FAIR PRACTICES CODE (FPC)

Ver. 04

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FAIR PRACTICES CODE

1. PREAMBLE

The Reserve Bank of India ("RBI") has prescribed broad guidelines on fair practices that are required to be framed and approved by the Board of Directors of all Non-Banking Financial Companies ("NBFCs") and shall be published and disseminated on the website of the Company, for the information of various stakeholders.
This Fair Practice Code is aimed to provide to all the stake holders, especially customers effective overview of practices followed by the Company in respect of the financial facilities and services offered by the Company to its customers.
Mufin Green Finance Limited. ("The Company") hereby furnishes the Fair Practices Code ("the FPC") based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the FPC from time to time to confirm the standards that may be prescribed by RBI. The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as prescribed by Reserve Bank of India.
The Company's business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles.

2. PURPOSE

The Company has put in place the FPC with an endeavour to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc. The Company's Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. The Company's commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology. The Company's Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

3. OBJECTIVE OF THE CODE

- Promote fair & transparent practices by setting minimum standards in dealings with the customers;
- Building customer confidence;
- To ensure compliance with the regulatory requirements with regard to customer interface;
- To strengthen mechanism for redressal of customer grievances.

4. DEFINITION

a. **"Board"** means Board of Directors of the Company.
b. **"Company"** means Mufin Green Finance Limited (MGFL).
c. **"Directors"** means individual Director or Directors on the Board of the Company.
d. **"FPC"** means Fair Practice Code

5. KEY COMMITMENTS

The essence of the FPC lies in the following aspects that the Company shall strive to follow in spirit and in letter:

1. To act fairly and reasonably in all the dealings with borrowers by ensuring that:
   - The Company's services, procedures and practices will meet the broad requirements and standards in the FPC;
   - The Company's services will be in accordance with relevant laws and regulations as applicable for the time being in force;
   - The Company's dealings with its borrowers will rest on ethical principles of honesty, integrity and transparency.

2. The Company will assist its customers in understanding as to what the broad features of its financial products and services are and what are the benefits and risks involved in availing the same by:
   - Providing information about the services in simple manner;
   - Explaining the financial implications of using the services.

3. The Company will make every attempt to ensure that its customers would have trouble-free experience in dealing with it. However, in case of error of commission and/or omissions, it shall:
   - Deal with the errors promptly and effectively;
   - Deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the customers;
   - Promptly handle Complaints;
   - Have Escalation process, in the event of dissatisfaction of the borrower in handling his complaint(s);

6. APPLICABILITY OF FAIR PRACTICE CODE

The FPC will be applicable to the following broad areas:

(i) Loan applications and processing thereof
(ii) Loan appraisal and terms/conditions
(iii) Disbursement of loans including changes, if any, in terms and conditions
(iv) Post disbursement supervision/monitoring
(v) Other general provisions

7. APPLICATIONS FOR LOANS AND THEIR PROCESSING

(a) 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 by the borrower.
(c) The company will take a confirmation from the prospective borrower that he has understood all the communications made to him in the language known to him and understood by him.
(d) Loan application forms of the company will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the loan application form.
(e) The company shall provide to the prospective borrower an acknowledgement for receipt of loan application. The time frame within which the loan application complete in all respects will be disposed of, will be indicated in the acknowledgement. The Company would verify the loan applications within a reasonable period of time and if additional details / documents are required, it would intimate the borrowers immediately.

8. LOAN APPRAISAL AND TERMS/CONDITIONS

(a) The Company shall consider all the loan applications keeping in mind the risk-based assessment procedures adopted by it and
(b) The Company, before sanctioning the loan, would assess the ability of the borrowers to repay the loan and thereby approving the same on merit basis.
(c) The grant of the loan shall be communicated to the borrowers in writing in an English and/or in vernacular language/the language as understood by the Borrower by means of a Sanction Letter or otherwise, the amount of loan approved along with the terms and conditions, including the annualized rate of interest and method of application thereof.
(d) The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions governing the loan.
(e) A copy of the loan documents including loan agreement and annexures thereof shall be made available to the borrower.

9. DISBURSEMENT OF LOAN AND CHANGE IN TERMS & CONDITIONS

(a) Disbursement of amount of loans sanctioned may be made available to the borrowers on demand subject to completion of all formalities including execution of loan documents.
(b) The Company shall give notice to all its borrowers in English and/or in vernacular language/the language as understood by the Borrower of any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc.
(c) The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable provision in this regard is incorporated in the loan agreement.

10. POST DISBURSEMENT SUPERVISION

(a) The decision, if any, of the Company to recall/accelerate payment or performance of loan shall be in accordance with the terms and conditions of the Loan Agreement.
(b) The 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.
(c) The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan along with interest subject to any legitimate right or lien for any other claim the Company may have against its 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 till the relevant claim is settled/ paid.

11. RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/SETTLEMENT OF LOANS, WHEREVER APPLICABLE

(a) The Company shall release all the original movable/ immovable property documents and remove charges registered with any registry within a period of 30 (thirty) days after full repayment/ settlement of the loan account.
(b) The borrower shall be provided an option to collect the original movable/immovable property documents either from the outlet/branch where the loan account was serviced or any other office of MGFL where the documents are available, as per the borrower's preference.
(c) The timeline and place of return of original movable/immovable property documents shall be mentioned in the sanction letter issued by MGFL to the borrower.

(d) In the contingent event of demise of a sole borrower or joint borrowers, the Company shall return the original movable/ immovable property documents to the legal heirs of the borrower(s) as per the mechanism or process separately set out by MGFL. The Company shall display the said procedure on its website along with other similar policies and procedures for customer information

(e) In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 (thirty) days after full repayment/ settlement of loan, MGFL shall communicate to the borrower the reasons for delay. In cases where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.

(f) In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (e) above. However, in such cases, an additional time of 30 (thirty) days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 (sixty) days).

12. PENAL CHARGES IN LOAN ACCOUNTS

(a) Penalty charged for non-compliance of material terms and conditions of the loan contract by the borrower shall be charged 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. The penal charges charged to the borrowers shall not be capitalised i.e. no further interest shall be computed on such penal charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

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

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

(d) The quantum and reason for penal charges shall be clearly disclosed by MGFL to the customers in the loan agreement and Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company’s website under Interest Rate Policy.

(e) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.

(f) MGFL shall not introduce any additional component to the rate of interest.

(g) MGFL has in place Interest Rate Policy approved by the Board Directors. MGFL shall be guided by the said policy in respect to levy of penal charges by MGFL.

13. OTHER GENERAL PROVISIONS:

(a) The Company will refrain from interference in the affairs of the borrower except for the purposes provided for in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customer, has come to the notice of the Company).

(b) The Company will not discriminate loan applications based on grounds of gender, caste and religion.

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

(d) In the matter of recovery of loans, our Company staff is adequately trained to deal with customers and shall not resort to any harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. A Code of Conduct with regard to Collection Agents has been put in place as per the RBI Directions.

(e) The Company has laid down appropriate internal principles and procedure in determining interest rates, processing fees and other charges. The Company has adopted an Interest rate policy taking into account relevant factors such as cost of funds, margin, risk premium etc. to determine the rate of interest to be charged on annualised basis for loans and advances and same is disclosed to the borrower in the loan application form and the sanction letter and also provided on the website of the Company.

14. REGULATION OF EXCESSIVE INTEREST CHARGED

(a) The Company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium to determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

(b) The rates of interest and the approach for gradation of risks shall also be displayed on the website of the Company and/or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

(c) 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.

15. REPOSSESSION OF HYPOTHECATED ASSETS FINANCED BY THE COMPANY

The Company has a built-in re-possession clause in the loan agreement with the borrowers which is legally enforceable. To ensure more transparency, the terms and conditions of the loan agreement contains provisions regarding:

i. notice period before taking possession;
ii. circumstances under which the notice period can be waived;
iii. the procedure for taking possession of the security;
iv. a provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the security;
v. the procedure for giving repossession to the borrower; and
vi. the procedure for sale / auction of the property.

16. LOAN FACILITIES TO THE PHYSICALLY/VISUALLY CHALLENGED

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of MGFL shall render all possible assistance to such persons for availing of the various business facilities. MGFL shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for its employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the grievance redressal mechanism already set up by them.

17. PRE-PAYMENT CHARGES ON LOANS

(a) The Company shall not levy any charges where pre-payment is effected at the instance of the MGFL.
(b) The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. Further, in case of loans and advances where Key Facts Statement (KFS) is to be provided, the same shall also be mentioned in the KFS. No pre-payment charges which have not been disclosed as specified herein shall be charged by MGFL.
(c) The Company shall not levy any charges / fees retrospectively at the time of prepayment of loans, which were waived off earlier by MGFL.

18. TRAINING OF STAFF AND RECOVERY AGENTS

(a) The conduct of employees of the Company and system for their recruitment, training and monitoring shall be as per policy as may be approved by the Board of Directors from time to time. Such policy shall, inter alia, lay down minimum qualifications for the staff and shall provide necessary training tools to deal with the customers. Training to employees shall include programs to inculcate appropriate behaviour towards customers. Conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix.
(b) Recovery shall be made by MGFL at a designated/ central designated place decided mutually by the borrower and the Company. However, field staff shall be allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated / central designated place on two or more successive occasions.

(c) MGFL or its agent shall not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh: (1) Use of threatening or abusive language (2) Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m. (3) Harassing relatives, friends, or co-workers of the borrower (4) Publishing the name of borrowers (5) Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation (6) Misleading the borrower about the extent of the debt or the consequences of non-repayment.
(d) The Company shall maintain due diligence process in place for engagement of recovery agents, which shall, inter alia, cover individuals involved in the recovery process. The Company shall ensure that the recovery agents engaged by them carry out verification of the antecedents of its employees, which shall include police verification. The Company shall also decide the periodicity at which re-verification of antecedents shall be resorted to.
(e) The Company shall provide the details of recovery agents to the borrower while initiating the process of recovery. The agent shall also carry a copy of the notice and the authorisation letter from MGFL along with the identity card issued to him/her by MGFL or the agency.
(f) Where the recovery agency is changed by MGFL during the recovery process, in addition to MGFL notifying the borrower of the change, the new agent shall carry the notice and the authorisation letter along with his/her identity card.
(g) The notice and the authorisation letter shall, among other details, also include the contact details of the recovery agency and MGFL.
(h) The up-to-date details of the recovery agencies engaged by MGFL shall also be hosted on the MGFL's website.

19. PROCESSING / DOCUMENTATION AND OTHER CHARGES

i) All processing / documentation and other charges recovered are expressly stated in the Loan documents. They vary based on the loan product, geographical location, customer segment and generally represent the cost incurred in rendering the services to the customers.
ii) Processing charges will be charged on case to case basis.
iii) Service Tax and other applicable taxes shall be charged as per the guidelines issued by the Government from time to time.

20. PRIVACY AND CONFIDENTIALITY

All Personal Information of the borrowers shall be treated as Private and Confidential and shall be guided by the following principles & policies. We shall not reveal Information or data relating to borrower accounts, whether provided by the customers or otherwise, to anyone, including our affiliates other than in the following exceptional cases:
i) If the Company is required to provide the information to any statutory or regulatory body or bodies or otherwise required under any law;
ii) If the borrower has authorised the Company to provide such information to its group / associate/ entities or companies or any such person/ entity as specifically agreed upon;
iii) The borrower shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that we hold about him / her.

21. GRIEVANCE REDRESSAL MECHANISM

The Company believes in speedy redressal of grievances of the borrower and guides its borrowers who wish to lodge a complaint and also provide guidance on what to do in case the borrower is unhappy with the outcome. After examining the matter, the Company sends a response as soon as possible;
The Company has laid down the Grievance Redressal Mechanism/ Grievance Redressal Policy for the speedy disposal/ remedy of its Customer's Complaints/ Grievance.
If a customer is not satisfied with the resolution provided by the Company, the customer can escalate the complaint to the grievance redressal officer & principal nodal officer of the Company as per the details mentioned in the grievance redressal mechanism of the Company available on the website of the Company.
In respect of customer complaints relating to digital lending, the Company shall ensure that the Lending Service Providers (LSP) engaged by MGFL shall have suitable nodal grievance redressal officer to deal with digital lending related complaints/issues raised by the borrowers. Such grievance redressal officer shall also deal with complaints against their respective Digital Lending Apps (DLA). Contact details of grievance redressal officers shall be prominently displayed on the websites of the Company, its LSPs and on DLAs and also in the Key Fact Statement (KFS) provided to the borrower. Further, the facility of lodging complaint shall also be made available on the DLA and on the website as stated above. It is reiterated that responsibility of grievance redressal shall continue to remain with the Company.

22. FORCE MAJEURE

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfil the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

23. PERIODIC REVIEW

The Board of Directors of the Company shall periodically (at least once a year) review the compliance of the Code and the functioning of the GRC. A consolidated report of such reviews shall be submitted to the Board of Directors at regular intervals, as may be prescribed by it.
Note: In compliance with the guidelines on 'Fair Practices Code', MGFL shall publish and disseminate the Code on the website of the Company and the same shall also be available at all of its branches.

24. REGULATORY COMPLIANCE AND PRECEDENCE

In the event of any conflict or inconsistency between the provisions of this Policy and the applicable laws, rules, regulations, notifications, circulars or directions issued by the Reserve Bank of India (RBI) or any other competent authority, the provisions of the applicable law or regulatory requirements shall prevail.

25. POLICY REVIEW

This Policy shall be reviewed periodically, and at least once every year, or earlier, if required due to any change in applicable laws, regulations, RBI Directions or the business requirements of the Company. Any amendments to the Policy shall be placed before the appropriate authority for review and approval.

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