

ANAND RATHI GLOBAL FINANCE LIMITED

("NBFC/ARGFL")

FAIR PRACTICE CODE POLICY

(ARGFL/COMPLIANCE/FPC/2024/V4)

Version History

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FAIR PRACTICE CODE

1. Introduction

The Reserve Bank of India (RBI) had issued the guidelines on Fair Practices Code for Non-Banking Finance Companies (**NBFCs**) in Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (**Master Directions**) (as modified, amended and updated from time to time) which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice.

Based on this, **Anand Rathi Global Finance Limited (hereafter referred as 'ARGFL', 'the Company')**, formulated this Policy known as Fair Practices Code ("FPC").

2. Objectives of the Code

- a) To ensure Fair Practices while dealing with the customers and promote good, fair and trustworthy practices by setting up minimum standards.
- b) To ensure greater transparency enabling customers in having a better understanding of the product and taking informed decisions.
- c) To ensure that clients are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction.
- d) To monitor and administer client accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided.
- e) Recovery and enforcement, where necessary is conducted following due process of law.
- f) To ensure compliance of applicable regulations prescribed by RBI relating to fair practices.

3. Applications for loans and their processing

- a) The official language for all communications within the Company or with third parties shall be English.
- b) All communications to the borrower shall be in English or in vernacular language /the language as understood and confirmed by the borrower.

The borrower shall be provided with the loan application form, inter alia, including broad features, terms and conditions governing the loan, indicating the primary list of documents including KYC documents required to be submitted with the

application form. Any other documents required to be submitted with the loan application will also be informed to the borrower.

- c) All relevant information pertaining to the loan will be made available in the relevant loan application form(s), including the necessary loan information and documents required to be submitted together with the duly completed application form.
- d) Receipt of completed applications forms will be duly acknowledged and the acknowledgement would also indicate the approximate timeframe within which the loan applicant would be disposed off.
- e) ARGFL will furnish a copy of loan agreement along with a copy of each enclosure quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loan.

4. Loan appraisal and terms / conditions

- a) Loan applications shall be assessed in accordance with the company's credit appraisal process.
- b) Upon approval of the loan, the company shall convey in writing to the borrower in English or in vernacular language or in language as understood by the borrower an agreement/sanction letter indicating the amount of loan sanctioned, annualized rate of interest applicable, including method of application thereof, along with the terms and condition. A written acceptance of such terms and conditions shall be retained by the company.
- c) The company shall mention the penal interest charged for late repayment in bold in the loan agreement/sanction letter.

5. Disbursement of loans including changes in terms and conditions

- a) Any changes in the terms and conditions, adverse to the borrower, including disbursement schedule, interest rates, service charges, prepayment charges etc. shall be informed to the client in writing in English or in vernacular language or the language as understood by the borrower.
- b) For any account specific charges, the changes will be communicated in writing to the borrower.
- c) Changes in interest rates and other charges shall be effective prospectively.

- d) Decision to recall any loan shall be done in accordance with the terms and conditions of the loan agreement.
- e) All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate right or lien, and set-off for any other claim that the company may have against the borrowers. 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 Company is entitled to retain the securities until the relevant claim is settled /paid.

6. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

- a) ARGFL will release all original movable and immovable property documents within 30 days after the complete repayment / settlement of the loan account / closure of the loan account.
- b) ARGFL will give flexibility to collect original property documents either from the branch where the loan account was serviced or any other office of the regulated entity (RE) where the documents are available, based on borrower's preference.
- c) The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.
- d) In cases of the borrower's death/demise, ARGFL has a well-defined procedure for returning property documents to legal heirs. This procedure must be readily accessible on our website.
- e) If ARGFL fails to release documents or file charge satisfaction forms within 30 days, we must communicate the reasons for the delay to the borrower. In cases where the ARGFL is responsible for the delay, we must compensate the borrower at the rate of ₹5,000 per day of delay.
- f) In case of loss or damage to original property documents, either partially or entirely, ARGFL must assist the borrower in obtaining duplicate or certified copies. ARGFL will bear the associated costs and pay compensation as mentioned in paragraph e. However, we are granted an additional 30 days to complete this process (30+30=60days).
- g) The compensation provided under these directives does not affect the borrower's rights to seek further compensation as per applicable laws. This provision safeguards the borrower's interests.

7. Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans

- a) ARGFL must clearly communicate to borrowers at the time of loan sanction about the potential impact of changes in the benchmark interest rate on the loan, which could lead to changes in EMI amount and/or loan tenor. Any subsequent increase in EMI or tenor due to such changes must be promptly communicated to the borrower. The benchmark rate would be reset as decided from time to time.
- b) Borrowers should be given the choice to opt for an increase in EMI, elongation of tenor, or a combination of both the options. Additionally, borrowers should have the option to prepay either in part or in full at any point during the loan tenor, with any foreclosure charges or prepayment penalties subject to existing instructions.
- c) ARGFL must ensure that elongation of tenor for floating rate loans does not result in negative amortization.
- d) ARGFL must provide borrowers with statements at the end of each quarter containing essential loan information, including principal and interest recovered, EMI amount, number of EMIs left, and annualized rate of interest/Annual Percentage Rate (APR) for the entire loan tenor. These statements should be simple and easily understood by borrowers.

8. Credit Reference Agencies

- a) When a person applies for a loan product, Company may pass on such details, for purposes of credit reporting, verification, and risk management, as may be required to Credit Reference Agencies. The company will exchange information about our customers with reputable reference sources and clearing house services.
- b) The company may give information to such credit reference agencies about the loans taken from us, Customer repayment track record and other appropriate details to build your credit profile.
- c) Company may provide such credit reference agencies information about day to day running of your account as per the consent provided by the Customer in our loan agreement terms.
- d) Company may provide such information to our group/associate entities or companies when we have tie up arrangements for providing other financial products, provided we have permission of customer, through consent obtained as a part of our terms and conditions.

9. Customer Protection

Company will treat our customer's personal information as private and confidential and will not reveal details of customer's dealings with us to a third party unless authorized by customer. Unless authorized by customer, we will not reveal transaction details to any other entity including other than the following exceptional cases:

- a) If we have to give the information by law.
- b) If there is a duty towards the public to reveal the information.
- c) If our interest requires us to provide this information (e.g. fraud prevention) to Banks/Financial Institutions/Our Group or Associate Companies.

10. Penal Charges

Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.

There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of the loan agreement without being discriminatory within a particular loan/product category.

The penal charges in case of loans sanctioned to individual borrowers for purposes other than business shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.

ARGFL may send reminders to borrowers for non-compliance with the material terms and conditions of the loan agreement, as well as the applicable penal charges, and communicate the instance of penal charges levy and the reasons for the same.

The loan agreement and the most important terms and conditions/key fact statement, as applicable, would be clearly disclosed to customers by ARGFL. The interest rate policy will be displayed on the website. The quantum and reason for penal charges would be clearly disclosed by the Company to the customers (in the loan agreement).

The most important terms and conditions/ key fact statement, as may be applicable, would be disclosed to the customers and where standardized, displayed on the website under Interest rates and Service Charges.

11. General Provisions

- a) ARGFL shall refrain from interference with the business of the borrowers except under the terms and conditions of the loan agreement (unless new information, not disclosed earlier, by the borrower has come to the notice of ARGFL).
- b) Where the borrower insists on transferring the loan the consent or otherwise i.e. the objection if any, would be conveyed within 21 days from the date of receipt of such request of the borrower.
- c) For recovery of loan, ARGFL shall follow procedures as laid down in the internal guidelines and provisions and would remain within the legal framework. ARGFL and its representatives shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. ARGFL shall ensure there is no rude behavior from its staff towards customers for which staff will be adequately trained to deal with the customers in an appropriate manner.
- d) ARGFL shall not discriminate on the grounds of gender, caste, or religion, visually impaired or physically challenged applicants in its lending activities.
- e) ARGFL shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- f) ARGFL shall not charge foreclosure charges/ pre-payment penalties on floating rate term loans sanctioned for purpose other than business to individual borrowers with or without co-obligant (s).

12. Confidentiality

- a) Unless authorized by the customer, the ARGFL shall treat all the personal information of its customers as private and confidential.
- b) ARGFL may not reveal transaction details of the borrowers to any other entity including within the group except under the following exceptional circumstances:
- c) ARGFL has its duty to provide the information by statutory or regulatory laws including information to statutory bodies, law enforcement agencies, CIBIL, RBI

and or other banks/financial institutions, any other state, central or any other regulatory body, including courts and tribunals having jurisdiction.

- Customer has authorized ARGFL in writing, to provide such information
- If it is in the public interest to disclose such customer information.
- If its interest requires us to provide this information (e.g. Fraud prevention).

13. Interest Rate Policy

- a) While fixing the rate of interest on loans, the company will take into consideration the cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.
- b) ARGFL will ensure that it will not charge excessive interest rates to its borrowers. ARGFL would arrive at the interest rate for its clients taking into account the broad parameters such as risk profile of the client, interest rate trends prevailing in the money market, cost of funds, collateral security offered by client/ structure of the deal and Interest rate charged by competitors.
- c) Interest rates would be on an annualized basis and would be communicated explicitly in the sanction / welcome letter or otherwise letter.
- d) ARGFL has adopted an Interest Rate Policy pursuant to regulation of excessive interest charged by NBFCs as per Master Directions taking into account relevant factors such as cost of funds, margin and risk premium, etc. to determine the rate of interest to be charged for loans and advances. The Interest Rate Policy also covers the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers and same is published and disseminated on the website of the Company.

14. Grievance Redressal

The grievance escalation matrix of the NBFC is as follows, where- in the customer can approach the NBFC officials from Level 1 to Level 4.

LEVEL 1: The first point for immediate redressal of grievance

Customer can submit their complaint at any of the **Customer touch-points** as mentioned below.

- Email us at

SME Vertical	LAS Vertical	CF Vertical
smecustomerconnect@rathi.com	las@rathi.com	cf@rathi.com

- Call our customer Helpline 022 6281 3752
- Visit our branch.
- Write to Anand Rathi Global Finance Limited, Express Zone, A wing, 10th Floor, Western Express Highway, Goregaon (East), Mumbai – 400063.

LEVEL 2: Principal Nodal Officer / Grievance Redressal Officer

If there is delay in the resolution of complaint or customer are not satisfied with the resolution provided to them, Customer may write to Principal Nodal Officer / Grievance Redressal Officer as mentioned below.

- Name – Ms. Komal Biyani
- Telephone Number – 02262813738
- Email ID - nbfc_grievance@rathi.com
- Address – Grievance Redressal Officer, Anand Rathi Global Finance Limited, Express Zone, A wing, 10th Floor, Western Express Highway, Goregaon (East), Mumbai – 400063.

LEVEL 3: Internal Ombudsman (IO)

Customers shall not approach the IO directly. ARGFL will internally escalate all rejected/partially accepted grievances cases to IO for his consideration and final decision. The final communication to the complainant shall mention that the complaint has been examined by the IO and if he is still not satisfied, he can approach the RBI Ombudsman vested with jurisdiction over the area.

LEVEL 4: RBI Ombudsman

In case the customer is not satisfied with the resolution received or if the customer does not hear from the NBFC in 30 working days, he/she may write to the **RBI Ombudsman** through any of the touch points mentioned below.

- Online Complaint Management System at <https://cms.rbi.org.in>
- Address -Centralized Receipt and Processing Centre (CRPC) Reserve Bank of India, Central Vista, Sector 17, Chandigarh - 160 017.

The Company shall provide for periodical review of the compliance of this Fair Practice Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of customer grievances will be reviewed by CEO on a monthly basis.

15. Disclosures

In compliance with the guidelines on 'Fair Practices Code', ARGFL shall publish and disseminate the Fair Practices Code in English on the website of the Company and all the branches of the Company, and any borrower or client who wishes to obtain the same in vernacular language may request ARGFL to provide a translation thereof.

16. Responsibility of Board of Directors

The Board of Directors of ARGFL has adopted the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries, complaints relating to updating/alteration of credit information and complaints pertaining to outsourced services are heard and disposed of at least at the next higher level. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be placed before the Board of Directors on quarterly basis.

17. Review

- a) The Company reserves the right to amend /alter/modify the codes as mentioned herein above and provide updates from time to time, not affecting/sacrificing the underlining spirit of the code.
- b) The Company shall periodically review the compliance of this Code at least on an annual basis and the functioning of the grievance redressal mechanism at various levels of management.