

NIPUN PROJECTS AND FINANCE PRIVATE LIMITED

FAIR PRACTICE CODE

Serial No.	Approval Authority	Approval Date
1	Board of Directors	10-04-2023
2	Board of Directors	02-04-2024

FAIR PRACTICES CODE (FPC)

Introduction

The Reserve Bank of India has issued the guidelines on Fair Practices Code (FPC) for all Non-Banking Financial Companies (NBFCs) to be adopted by them, which sets the fair practices standards when dealing with customers and inter alia contains general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method.

Objective of the Code

1. To adopt the best practices while dealing with the customers
2. To provide the customers an overview of the practices followed by the Company and to make them aware that the financial products and services offered by the Company to all qualified applicants
3. To treat all the customers consistently and fairly.
4. To ensure that charges / fees are appropriately informed to the borrower
5. To ensure that terms and conditions pertaining to the facility / ies offered by the Company will be fairly and transparently conveyed to the customers
6. To ensure that the disputes arising out of the lending decisions will be appropriately resolved
7. To make aware of the fact to the customers that the Company's Fair lending practices shall apply across all aspects of our operations
8. To ensure that a systematic and effective grievance redressal mechanism is followed by the Company to resolve the complaints, if any, received from the public / customers

The Company's Board of Directors is responsible for establishing practices designed to ensure that our operations reflect our strong commitment to fair lending and that all employees are aware of that commitment.

This Fair Practices Code applies to the all categories of products and services offered by the Company (including those currently offered or which may be introduced at a future date)

The Fair Practices Code adopted by the Company covers the following areas:

1) Applications for loans and their processing

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower. All necessary information required for the borrowers shall be made available in the application form.
- (b) Loan application forms shall include all necessary information, which affects the interest of the borrower, 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 borrower. The loan application form shall also indicate the documents required to be submitted by the borrower with the application form. If any additional documents/information are required from the borrower, the same shall be communicated to the borrower immediately.

- (c) The Company shall devise a system of giving acknowledgement for receipt of all loan applications. The acknowledgement can also be given in the form of a tear off from the application form or through an SMS message. The normal time frame within which loan applications that are complete in all respects will be disposed of shall also be indicated in the acknowledgement issued in respect of such applications.
- (d) Loan Application form shall clearly state the information that the Company is required to collect from the customer to fulfil the KYC norms and to comply with legal and regulatory requirements issued by the Reserve Bank of India from time to time.

2) Loan appraisal and terms/conditions

- (a) The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.
- (b) If there is any delay in sanctioning the loan beyond the time frame indicated in the acknowledgment due to any reasons including field verification etc., the customer shall be kept informed of the status of his/her application and shall also the time frame for disposal of the application.
- (c) The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
- (d) The Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

3) Disbursement of loans including changes in terms and conditions

- (a) The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- (b) All changes in interest rates and charges, as applicable, are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- (c) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement
- (d) The Company shall release all securities on repayment of all dues or on realisation 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 particulars about the remaining claims and the conditions under which company is entitled to retain the securities till the relevant claim is settled/ paid.

4) Rates of interest and the approach for gradation of risks

- (a) The Board of the company shall lay out appropriate internal principles and procedures in determining interest rates, gradation of risks and processing and other charges, as applicable. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are kept in view.
- (b) The Company, with the approval of the Board, shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.
- (c) The rate of interest and the approach for gradation of risks and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the respective customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the website of the company, if any.
- (d) The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

5) General

- (a) The Company shall refrain from interference 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 come to the notice of the Company).
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall 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.
- (c) In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff(s) are adequately trained to deal with the customers in an appropriate manner.
- (d) The Company shall not charge foreclosure charges / pre-payment penalties on floating rate term loans sanctioned to an individual borrower.
- (e) All loans are sanctioned at the sole discretion of the Company.
- (f) The Company shall display the normal business hours including list of holidays at the Registered Office, at the respective Branches, and all places where the business is transacted.
- (g) The Company will call delinquent customers between 08.00 hrs to 19.00 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

6) Policy on KYC, APPRAISAL, SECURITY ETC.

- (a) Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with by the Company and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- (b) To ensure to undertake proper valuation / appraisal procedure for assessing the value of the property accepted as collateral security.
- (c) Any fraud in the functioning of the Company shall be enquired into by the appropriate authority and suitable punitive measure shall be taken by the appropriate disciplinary authority. Any review of the decision of the disciplinary authority shall be carried out by the Managing Director subject to supervision by the Board of Directors.

7) Grievance Redressal Mechanism

- (a) All disputes arising out of the decisions of the functionaries of the Company are heard and disposed of at least at the next higher level, as given below:
 - i. If the customers are not satisfied with the decisions of Customer Care Cell, then it shall be heard and disposed of by the Head of Integrated Operations, Optimo Loans;
 - ii. If the customers are not satisfied with the decisions of Head of Integrated Operations, Optimo Loans, then it can be escalated to RBI Ombudsman.
- (b) In case of any complaint/grievance, the applicant/borrowers shall inform their complaint / grievance in writing or through any electronic mode by following the above matrix.
- (c) The Board of Directors shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals as may be prescribed by the Board in this regard.

8) Grievance Redressal Officer

The Company shall display the following information prominently, for the benefit of the customers, at all operational levels including the registered office / branches / places where business is transacted:

- (a) The name and contact details (Telephone / Mobile nos. and also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
- (b) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (whose complete contact details as displayed) under whose jurisdiction the registered office of the Company falls.

9) Confidentiality

The Company shall treat all personal information of the customers as private and confidential, unless there is specific authorization.

The Company shall not reveal transaction details of the borrowers to any other persons except under following circumstances;

- (a) If the information is required to be provided as per regulatory directives to any statutory or regulatory body or bodies.
- (b) If the information is required to provide in the interest of the borrowers in order to prevent fraud etc

10) Mode of Communicating Fair Practice Code

The Company, with the approval of the Board of Directors, shall put in place Fair Practices Code in English and in the vernacular language or a language as understood by the borrower, at all operational levels including the registered office / branches / places where business is transacted, for the benefit of the customers. The same shall also be put up on the website of the Company, if any, for the information of various stakeholders.