

Fair Practice Code (FPC) of Riwaaz Investments Private Limited

The Reserve Bank of India has issued a Circular, no. RBI/2012-13/416 DNBS.CC.PD.No.320/03.10.01/2012-13 dated February 18, 2013 regarding Fair Practices Code (FPC) to be adopted by all NBFCs while doing lending business. We, at Riwaaz Investments Private Ltd (Company), are committed to comply with the said fair practices as per the directive issued by the regulator.

Following are the fair practice code adopted by the Company:

A (i) 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.
- (b) Loan application forms should 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 informed decision can be taken by the borrower. The loan application form should indicate the documents required to be submitted with the application form.
- (c) The Company should devise a system of giving acknowledgement for **receipt of all loan applications to the borrowers**. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgment.

(ii) Loan appraisal and terms/conditions

The company should 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 annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The company does not charge any penal interest on delayed payments from its borrowers. In case the same is charged, it will be communicated to be borrowers by way of bold letters in the loan agreement.

The company should furnish a copy of the loan agreement preferably in the vernacular language 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.

(iii) Disbursement of loans including changes in terms and conditions

- (a) The company shall give notice to the borrower in the vernacular 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 should also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- (b) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (c) In case the company accepts any security against the loans made, the same shall be released on repayment of all 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 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 the company is entitled to retain the securities till the relevant claim is settled/paid.

(iv) General

(a) The company should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, comes to our notice).

(b) In case of receipt of request from the borrower for transfer of borrowing account, the consent or otherwise i.e. objection of the company, if any, should 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 will 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 staffs are adequately trained to deal with the customers in an appropriate manner.

(v) The Board of Directors of the company should lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of company' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should 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 may be submitted to the Board at regular intervals, as may be prescribed by it.

(vi) The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

(vii) The company shall display details, including contact details, email address and name, of the Principal Officer (who shall act as a Grievance Redressal Officer (GRO)) in the loan card / repayment schedule. The revised code with due signature of the GRO shall be displayed in all the offices where business is transacted in vernacular language.

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, General Manager, DNBS, at 011-23714456, under whose jurisdiction the registered office of the company falls.

(viii) Complaints about excessive interest charged by NBFCs (issued vide CC No. 95 dated May 24.2007)

The company shall not charge excessive rates and the rates charged by the company from its borrowers shall be as per prevailing market conditions, cost of fund, operating costs and subject to regulations and conditions from the regulator. Boards of the Company, therefore, shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

(ix) Regulation of excessive interest charged by NBFCs (ASR)-2009 dated January 2. 2009)

(a) The Board of the Company 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. 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 rate of interest and the approach for gradation of risk -shall also be published, if required. The information so published shall be updated whenever there is a change in the rates of interest.

***(c) The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.**

(x) Clarification regarding repossession of vehicles financed by NBFCs (issued vide CC No. 139 dated April 24. 2009)

Presently the company is not engaged into financing of vehicles.

B. The company is not engaged in the business of micro finance activities. The fair practices as applicable to NBFC-MFI are not applicable.

C. Lending against collateral of gold jewellery:

The company is presently not into lending against collateral of gold jewellery.