



Jab zindagi badalni ho

FAIR PRACTICE CODE

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PREAMBLE/INTRODUCTION

Muthoot Fincorp Limited (“Company” or “MFL”) is a systematically important non-deposit taking NBFC offering an array of financial services which includes Gold Loans and Secured and Unsecured Loans. The organization endeavours to review and follow the policy guidelines laid down by RBI to set up fair business practices while dealing with its customers. Accordingly, this Fair Practice Code (“FPC” or “Code”) has been amended pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023. The Company shall at all times adopt best business and customer service practices from time to time and make appropriate modifications, as necessary to this Code. The management of the Company will ensure that the implementation of this FPC becomes the responsibility of the entire organization and its employees. The fair lending practices shall apply to its entire business operations including loan origination, processing, and servicing and collection and marketing activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counselling, monitoring, auditing programs, internal controls, optimal use of technology and empathy to service the needs of its customers. At the same time, we will remain cognizant of our customer’s need for privacy and confidentiality for their personal data.

OBJECTIVES

The objectives of the FPC are as under.

- a) Adopt the best practices in dealings with customers to achieve high operating standards for ensuring customer satisfaction.
- b) To ensure transparent and ethical business practices
- c) Provide all relevant information to customers to promote a mutually beneficial long-term relationship.
- d) Ensure to maintain a fair and cordial relationship with the customer.

1. APPLICABILITY

The FPC will be applicable to all the offices of the Company including the Head Office, Zonal offices and the Regional Offices located in various centers and the Branches located across India. The FPC shall be binding on all the employees and officers of the Company.

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2. DECLARATION AND COMMITMENTS:

- a) The Company shall always be fair and reasonable in dealings with its customer(s) by adhering to the principles of integrity and transparency at all times.
- b) The Company undertakes to abide by all applicable laws, regulations and guidelines passed/issued by the Regulators and other competent authorities such as Government, Local Authority etc.
- c) The Company commits itself to full customer satisfaction through efficient, professional and courteous services across all its offices.
- d) 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.
- e) The Company undertakes not to discriminate customers on grounds of religion, caste, gender or language.
- f) 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.
- g) The Company undertakes to desist from introducing any products/services having elements of hidden charges or lack of transparency.
- h) 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.
- i) The Company shall always preserve the privacy and confidentiality of personal information provided by Customer.

3. APPLICATIONS FOR LOANS AND THEIR PROCESSING

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

4. LOAN APPRAISAL AND TERMS/CONDITIONS

Gold 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 obtained duly signed by the Customer in token of acceptance of the terms and conditions. A copy of the Pledge Form will be issued to the Customer.

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SME Loans and other secured/unsecured loans will be disbursed immediately after completion of the loan documentation. Copy of the loan sanction letter will be handed over to the customer.

5. POLICY OF KYC, APPRAISAL, INSURANCE & STORAGE OF SECURITIES

The Company has put in place a policy duly approved by the Board covering the following aspects:

- a) 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.
- b) Proper appraisal procedure for assessing the value and purity of the jewellery accepted as collateral security.
- c) Declaration shall be obtained from the borrower confirming ownership of gold jewellery.
- d) 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.
- e) The jewellery accepted as collateral security shall be adequately and appropriately insured.

6. 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 schemes and 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 charges levied for late repayment, if any, will be mentioned in bold letters in the loan document/ pledge form. 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 the different slabs built into each scheme.

7. METHOD OF CALCULATION OF INTEREST

In the case of gold loans, 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. A rebate in interest rate may be provided for encouraging timely repayment of interest in our bullet schemes. Based on the number of days

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applicable from last up to date interest payment date there would be different rebate slabs and corresponding effective interest rate slabs available for a scheme. Such effective Interest rate slabs shall be applicable from the day immediately following the date on which the interest was last fully serviced or from the date of disbursement. Any payment received / recovered from Borrower will be appropriated first towards charges/ expenses, then interest and balance if any, towards the principal. In the case of EMI Gold Loans also there are different schemes available where the repayment has to be made in Equated Monthly Instalments as per the schedule provided for each loan.

8. PENAL CHARGES IN LOAN ACCOUNTS:

- a) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- b) We shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- c) Company shall formulate a Board approved policy on penal charges.
- d) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- e) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to nonindividual borrowers for similar non-compliance of material terms and conditions.
- f) The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on the website under Interest rates and Service Charges.
- g) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

9. 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.

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- c) In the case of Gold Loan, 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.
- d) In case of secured/unsecured loans, the Company shall release all the original movable / immovable property documents within 30 days after full repayment/settlement of the loan account. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the outlet/branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters.
- e) In order to address the contingent event of demise of the sole borrower or joint borrowers, Company shall lay out the procedure for return of original movable/immovable property documents to the legal heirs and such procedure shall be displayed on the website of the Company.

10. 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

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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.

11. The Company has adopted Following Fair Lending Practice's specifically for Secured and Unsecured lending products

- i) Muthoot Fincorp Limited Secured and Unsecured Lending Business (MFL SULB) shall convey in writing to the borrower in the vernacular language or in a language as understood by the borrower by means of sanction letter, 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.
- ii) The rate of Interest shall also be made available on the Company Website; Periodic changes shall be updated in the respective forums.
- iii) The Rate of Interest would be annualized rates so that the borrower is aware of the exact rates that would be charged to the Account.
- iv) Besides normal interest, the Company may levy penal charges for any delay or default in making payments of any dues. The levy or waiver of these additional or penal charges for various products or facilities would be decided within the limits prescribed under the Credit policy.
- v) **Penal charges levied shall be disclosed in the Loan Agreement and in the Application Form to have a clarity and transparency.**
- vi) Applicable Bounce Charges +Service charges along with all the **Schedule of Charges shall be clearly stated in the Loan Agreement**
- vii) Interest would be charged, and recovered on a monthly, quarterly basis or such other periodicity as may be approved by the designated authority. Specific terms in this regard would be addressed through the relevant product policy.
- viii) Besides interest, other financial charges like processing fees, login fees, cheque bouncing charges, pre-payment/ foreclosure charges, part disbursement charges, cash handling charges, RTGS/ other remittance charges, charges on various other services like issuing NO DUE certificates, NOC etc. would be levied by the Company wherever considered necessary. Besides the base charges, the Goods and Service Tax (GST) and other cess would be collected at applicable rates from time to time. Any revision in these charges would be with retrospective effect. MFL SULB Schedule of Charges would be incorporated in the loan agreement. These charges would be decided upon collectively by the management of the Company.

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12. 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.

- (a) If the Company is required to provide the information as per regulatory directives to any statutory or regulatory body or bodies.
- (b) If arising out of a duty to the public to reveal the information.
- (c) If it is in the interest of the borrowers to provide such information (eg. Fraud prevention)
- (d) 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.

13. 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 borrowal account, the consent or otherwise i.e., objection of the Company, 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.

14. GRIEVANCE REDRESSAL MECHANISM

Complaints from the borrowers on any functionaries or his decisions will be heard at higher levels. Borrowers can make the complaints including those pertaining to the services provided by the outsourced agencies at the email ID customercare@muthoot.com or in writing to the concerned **Nodal/Principal Nodal Officer or the Nodal officer** 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 to the satisfaction of the customers or not replied within a period of 30 days by the Regulated entity the customer can escalate the matter to the Ombudsman's office under the Reserve Bank - Integrated Ombudsman Scheme, 2021.

- The complaints under the Scheme can be registered on the portal (<https://cms.rbi.org.in>).
- Complaints can also be sent in physical mode to the 'Centralised Receipt and Processing Centre' set up at Reserve Bank of India, 4th Floor, Sector 17, Chandigarh - 160017 in the prescribed format.

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- Complaint can also be registered at Contact Centre with a toll-free number – 14448 (9:30 am to 5:15 pm) in Hindi, English and in 8 regional languages.

This Fair Practices Code will be displayed in the Company's website.

15. PERIODICAL REVIEW OF THE FAIR PRACTICES CODE AND FUNCTIONING OF THE GRIEVANCES REDRESSAL MECHANISM:

A periodical review of the Fair Practices Code and functioning of the grievance's 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.

