

RASHI FINCORP LIMITED

Fair Practices Code (FPC) & Policy

Introduction

This Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as prescribed by the Reserve Bank of India (RBI) vide its circular no. **RBI/2011-12/470 DNBS.CC.PD.No. 266/03.10.01/2011-12** dated March 26, 2012, **RBI/2012-13/416 DNBS.CC.PD.No. 320/03.10.01/2012-13** dated February 19, 2013 and **RBI/2013-14/42 DNBS.CC.PD.No. 340/03.10.042/2013-14** dated July 01, 2013 and **RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16** dated July 01, 2015.

The Rashi Fincorp Limited (“the Company”) is registered (Registration No.13.00888) with Reserve Bank of India (RBI) as Non-Banking Finance Company (NBFC). It is categorized as a Non- Systemically Important Non-deposit taking NBFC (Regulated Entity as defined under these Directions). It is defined as Loan Company. The Company does not accept any deposits from the public. The Company is mainly in the business of granting loan against shares and other secured/ unsecured loans.

The Company is not engaged in the business of providing facilities for financing of vehicles, MFI’s and/ or lending against gold jewellery and therefore the RBI guidelines to that extent do not apply to the company.

The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse.

The Code was reviewed and adopted by the Board of Directors of the company on April 04, 2019 and the Board shall be responsible for implementation of the Code and ensure that the Code is followed in letter as well as in spirit while dealing with various stakeholders.

Objective of the Code

The code has been developed with an objective of:

- Ensuring fair practices while dealing with customers
- Greater transparency enabling customers in having a better understanding of the product and taking informed decisions
- Building customer confidence in the Company

Applicability of Code

Applications for loans and their processing

- I. Loan appraisal and terms/conditions
- II. Disbursement of loans including changes in terms and conditions
- III. Interest rate and Approach for Gradations of Risk
- IV. General Provisions
- V. Responsibility of Board of Directors
- VI. Complaint/ Grievance Redressal Mechanism

I. Applications for loans and their processing:

- All the communication with the borrowers shall be in the English language. Upon the request of the borrower, the Company shall provide communication in a language as understood by the borrower.
- Loan application forms issued by the Company shall include necessary information, which affects the interest of the borrower so as to enable the borrower to make a meaningful comparison with the terms and conditions offered by other NBFCs and an informed decision can be taken by the borrower.
- The loan application form will indicate the documents required to be submitted along with the application form.

- The Company will put in place a system of giving acknowledgement for receipt of all loan applications and the time frame taken to dispose of the loan application will also be indicated in the acknowledgement.

II. Loan appraisal and terms/conditions:

- The Company shall put in place an appropriate system/ procedures to determine the credit worthiness of the borrower, in order to process the loan application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- The Company will convey in writing to the borrower in the English language or upon borrowers request, the Company shall provide the communication in a language as understood by the borrower. The sanction letter/approval letter or otherwise, shall *inter alia* contain the following:
 - a. amount of loan sanctioned;
 - b. terms and conditions;
 - c. annualized rate of interest; and
 - d. method of application thereof
- The Company will obtain and keep in its records the acceptance from the borrower of the aforesaid terms and conditions.
- The Company will mention the penal interest charged for late repayment in bold in the loan agreement.
- The Company invariably will furnish a copy of the loan agreement, along with a copy of all relevant enclosures at the time of sanction / disbursement of the loan to all borrowers.

III. Disbursement of loans including changes in terms and conditions:

- The Company will give notice to all its borrowers in English Language or other language as understood by the borrower of any change in the terms and conditions,

including disbursement schedule, interest rates, service charges, prepayment charges etc.

- The Company shall ensure that if there are any changes in interest rates and charges the same are effected prospectively.
- Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.
- The Company shall release all securities on repayment of full dues by the borrower or on realization of the outstanding amount of the loan, subject to any legitimate right or lien for any other claim that we may have against the borrowers.
- If 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.

IV. Interest rate and Approach for Gradations of Risk

- The Company shall have 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 above referred internal principles and procedures.
- The Company 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.
- 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 issued to the borrower.

- The rates of interest and the approach for gradation of risks shall also be made available on the website of the company. The information published in the website shall be updated whenever there is a change in the rates of interest.
- 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.

V. General Provisions

- The Company shall 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 borrower, has come to the notice of the Company).
- 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 to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, the Company shall not resort to undue harassment such as persistently bothering the customers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner and the staff shall not behave rudely with any customers.
- The Company will call delinquent customers between 09:00 am to 06:00 pm unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

VI. Responsibility of Board of Directors

- The Board of Directors the Company shall also lay down 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 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 submitted to the Board at regular intervals, as may be prescribed by it.

VII. Complaint/ Grievance Redressal Mechanism

- Customers can register complaint on our dedicated email ID: vivek@rashifincorp.com
- The Company shall appoint Grievance Redressal Officer (GRO) who can be approached by the public for resolution of complaints against the Company.
- The Company shall display the following information prominently, for the benefit of its customers, at the Principal place where business is transacted:
 - a. name and
 - b. contact details (Telephone nos. and also email address) of the GRO
- 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 (with complete contact details), under whose jurisdiction the registered office of the applicable NBFC falls.

The above Policy has been adopted by the Board of Directors of the Company and the Company shall keep amending the same from time to time as may be required.