

FAIR PRACTICE CODE

I. PREAMBLE

The Reserve Bank of India (RBI) has prescribed broad guidelines on a fair practices code that are to be adopted by all Non-Banking Finance Companies (NBFCs) involved in the lending business. The consolidated guidelines are published in Master Circular. The Board of Directors of the NBFCs are responsible for framing and adopting a Fair Practices Code in line with the guidelines provided by the RBI.

Ratnaafin Capital Private Limited (the “Company” / “RCPL”) is engaged in the business of providing loans and financial services to its customers for Personal Loans, Business Loans, Loans Against Property, Equipment Loan, Channel Finance and Loans to Corporate Customers.

II. OBJECTIVE OF THE CODE

The code has been developed with an objective of:

- Providing all necessary information, terms and conditions which helps the customer in taking an informed decision before accepting the loan or investment from the Company.
- Providing transparency in computation of interest and charges. Also clearly laying down the events of defaults and its consequences in the form of default interest, liquidated damages, penalties, etc.
- Promoting fair practices by setting minimum standards in dealing with customers.
- Increasing transparency so that customers can have a better understanding of what type of service level can be expected from the Company.
- Fostering customer confidence in the Company.
- Setting up a Grievance Redressal Mechanism as part of this fair practices code.

III. NON-DISCRIMINATION

The Company shall not discriminate on the basis of age, race, caste, gender, marital status, religion or disability.

IV. THE FAIR PRACTICES PRINCIPLES:

A. Application for loans and their processing:

- 1) All communication with the customer / prospective customer shall be in english / hindi or in a vernacular language as understood and confirmed by the customer / prospective customer. The Company shall take a confirmation from the customer / prospective customer



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on the language of communication at the start of the process and preserve the same.

- 2) At the time of sourcing a loan product, the company would provide necessary information about the annual interest rates applicable, as also the fees/charges, if any, payable for processing, pre-payment options and charges if any and any other matter which may be of the interest to the customer, so as to enable the customer to make a meaningful comparison with those of other companies and make an informed decision.
- 3) The company shall provide acknowledgement for receipt of all loan applications. The applicant will be informed about the time frame within which loan applications will be disposed while accepting application.
- 4) The company shall collect all particulars required for processing the loan application at the time of application. In case any additional information is required, the customer shall be informed told that he/she would be contacted again.

B. Loan appraisal and terms/conditions:

- 1) The Company will consider all the documents submitted and the information provided, verify the creditworthiness of the customer and evaluate the proposal at its sole discretion and communicate approval loan by issuing a sanction letter along with the terms and conditions. The sanction letter shall at the least contain amount of loan sanctioned, rate of interest, method of calculation of interest, rate of penal / default interest.
- 2) The Company shall take the lending decision purely on objective commercial considerations based on the Company's credit policy, norms and procedure without any regard to gender, race, caste, creed, religion, colour, marital status, age or physical disability of the customer.
- 3) If due to any reason, the Company is not in a position to sanction a Loan, the customer will be advised in writing about the same.
- 4) The company shall provide authenticated copies of all the loan documents executed by the customer along with a copy each of all enclosures quoted in the loan documents;



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C. Disbursement of Loan and Post Disbursement:

- 1) The disbursement will be done immediately upon compliance of all the terms and conditions of the sanction by the customer.
- 2) The Company shall frame appropriate internal principles and procedures for determining and ensuring that the interest rates and processing and other charges are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to internal principles and procedures.
- 3) Any decision to recall /accelerate the investment shall be in consonance with the loan documents executed with the Customer.
- 4) Once the Borrower/Investee Company has repaid all the amounts due under the definitive agreements and performed all its obligations thereunder, the Company shall, within a reasonable time, issue a letter of satisfaction and release all the security created in its favour.
- 5) In case any loan amount has been outstanding or unsettled the security interests in respect of such loan shall not be released and the Borrower shall be informed of the pending claims and the conditions under which the Company is entitled to retain the security interest until the relevant claim is settled.
- 6) In case of individual borrowers, the Company shall not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

D. Changes in Terms & Conditions:

The Company recognizes that there may be change in circumstances that may warrant modification of certain terms and conditions of the Loan. To the extent possible, the loan documents should clearly specify:

- (i) these circumstances;
- (ii) the method of informing the same to the Customer and;
- (iii) the prospective application of the modifications.

Any change in terms and conditions like change in interest rate, tenure, charges & fees, prepayment charges, disbursement / repayment schedule, would be communicated to customer in writing in English or in vernacular language as understood by the Borrower. The vernacular declaration to be taken from all the borrower/ co-borrower/ guarantor, etc.



E. General:

- (i) Other than for the purposes provided in the terms and conditions of the loan documents, the Company shall not interfere in the day- to-day affairs of the Customer (unless new information, not earlier disclosed by the Customer, has come to the notice of the Company).
- (ii) In case of receipt of request from the borrower for transfer of borrowal account, the consent or objection, if any should be conveyed within 21 days from the date of receipt of such request. Any such transfer shall be as per contractual terms entered into with the borrower and in consonance with prevailing laws and rules. It will be made clear to the prospective borrower that the Company shall always have right to assign/novate the loan to any third party.
- (iii) The Company shall keep confidential all personal information of customers and customer accounts, whether provided by the customers or otherwise to anyone other than in the following circumstances:
 - Information required to be given under law or as demanded or required by Statutory authorities;
 - Information is given with customer's specific written permission;
 - If there is a duty towards the public to reveal the information
 - To registered Credit Information Companies ('CIC').

F. Collection of Dues:

- (i) In the event of delays/ default by the customer, the Company shall resort only to remedies which are legally and legitimately available to it.
- (ii) The Company SHALL NOT resort to the following means which may cause undue harassment of the Investee Company / Customer:



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- Use of muscle power for recovery of loans
- Persistently bothering at odd hours

G. Repossession of Hypothecated Assets:

The Company shall mention legally enforceable re-possession clause in the loan documents. The process of repossession shall be carried out transparently and process be followed regarding (a) issue of notice 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 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.

H. Grievance Redressal Mechanism:

- 1) The Helpline free number for recording the grievances of the customers will be intimated the Application Form/Sanction Letter/other document issued to the borrower. In addition, a separate e-mail ID will be created where customer can send their grievances via e-mail.
- 2) After examining the matter, the Company will endeavor to send the customer its response within 15 working days and intimate the customer how to escalate the complaint to higher level, if he is not satisfied with the response.
- 3) The Company shall set up loan product wise turn-around time (“TAT”) for resolution of customer grievances within the above period of 15 working days and shall ensure to resolve the complaints within such defined TATs.
- 4) Name and contact details of the officer who can be approached by the Customer for resolution of complains should be prominently displayed at the branches and head office of the Company and also the name and contact details of the Officer-in-charge of the Regional Office of Department of Supervision of the Bank (DNBS) who can be approached in case the complaint/dispute is not addressed within a period of 15 working days.
- 5) A periodical review of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management would be undertaken by the Company and a consolidated report of such reviews



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shall be submitted to the Board of Directors of the Company at regular intervals.

I. Policy for Determining Interest Rates, Processing and Other Charges

The Company shall adopt a Policy for Determining Interest Rates, Processing and Other Charges (“Interest Rate Policy”) and the same shall be put up on the Company’s website. Further the Board of the Company also undertakes periodical review of the Interest Rate Policy.

J. Key Commitments and Declarations

The Company shall act efficiently, fairly and diligently in dealings with all its customers by:

- 1) Meeting the commitments and standards in this Fair Practices Code for the financial products and services, the company offer, and the procedures and practices the company staff follow;
- 2) Ensuring that all the financial services meet relevant laws and regulations;
- 3) Providing professional, courteous and speedy services;
- 4) Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transactions.

The Company shall help the customer understand the financial products and services by:

- 1) Verbally explaining information about the financial schemes in Hindi and/or English / hindi and/or local vernacular language as understood by the customer;
- 2) Explaining financial implications of the transactions;
- 3) Assisting the customer to choose the financial product.
- 4) Ensuring that company marketing and promotional material is clear and is not misleading;

The Company shall deal proactively with mistakes by:

- 1) Correcting mistakes quickly;
- 2) Attending to customer complaints quickly;



- 3) Telling its customers how to take their complaint forward if the customers are still not satisfied with the assistance;
- 4) Reversing any charges that the company apply due to its mistake.

K. Miscellaneous:

- 1) This Fair Practices Code shall be reviewed and revised periodically as maybe deemed fit by the Board of Directors of the Company.
- 2) A copy of the Fair Practice Code may be put up on the website of the Company once the website is operational.



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