

<b><u>POLICY VERSION</u></b>	<b><u>1.0</u></b>
<b><u>APPROVED BY BOD</u></b>	<b><u>01/06/2020</u></b>

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— Finance Pvt. Ltd. —

## **FAIR PRACTICE CODE**

### **1. ABOUT THE CODE**

**The RBI vide master circular no. DNBR (PD) CC. No. 054/03.10.119/2015-16 dated July 01, 2015 issued the guidelines with respect to Fair Practice Code for all NBFCs to be adopted by them while doing lending business.**

Our Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this Code to confirm to the standards so prescribed. The Company's fair lending practices shall apply across all aspect so fits operations including marketing, loan origination, processing, and servicing and collection activities. Based on the current business of the Company, the Fair Practices Code shall apply to the following categories of products and services offered by the Company.

**Our Company has implemented the Code the "Fair Practice Code" within its business. The same is as follows:**

### **2. APPLICATIONS FOR LOANS AND THEIR PROCESSING**

- 2.1. All loan products of the company are/ be the same as mentioned in the Loan policy of the company.
- 2.2. All communications to the customer by Company shall be in **English / Hindi (vernacular)** as it is understood by all customers of Company.
- 2.3. On exercise of choice, the customer would be given the relevant information about the loan product of its choice. As part of the loan process, to inter alia ensure utmost transparency, Company provides all necessary information to the customer along with the term sheet/application/proposal as the case may be including but not restricted to nature of security required ,fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of loan proposal, pre-payment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Non-Banking Financial Companies ('NBFCs') can be made and informed decision can be taken by the customer.

- 2.4. Loan Application Forms shall be made available to the prospective borrowers on request.
- 2.5. Loan Application Form shall provide for giving an acknowledgement to the borrowers acknowledging receipt to the same.
- 2.6. All the loan applications shall be disposed of within the turn around time designated to each product as stated in the product policy from the date of receipt of duly completed Loan Application Forms together with the requisite documents (complying with prevailing rules and regulations by the borrower)

### **3. LOAN APPRAISAL TERMS AND CONDITIONS**

- 3.1. Before sanctioning the loan Our Company would perform assessment of the ability of the borrowers to repay the loan, scrutinize the information submitted by customer and other data, if any required.
- 3.2. Our Company shall convey in writing in English / Hindi (vernacular) as it is understood by all customers of Company by means of Sanction letter or Term sheet or any other form of written communication key terms and conditions of the proposed exposure including the amount of loan sanctioned along with the terms and conditions including annualized rate of interest, details of the default interest / penal interest rates and the charges payable by the customers in relation to their loan account, terms of enforcement of security and other relevant things.
- 3.3. all other information which is relevant from the point of view of the loan to be provided and all the parties involved.
- 3.4. If possible, reasons for rejection of loan would be conveyed to the customers.
- 3.5. Acceptance of the above terms and conditions and commercials indicated above shall be preserved in the company's records.
- 3.6. Our Company, shall furnish a copy of the loan agreement in English and upon the request will make them understand the same.

#### **4. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

4.1. Our Company shall give notice in English or Hindi (vernacular) as understood by the customer regarding any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Changes in the interest rates and charges shall be effected prospectively.

#### **4.2. Post Disbursement Supervision**

✚ Our Company shall/will release all securities on repayment of all dues or on realization of the outstanding amount Of loan subject to any legitimate right or lien for any other claim Company 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 about the remaining claims and the conditions under which Company is entitled to retain the securities till the relevant claim is settled/ paid.

✚ Our Company shall give reasonable time to the borrowers before recall the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the Loan Agreement and other related documents.

#### **5. GENERAL**

5.1. Our Company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).

5.2. In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e. objection from Company, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

5.3. Our Company shall ensure that its process of recoveries will not involve harassment to the Customer. Appropriate instructions will be provided by Company to its staff for handling customer queries and grievances cordially.

5.4. In accordance with circular issued by RBI to ensure customer protection and to bring in uniformity about prepayment of various loans by borrowers of banks and NBFCs, Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.

## **6. RESPONSIBILITY OF BOARD OF DIRECTORS**

The Board of Directors of Company has laid down grievance redressal mechanism within the organization as per details mentioned in the next paragraph. Such a mechanism ensures that all disputes arising out of the decisions of Company functionaries are heard and disposed of at least at the next higher level. The Board of Directors of Company shall annually review the compliance of the FPC and the functioning of the GRM. A consolidated report of compliance shall be submitted to the Board every year.

## **7. GRIEVANCE REDRESSAL MECHANISM (GRM)**

The Board of Directors of Rupitol Finance Private Limited has laid down a Grievance Redressal Mechanism ("GRM") in compliance with various regulations applicable on the Company.

## **8. LANGUAGE AND MODE OF COMMUNICATING FPC**

- 8.1. FPC as established by Our Company has been established in English language (vernacular ) and is based on the guidelines as outlined by the RBI.
- 8.2. The company shall also have its FPC in regional/vernacular languages for customers who are unable to read the same in English.

## **9. REGULATION OF EXCESSIVE INTEREST RATES CHARGED**

- 9.1. The Company will disclose to the borrower the risk and rationale for charging different rate of interest to different categories of borrowers in the application form and explicitly communicated in the sanction letter.
- 9.2. The rates of interest and approach for gradation of risk shall also be made available on the website of Company.

9.3. The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business.

## **10. REVIEW**

The fair code shall be reviewed as and when the company's Board of Director deems it necessary to do so any change in the fair practice code shall be immediately updated on the Company's website.

## **11. OTHER NOTE**

11.1 The Company is Presently not into Micro Finance Activities.

11.2 Lending Against Collateral of Gold Jewellery: Currently the Company is not into Gold Loan Activities. But whenever it gets involved into the same then it will be based on the below guideline:

**The Company shall put in place Board approved policy for lending against gold that should inter alia, cover the following:**

- ✦ Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- ✦ Proper assaying procedure for the jewellery received.
- ✦ Internal systems to satisfy ownership of the gold jewellery.
- ✦ Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans should not be extended by branches that do not have appropriate facility for storage of the jewellery.
- ✦ The jewellery accepted as collateral should be appropriately insured.
- ✦ Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There should be no conflict of interest and the auction process must

ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities.

- ✦ The auction should be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper.
- ✦ As a policy, the NBFCs themselves should not participate in the auctions held.
- ✦ Gold pledged will be auctioned only through auctioneers approved by the Board. The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval

**12.2. The loan agreement shall also disclose details regarding auction procedure.**

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