

FAIR PRACTICES CODE

1. Applications for Loans and their Processing.

Loan Applications will contain necessary information relating to the loan which affects the interest of the borrower and the details regarding the documents required to be submitted. Loan applications and documents will be in vernacular or a language as understood by the borrower. Borrower will be required to produce necessary documents to comply with the KYC guidelines of RBI.

2. Loan Appraisal and terms/conditions.

Loan will be sanctioned immediately after the verification of identity/address proof and satisfactory appraisal of the gold ornaments and/or other valuables offered as security on the same day itself. The loan document (Pledge Form) showing the amount of the loan sanctioned and particulars of the security offered along with the terms and conditions of the loan, will be got signed by the Customer in token of acceptance of the terms and conditions. A copy of the Pledge Form/loan document will be issued to the Customer.

3. Rate of Interest

The Rates of Interest for various loan schemes offered by the Company are/have been approved by the Board of Directors. The annualised rate of interest for different schemes is available in the website under each product description. The annualised rate of interest as appropriate to the particular scheme opted by the borrower will be available in the respective pledge form/loan document. The Company will be charging interest based on the nature of the product and LTV wherever applicable for each product. There may be different interest rates for different States. Interest rates applicable to a scheme shall be communicated to the borrower before availing the loan and reflected in the relevant loan documents. Penal interest charged for late repayment, if any, will be mentioned in bold letters in the loan document/ pledge form.

4. Disbursement of Loans including changes in Terms and Conditions.

- a. The Company will give due notice to the borrower of any change which shall be applicable prospectively in the terms and conditions and in the rate of interest and other charges, except default interest as already mentioned in the loan document.
- b. Decision to recall/ accelerate repayment or performance under the Agreement will be in consonance with the loan document.
- c. The Company will release all securities on payment of all dues on the date of settlement of the loan itself, subject to any legitimate right or lien for any other claims Muthoot Fincorp Ltd may have against the borrower. If such right is exercised, the Customer will be given notice about the same with full particulars

about the remaining claims and the conditions under which Muthoot Fincorp Ltd is entitled to retain the securities till the relevant claim is settled.

5. General

- a. The Company will not interfere in the affairs of the borrower except for the purposes provided in the loan document.
- b. In case of receipt of request from the borrower for transfer of borrowed account, the consent or otherwise, if any, will be conveyed within 21 days from the date of receipt of request.
- c. The Company will not resort to undue harassment of the borrower for the recovery of the loans.

6. Policy Guidelines on Sale by Auction of Pledged Gold Ornaments

The following shall be the General Policy Guidelines for the Sale by Auction of Gold Ornaments pledged with the Company by the Customers:

- i) Gold Ornaments pledged with the Company, if not redeemed within tenure of the loan as per the loan agreement or if the loan is defaulted for non-payment of interest or principal, will be disposed of by the Company by sale by public auction. However, the Company will give due intimation to the Customer by Registered Post/ Courier about the auction at least 15 days before the date of auction. Details about the auction will be published in a vernacular newspaper and also in a national daily.
- ii) Auction will be conducted by an Auctioneer approved by the Board of Directors of the Company or as per the law in force in the respective states. The amount due to the Company by the Customer, being the aggregate of the principal and the up to date interest as well as other expenses including expenses for conducting auction, will be adjusted against the sale proceeds. The surplus if any after adjusting the dues from the auction proceeds will be refunded to the customer whereas the deficit if any thereof will be recovered from the borrower. The details about the auction including surplus/deficit will be communicated to the borrower within 45 days of the date of auction and excess refunded.
- iii) If at any time after the loan is granted, the Company has reasons to believe that a Customer has obtained loan through misrepresentation of facts and has failed to repay the loan with interest on demand, the Company shall not be bound to follow the above procedures but shall be at liberty to

sell / auction the Gold Ornaments pledged by him / her in the manner deemed appropriate under the then prevailing circumstances.

The Company has also put in place Board approved Auction Policy dealing exhaustively with the policies and procedures relating to Auctions of pledged gold ornaments.

7. Redressal Mechanism

Complaints from the borrowers on any functionaries or his decisions will be heard at higher levels. Borrowers can make the complaints at the email ID customercare@muthoot.com or in writing to the concerned Regional Manager/ the Chief Manager-Operations at Head Office. The name, address and contact No. of the Officers mentioned above are displayed at all Branches for information of the Customers.

If the complaint is not resolved within one month the Customer can approach the General Manager, Reserve Bank of India, Department of Non-Banking Supervision, Bakery Junction, PB No: 6507, Thiruvananthapuram-695003. Tel no: 0471-2338818.

8. Fair practices code adopted with respect to Microfinance Business as per Circular No. DNBS. CC. PD. No. 320/03.10.01/2012-13 dated February 18, 2013.

i) General

The FPC will be displayed in vernacular language in all branch premises. Field staff will be trained to make the borrower fully aware of the procedures and systems related to loan /other products. The rate of interest charged and grievance redressal mechanism will be displayed in all branch premises in vernacular language and in the company's website. The KYC guidelines of RBI shall be complied with. All sanction and disbursement of loans should be conducted at a central location involving more than one person during normal working hours at a predetermined date. The procedure for application of Loan and disbursement will be adequately simple and the pre- determined time structure will be adhered to.

ii) Disclosures in Loan agreement /Loan card

1. The board approved standard form of loan agreement /loan card in vernacular language shall be followed. The loan agreement shall disclose the following:
 - a. All the terms and conditions of the loan,

- b. that the pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof),
 - c. that there will be no penalty charged on delayed payment,
 - d. that no Security Deposit / Margin is being collected from the borrower,
 - e. that the borrower cannot be a member of more than one group (SHG / JLG) and can borrow from maximum two MFIs,
 - f. the moratorium between the grant of the loan and the due date of the repayment of the first instalment is as guided by the NBFC-MFIs(Reserve Bank) Directions, 2011,
 - g. An assurance that the privacy of borrower data will be respected.
2. The loan card shall reflect the following details as specified in the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011:
- a. the effective rate of interest charged,
 - b. all other terms and conditions attached to the loan,
 - c. information which adequately identifies the borrower,
 - d. Acknowledgements by the Company of all repayments including instalments received and the final discharge,
 - e. The loan card should prominently mention the grievance redressal system set up by the Company and also the name and contact number of the nodal officer,
 - f. Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself,
 - g. All entries in the Loan Card should be in the vernacular language.

iii) Non- Coercive Methods of Recovery

1. Recovery shall be made only at a central designated place. Field staff shall be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on two or more successive occasions.
2. The procedure as provided in the manuals read together with Fair Practice Code covers the Code of Conduct by field staff and systems for their recruitment, training and supervision.
3. Training to field staff includes programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices.

4. Penalties shall be imposed on cases of non-compliance of field staff with the Code of conduct.

iv) Internal control system

The compliances officer is assigned responsibility for ensuring compliances to Fair Practices Code. The internal auditor will periodically audit and include compliances as a part of reporting.

v) Redressal Mechanism

A separate redressal mechanism has been put in place for the Micro Finance Loans granted by the Company. Any complaints from the borrowers on any functionaries or of the decisions of the Company will be heard at higher levels. The complaints can be made at the Field Office levels to:

- i) Area Manager (Ops)
- ii) Regional manager (Ops)
- iii) Zonal Manager (Ops)
- iv) Chief Manager (Ops)
- v) Head Operations

Customers who wish to send in complaints/ feedback at the Head Office Levels can use the following channels:

Helpline: 0484 4277500

Email: mmmcomplaints@muthoot.com

Write to us at the following address: Officer in Charge, Muthoot Fincorp Limited, 5th Floor, Muthoot Towers, M.G Road, Kochi, Kerala – 682035

The name, address and contact No. of the Officers mentioned above are displayed at all Branches for information of the Customers.

If the complaint is not resolved within one month the Customer can approach the General Manager, Reserve Bank of India, Department of Non-Banking Supervision, Bakery Junction, PB No: 6507, Thiruvananthapuram-695003. Tel no: 0471-2338818.

9. This fair practices code will be displayed in the company's website.