

FAIR PRACTICES CODE

This Fair Practices Code has been framed with a view to providing to all its stakeholders, especially customers an effective overview of the practices followed by the Company while offering its products and services. This Fair Practices Code has been prepared taking into account the “Guidelines on Fair Practices Code for NBFCs” issued by the Reserve Bank of India and is updated from time to time and aims to enable customers to take informed decisions in respect of the facilities and services offered by the Company.

OBJECTIVES OF THE CODE

This Code has been drawn aiming to:

- Adopt the best practices followed by entities in the financial and similar service sector while dealing with customers.
- Provide to the customers effective overview of practices followed by the Company in respect of financial facilities and services offered by the Company to its Customers
- Enable customers to take informed decision about the financial facilities and services offered by the Company.
- Promote good, fair, transparent and legally tenable practices by setting minimum standards in dealings with customers.
- Enable customers to have better understanding of what they can reasonably expect of the services offered by the Company.
- Reckon with market forces, through competition and strive to achieve higher operating standards.
- Foster fair and cordial relationship between the customers and the Company.

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

- Applications for loans and their processing.
- Loan appraisal and terms/conditions.
- Disbursement of loans, including changes in terms and conditions.
- Disclosures about interest rates and approach for gradation of risk.
- Policy on KYC, Appraisal, insurance, storage of securities, Auction etc.
- Confidentiality
- Grievance redressal mechanism
- General Provisions

DECLARATIONS & COMMITMENTS

- The Company undertakes to abide by all applicable laws, regulations and guidelines passed/issued by the Regulators (Reserve Bank of India, SEBI,

IRDA etc) and other competent authorities such as Government, Local Authority etc.

- The Company commits itself to full customer satisfaction through efficient, professional and courteous services across all its offices.
- The Company shall consistently strive to meet with and improve upon the internally set benchmarks and practices and be ahead of the standards prevalent in the industry.
- The Company undertakes not discriminate customers on grounds of religion, caste, gender or language.
- The Company will provide clear and full information about its products and services to its customers/prospective customers and will not resort to any misleading or potentially misguiding advertisement or publicity.
- The Company undertakes to desist from introducing any products/services having elements of hidden charges or lack of transparency.
The Company undertakes not to take advantage of any unintentional or clerical error made by the customer while transacting business.
- The Company shall display the FPC on its website and also make available to the Customer on request, a copy of the FPC on demand.

APPLICATIONS FOR LOANS AND THEIR PROCESSING

- All communications to the borrower shall be either in English or in vernacular language or in a language as understood by the borrower.
- Loan application forms issued by the Company shall include necessary information affecting the interests of the borrower, which will enable him to take an informed decision by comparing the terms and conditions with that of other similar NBFCs, and shall also indicate the documents required to be executed/submitted by the borrower.
- If any additional documents/informations are required from the Customer, the same shall be communicated to the Customer immediately.
- In case of all loans, other than gold loans which are sanctioned on the same day of receipt of the application, an acknowledgement will be given to the applicant, also indicating the probable date by which a decision regarding sanction of the loan will be intimated to him. The acknowledgement can also be given in the form of a tear off from the application form or through an SMS message.

LOAN APPRAISAL AND TERMS AND CONDITIONS

- The borrower shall be given a loan sanction letter and copy of the loan document together with annexures/enclosures quoted therein in vernacular language or a language as understood by the borrower which shall include the details of the loan such as amount sanctioned, annualized interest rate, method of application thereof and any other terms and conditions.

- The penal interest that will be charged for late payment shall be mentioned in bold letters in the sanction letter/loan document.
- An acknowledged copy of the sanction letter shall be kept as part of the document.
- Subject to receipt of all the requisite information and completion of documentation and creation of charge over the security, loan applications shall be disposed of in the normal course on the same day of receipt of the application form complete in all respects. However, if there is any delay in sanctioning the loan beyond the period of 1 day due to reasons like field verification etc, customer shall be given an acknowledgement for receipt of the application indicating the time frame within which the loan application will be disposed of. The customer shall be kept informed of the status of his application.

DISBURSEMENTS OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- The loan shall be disbursed on executing the necessary documents and completion of the formalities regarding creating a charge over the security offered by the borrower. Any change in the terms and conditions including interest rates, service charges, prepayment charges etc. shall be informed to the borrower in the vernacular or a language known to the borrower. Any changes in interest rates and charges effected shall be only prospective. A suitable condition in this regard shall be incorporated in the loan document obtained from the borrower.
- Decision to recall/accelerate payment or performance shall be as per the covenants in the loan document.
- The Company shall release all securities 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.

Disclosures about interest rates and approach towards gradation of risks.

RATE OF INTEREST

- The Company shall frame appropriate internal policies and procedures for determining the interest rates and processing and other charges, if any and also ensure that they are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal policies and procedures.
- The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged on the loan.

- Interest will be charged on the daily balance outstanding at monthly rest on the basis of the actual number of days from the date of availing the loan to the date of closure of the loan.
- The information published in the website shall be updated whenever there is change in the rates.
- The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower.
- Rebate on interest rates meant to encourage timely periodical payment of interest under each scheme, levying of additional interest for discouraging loans from crossing the sanctioned period etc., shall be mentioned clearly in the loan agreement.
- No pre-payment penalties/foreclosure charges will be levied on gold loans in the normal course. In case such charges are applicable for any scheme, it will be disclosed in the sanction letter.
- Changes in Rate of Interest shall be effected prospectively.
- Method of Calculation of Interest
- The interest shall be calculated for the actual number of days the loan remains outstanding from the date of loan disbursement to the date of closure. However, if the borrower closes the loan within 7 days from the date of disbursement, then a minimum interest for 7 days shall be payable for gold loan schemes where the minimum effective interest rate is more than 11%. For gold loan schemes with minimum effective interest rate is 11% and below, a minimum interest for 15 days shall be payable, if the borrower closes the loan within 15 days from the date of disbursement. If the amount of interest so calculated is less than Rs.50/- then a minimum interest of Rs.50/- will be charged.
- A rebate in interest rate may be provided for encouraging timely repayment of interest or closure of the loan on or before the specified tenor as per different slabs built into each scheme.

POLICY ON KYC, INSURANCE, APPRAISAL, INSURANCE, STORAGE OF SECURITIES AUCTION ETC.

- The Company shall put in place a policy duly approved by the Board covering the following aspects:
- Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- Proper appraisal procedure for assessing the value and purity of the jewellery accepted as collateral security.

- Declaration shall be obtained from the borrower confirming ownership of gold jewellery.
- All branches shall have proper storage facility of either Strong Rooms or Safes conforming to BIS Standards of reputed make to store the jewellery in safe custody. The sets of keys to the strong room/safe shall be held separately by two officials and the operations thereof shall be done jointly. The staff shall be imparted training on a continuous basis to ensure that the guidelines covering security issues are strictly adhered to. The gold items shall be periodically inspected by the internal auditors to ensure quality, quantity and proper storage.
- The jewellery accepted as collateral security shall be adequately and appropriately insured.
- The auction procedure in case of non – repayment shall be transparent. Prior notice to the borrower shall be given before the auction and there shall not be any conflict of interest. The auction process shall ensure that an arm’s length relationship in all transactions during the auction is maintained including with group companies and related entities. The details regarding procedure for auction shall be disclosed in the loan document for availing the loan. The auction will be only through auctioneers approved by the Board and the Company shall not participate in the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and the other in a national daily newspaper.
- 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.

CONFIDENTIALITY

- Unless authorized by the borrower, the Company will treat all personal information as private and confidential.
- The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances.
- If the Company is required to provide the information as per regulatory directives to any statutory or regulatory body or bodies.
- If arising out of a duty to the public to reveal the information.
- If it is in the interest of the borrowers to provide such information (eg. Fraud prevention)
- If the borrower has authorized the Company to provide such information to its group/associate/entities or Companies or any such person/entity as specifically agreed upon.

CUSTOMER'S GRIEVANCE REDRESSAL MECHANISM

Towards ensuring redressal of disputes arising out of decisions of the functionaries of the Company, the following mechanism is put in place:

- The decisions of any official below the Branch Manager shall be heard and disposed of by the Branch Manager.
- Decisions of Branch Managers shall be heard and disposed of by the Regional Manager.
- If not satisfied with the decision of the Regional Manager, the customer has the option to escalate the matter to Grievances Redressal Cell at the Company's Head Office at Kochi.
- Grievances against any of the outsourced agencies engaged by the Company for various activities like sourcing of applications/collections etc. will also come under the purview of the Grievance Redressal Mechanism as above. In case the complaint is not disposed of to his satisfaction, the customer can exercise the option to escalate the matter to a higher authority in the Company as per the matrix given above.
- Customer Grievances Redressal Cell at the Company's Head Office at Kochi will be headed by an official not below the grade of Asst. General Manager who will be designated as the Grievance Redressal Officer.
- Complaints received directly and appeals against the decisions of Regional Managers on complaints handled by him shall be heard and disposed of by the Grievances Redressal Officer at Head Office. The official shall also be the designated Principal Nodal Officer (PNO) for the RBI Integrated Ombudsman scheme to dispose off complaints received through him.
- If the complaint/dispute is not redressed within a period of one month, the customer may appeal to the Integrated Ombudsman of RBI at the Centralised Receipt & Processing Centre, Chandigarh Office as per the contact details displayed in the branch.
- The contact details of the Grievance Redressal Officer & PNO and also that of the RBI Integrated Ombudsman / Regional Office of the Reserve Bank of India shall be displayed in all the Branches for the benefit of customers.
- Wherever the decision of the NBFC, after careful examination of the complaint, is to reject the complaint partly or wholly, it shall be intimated to the complainant only after obtaining the approval of the Internal Ombudsman (IO) of the NBFC appointed as per RBI guidelines.
- Proper training shall be imparted to staff on an ongoing basis with a view to improving staff behavior and customer service.
- The compliance of the Fair Practices Code as well as the functioning of the Customer Grievances Redressal Cell shall be reviewed by the Executive Director / Managing Director on a quarterly basis and a consolidated report of such reviews shall be placed before the Board of Directors.

GENERAL PROVISIONS

- The Company shall display the normal business hours at the respective Branches, the list of holidays and notify the changes, if any, by way of a notice displayed in the premises of the branch or through press notification.
- Personal information of the customer will not be shared with unauthorized persons or agencies or third parties by the Company. However, the Company will be bound to honour and comply with legal or regulatory requirements, if any, in this matter obligating it to part with such information even without notice to the customer.
- The Company shall refrain from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions of the letter of undertaking (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- The Company will not entertain any request for transfer of borrowal accounts as this is not practical in the case of loans granted against collateral of gold jewellery pledged.
- 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 staff of the Company shall be adequately trained to deal with the customers in an appropriate manner so as to ensure proper behaviour.
- The Company will call delinquent customers between 0900 hrs to 1800 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

PERIODICAL REVIEW OF THE FAIR PRACTICES CODE AND FUNCTIONING OF THE GRIEVANCE REDRESSAL MECHANISM

A periodical review of the Fair Practices Code and functioning of the grievances redressal mechanism at various levels of management would be undertaken by the Company at yearly intervals and a consolidated report of such reviews shall be submitted to the Board of Directors.