of any borrower of JCIPL;
 - (v) any other matter which the Reserve Bank may, consider necessary for inclusion in the credit information to be collected and maintained by credit information companies, and, specify, by notification, in this behalf;

4. POLICY AND PROCEDURE FOR COLLECTION AND SAFEGUARDING CREDIT INFORMATION AND MAINTAINING FIDELITY AND SECRECY



(a) Collection, processing and collating of data, information and credit information relating to borrowers and clients:

The Company shall –

- (i) Collect all such relevant data in respect of its borrower or client, as it may deem necessary and appropriate for maintaining an accurate and complete data, information and credit information in respect of such borrower or client and use such data, information and credit information subject to the provisions of the Act.
- (ii) Also collect all relevant and authentic available data and information as per Form-II for preparing, maintaining credit information in relation to them and for establishing their identity.

(b) Steps to be taken for ensuring security and protection of Data, information, and credit information:

The Company shall adopt such procedure and measures in relation to its daily operations as may be necessary to safeguard and protect the data, information and the credit information maintained, against any unauthorised access to or misuse of the same including the following safeguards, namely: -

- (i) physical and operational security including site design, fire protection, environmental protection;
- (ii) keeping round the clock physical security;
- (iii) issuance of instructions for removing, labeling and securing the removable electronic storage media at the end of the session or working day;
- (iv) providing physical access to the critical systems to be on dual control basis;
- (v) making comprehensive succession plan for the key personnel so as to ensure that non-availability of a person does not disrupt the system;
- (vi) keeping of paper based records, documentation and backup data containing all confidential information in secured and locked containers or filing system, separately from all other records;



- (vii) adopting adequate procedure to ensure that the records could be accessed only by authorized persons on need to know basis;
- (viii) providing details of creation of firewalls and stress testing of systems through ethical hacking to evaluate and ensure its robustness;
- (ix) protecting systems against obsolescence;
- (x) adopting procedure for change of software and hardware;
- (xi) providing for disaster recovery and management plan; and
- (xii) Taking necessary steps while handing over systems for maintenance to prevent unauthorized access or loss of data, information and credit information maintained by them.

(c) **Steps for maintaining accurate, complete and updated data, information and Credit Information of borrower, and to ensure the accuracy and completeness thereof while furnishing the same to a Credit Information Company or making disclosure thereof to anyone else in accordance with the provisions of the Act**

- (i) The Company before furnishing data or an information or credit information to a credit information company or making disclosure thereof to anyone else in accordance with the provisions of the Act shall ensure that the credit information is accurate and complete with reference to the date on which such information is furnished or disclosed.
- (ii) If, for any reason beyond control, it is not possible for the Company to furnish credit information as per (i) above, it will while furnishing the credit information to a credit information company or making disclosure thereof to anyone else, shall make a remark with reference to the date up to which the accuracy and completeness of the credit information has been verified and found to be correct.
- (iii) In respect of alteration and updating of credit information on request of a borrower in accordance with the said provisions, if the Company after furnishing the data or information or credit information, to a credit information company or making disclosure thereof to anyone else, in accordance with the



Act, discovers of its own, or is informed about, any inaccuracy, error or discrepancy therein the Company shall –

- ✓ latest by third day, send the intimation to the credit information company or the individual, as the case may be, of such inaccuracy, error or discrepancy;
- ✓ take immediate steps to correct such inaccuracy, error or discrepancy; and
- ✓ the Company shall forward the corrected particulars of the data or information or credit information, as the case may be, to the credit information company or the individual, as the case may be, within period of twenty one days from the date when the Company had discovered such inaccuracy error or discrepancy or information in respect thereof was given to it.

(iv) If, for any reason beyond its control, it is not possible for the Company to take immediate steps as per (iii) above, the Company shall inform the credit information company or the individual, as the case may be, of the steps taken by it for correction of the inaccuracy, error or discrepancy and also the reasons for its inability to comply with the provisions of (iii) above within the time stipulated therein.

(v) If, in the opinion of the Company, correction of any inaccuracy, error or discrepancy is likely to take further time on account of any dispute raised by a borrower in respect thereof, with us or before a court of law, or any forum, or tribunal or any other authority, in such cases the Company shall adopt the following course of action, namely:-

- if the disputed data has not been furnished, in such event while furnishing such data to a credit information company or making disclosure thereof to anyone else, in accordance with the Act, the Company shall include an appropriate remark to reflect the nature of the inaccuracy, error or discrepancy found therein and the pendency of the dispute in respect thereof and in any subsequent disclosure of such disputed data the Company shall also disclose such remark; or
- in case such credit information has already been furnished to a credit information company or disclosed to anyone else, the Company shall inform



the credit information company or the individual, as the case may be, to include the remark about such inaccuracy, error or discrepancy and the pending dispute in respect thereof, against such data, information or credit information received by them from us; and

- the entries in books of JCIPL shall be taken into account for the purposes of credit information relating to such borrower as provided under the provisions of second proviso to sub-section (3) of section 21 of the Act.

(d) Updating of the Credit Information by Credit Institution

If there is any change in the data, information or credit information, already furnished to a credit information company due to change in the liability of the borrower or his guarantor, on account of write off in full or in part of the amount of outstanding dues of JCIPL or the repayment thereof by the borrower or his guarantor, or release of the guarantor, or any scheme of arrangement entered into between JCIPL and the borrower, or the final settlement of the amount payable by the borrower pursuant to any scheme of arrangement with XYZ, as the case may be, or on account of any such other reason, JCIPL shall-

- (i) continue to update such data, information or credit information promptly or in any event, by the end of each reporting period not exceeding thirty days until the termination of the respective account relating to such credit information; and
- (ii) Furnish an updated credit information to the credit information company at the earliest in this behalf.

(e) Transmitting data, information and credit information through secure medium:

The Files containing confidential information shall be kept secure. Computer files must have adequate security of login and pass word, etc.

The Company shall, on receipt of notice under sub-section (1) of Section 17 of the Act, provide credit information to the credit information company of which it is a member, within such period as may be specified in the notice, in the prescribed form as may be specified by regulations made by the Reserve Bank of India.

(f) Obligation for fidelity and secrecy:



To ensure compliance of the fidelity and secrecy obligation by their managers, officers, employees with respect to data, information and credit information under their control, the company shall require its employees, authorized personnel, agents, officers and other persons who deal with or have right to access data, information and credit information to comply with confidentiality obligation and sign covenants with them; and its chairperson, director, auditor, advisor, officer or other employee, before entering upon his duties as such, to make a Declaration of Fidelity & Secrecy for complying with such fidelity and secrecy obligation.

