

FAIR PRACTICES CODE

OF

MASSFIN LENDING SERVICES PRIVATE LIMITED

(MASSFIN)

FAIR PRACTICES CODE (FPC)

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) through Circular no. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015, and Chapter V of Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which laying down standards for fair business and corporate practices while dealing with their customers.

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.

MASSFIN LENDING SERVICES PRIVATE LIMITED (hereinafter referred to as “**MASSFIN**” and “**company**”) is a Non-Deposit taking Non-Systematically important Non- Banking Finance Company registered with the Reserve Bank of India (“RBI”) engaged in the business of facilitating Loan and advances.

MASSFIN LENDING SERVICES PRIVATE LIMITED (MASSFIN) hereby furnishes the Fair Practices Code (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 contained in the aforesaid RBI Circulars.

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. In addition, the Company will adhere to the Fair Practices Code in its functioning, the key elements of which are as follows:

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.

DEFINITIONS

- a. **"Board"** means Board of Directors of the Company.
- b. **"Company"** means **MASSFIN LENDING SERVICES PRIVATE LIMITED**
- c. **"Directors"** means individual Director or Directors on the Board of the Company.
- d. **"FPC"** means Fair Practices Code.

KEY COMMITMENTS

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

- A. To act fairly and reasonably in all the dealings with borrowers by ensuring that:
 - i. The Company's products, services, procedures and practices will meet the broad requirements and standards in the FPC;
 - ii. The Company's products and services will be in accordance with relevant laws and regulations as applicable for the time being in force;
 - iii. The Company's dealings with its borrowers will rest on ethical principles of honesty, integrity and transparency.
- B. 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:
 - i. Providing information about the products and services in simple manner;
 - ii. Explaining the financial implications of using the products and services.
- C. 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:

- i. Deal with the errors promptly and effectively;
- ii. Deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the customers;
- iii. Promptly handle Complaints;
- iv. Have Escalation process, in the event of dissatisfaction of the borrower in handling his complaint(s);

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
 - vi. Confidentiality of Information
 - vii. Language and Mode of Communicating Fair Practice Code
 - viii. Regulation of Rate of Interest
- i. Loan applications and processing thereof:
 - 1) Loan Application Forms will be made available to the prospective borrowers.
 - 2) Loan documentation set will, inter alia, include the broad features and the terms and conditions governing the loan which would 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 thereby helping the borrower in making an informed decision. The said Form shall also specify the documents required to be submitted by the borrowers

- 3) The Company has system of giving acknowledgement for receipt of all loan applications.
 - 4) All the loan applications shall be disposed of within a period of 90 days from the date of receipt of duly completed Loan Application Forms together with the requisite documents and subject to receipt of all documents complying with prevailing rules and regulations by the borrower.
 - 5) All communications to the borrower shall be in vernacular language or a language as understood by the Borrower.
- ii. Loan appraisal and terms/conditions:
- 1) The Company shall consider all the loan applications keeping in mind the risk-based assessment procedures adopted by it and
 - 2) 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.
 - 3) The grant of the loan shall be communicated to the borrowers in writing in a vernacular language or a language as understood by 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.
 - 4) The penal interest charged for late repayment will be mentioned in bold in the loan agreement.
 - 5) The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions governing the loan.
 - 6) A copy of the loan documents including loan agreement and annexures thereof shall be made available to the borrower.
 - 7) If the Company cannot provide the loan to the customer, it shall communicate in writing the reason (s) for rejection thereof.

iii. Disbursement of Loan and Change in Terms & Conditions:

- 1) 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.
- 2) The Company shall give notice to all its borrowers in vernacular language or a language understood by the Borrower of any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc.
- 3) 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.

iv. Post Disbursement Supervision:

- 1) 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.
- 2) 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.
- 3) The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan 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.

v. Other General Provisions:

- 1) 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).
 - 2) The Company will not discriminate loan applications based on grounds of gender, caste and religion.
-

- 3) 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 – 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.
- 4) 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.
- 5) 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
- 6) The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of customers shall be disclosed in the loan application form and communicated explicitly in the sanction letter.

vi. Confidentiality of Information

- 1) All the personal information of the Company's customers shall be treated as private and confidential by the Company and all of its employees.
- 2) Except under the following circumstances, the Company shall not disclose any transaction detail of the borrower to any third party:
 - i. When the Company has an obligation under any statutory or regulatory laws to provide such information to any statutory body, law enforcement agency, CIBIL, CERSAI, CKYC or the RBI or any other state, central or regulatory body, including courts and tribunals with jurisdiction.
 - ii. When the customer has given due consent to the Company to share such financial data.
 - iii. When sharing of such information will be in public interest.

vii. Language and Mode of Communicating Fair Practice Code

- 1) The Company shall upload this Fair Practices Code in the vernacular language or a language as understood by the borrower on its website for the reference of its various stakeholders.

- 2) The Company shall ensure that all additions or changes to this Code uphold the spirit of the RBI's guidelines on Fair Practices Code.
- viii. Regulation of Rate of Interest
- 1) The Company's Board shall adopt an interest rate model considering assorted factors such as the cost of funds, risk premium, margin, etc., to determine the interest rates for its different loan products and advances.
 - 2) The Company has also drafted a separate "Interest Rate Policy" to lay down the principles and guidelines for determining its interest rates and other charges.
 - 3) The Company shall also disclose to its borrower in the application form, the rate of interest and approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers. The same shall also be communicated explicitly to the borrower in the Loan Sanction Letter.
 - 4) Information regarding the rate of interest and the approach for risk gradation, or any changes thereof shall also be made available on the Company's website or otherwise published should be updated whenever there is a change in the rates of interest.
 - 5) The rate of interest shall be annualised rate as a measure to inform the borrower about the exact rates applicable to their borrower account.

GRIEVANCE REDRESSAL MECHANISM

The Board of Directors of the Company shall be responsible to lay down a proper grievance redressal mechanism to handle the dispute arising out of the internal decision making. The purpose of such a robust mechanism will be to ensure that all the disputes relating to the Company's lending decisions and other functions are heard and disposed of promptly at least at the next higher level.

The company also lay down the proper grievance redressal mechanism to handle complaints/grievances of its borrowers/customers.

The Company shall display the information pertaining to its grievance redressal mechanism, details of its Grievance Redressal Officer and the information of the Regional Office of the RBI prominently at its websites, office/place of business for resolution of complaint of its customers.

Further, the Company has also laid down a comprehensive robust Grievance Redressal Mechanism for the speedy disposal/ remedy of its customers' complaints/grievances. The same has been adopted, and approved, by the Board in detail under the Grievance Redressal Policy.

ESCALATION PROCESS

If the customer is not satisfied with the customer care channel, they can raise their concerns by following the escalation procedure explained hereinafter. In order to escalate a complaint to the next level, the customer will be required to share their ticket/ complaint number. Further, the turnaround time mentioned under each escalation stage shall apply only when the aforesaid escalation matrix is followed

The Company shall provide for a Four-Stage Grievance Redressal Mechanism to resolve any of its customers query or grievance:

Level 1: Grievance Redressal Officer

If customer is not satisfied by the resolution provided by the customer care department then that customer may register their query/ complaint to the Grievance Redressal Officer. The details of the Grievance Redressal Officer are given as follows:

Name of the Grievance Redressal Officer	
Contact No.	
E-mail ID	

(Between 10:00 a.m. and 6:30 P.M., from Monday to Saturday (except on public holidays))

Complaint to GRO shall be filled within 10 working days from the date of last resolution from customer care department.

Level-2: Nodal Officer of the Company

If the customer is not satisfied with the resolution provided by Grievance Redressal Officer or the complaint is not resolved satisfactorily then customer may register their query/ complaint to Nodal officer of company. The details of nodal officer is given below:

Name of the nodal officer	
----------------------------------	--

Contact No.	
E-mail ID	

(Between 10:00 a.m. and 6:30 P.M., from Monday to Saturday (except on public holidays))

Complaint to NO shall be filled within 15 working days from the date of last resolution from GRO.

Level-3: Chief Compliance officer

If the customer is not satisfied with the resolution provided by Nodal Officer or the complaint is not resolved satisfactorily then customer may register their query/ complaint to Chief Compliance officer of company within 15 working days from the date of resolution. The details of Chief Compliance officer is given below:

Name of the Chief Compliance officer	
Contact No.	
E-mail ID	

(Between 10:00 a.m. and 6:30 P.M., from Monday to Saturday (except on public holidays))

Level-4: Reserve Bank of India

If the customer is not satisfied with the redressed provided by above-mentioned channels then customer may register complainant within 30 days from the date of receipt of receipt of communication of Award or rejection of the complaint to RBI NBFC Ombudsmen of Kolkata Centre on below mentioned address:

The Reserve Bank of India
RBI Ombudsmen,
C/o Reserve Bank of India

Post Box No. 5467, 10/3/8,
Nrupathunga Road,
Bengaluru - 560001

FORCE MAJEURE

The various commitments outlined and made by **MASSFIN LENDING SERVICES PRIVATE LIMITED** 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.

REVIEW

The Board of Directors will annually review the compliance of this Fair Practices Code and the effectiveness of the Company's Grievance Redressal Mechanism. The Board shall also make appropriate modifications in the FPC from time to time in conformity to the changes or additions to the guidelines as issued by the RBI.

DISCLAIMER

The Company is abide by all guidelines, directives, instructions, and advice of the Reserve Bank of India as in force from time to time. The content in this document shall be read in conjunction with these guidelines, directives, instructions and advices. The Company will consistently apply better practice so long as such practice does not conflict with or violate Reserve Bank of India regulations.