



MUTHOOT CAPITAL SERVICES LIMITED

CIN: L67120KL1994PLC007726

FAIR PRACTICE CODE

This Policy was approved by the Board of Directors at the meeting held on April 02, 2012 and subsequently reviewed on November 10, 2017, January 13, 2018, January 18, 2019, July 28, 2020, February 02, 2022 and May 19, 2023

Version Control:

Sl. No.	Name of Policy	Version	Board approval date	Remarks
1.	Fair Practice Code	v1.0	02/04/2012	Policy document approved.
2.	Fair Practice Code	v1.1	10/11/2017	Changes in Customer Grievance Redressal Officer details.
3.	Fair Practice Code	v1.2	13/01/2018	Clause relating to transfer of borrowal account incorporated.
4.	Fair Practice Code	v1.3	18/01/2019	Changes in Customer Grievance Redressal Officer details.
5.	Fair Practice Code	v1.4	28/07/2020	Modified the clauses relating to Objectives, Applications for Loans and their Processing, and Loan Appraisal and Terms / Conditions.
6.	Fair Practice Code	v1.5	02/02/2022	No changes were made.
7.	Fair Practice Code	v1.6	19/05/2023	Changes in Customer Grievance Redressal Officer details & additional statement on integrated ombudsman scheme

FAIR PRACTICE CODE

This fair practice code sets out the minimum practices to be followed by the Company while dealing with the customers. This code is formulated in pursuance of the guidelines issued by the Reserve Bank of India on fair practice code for NBFCs, to ensure better service and provide necessary information to customers to take informed decisions.

I. OBJECTIVES

This code has been developed to:

1. Promote good and fair practices by setting standards in dealing with the customers.
2. To provide the necessary information to the customers, to increase the transparency in the dealings, to appraise them of the services rendered by the Company so that the customers can take informed decision.
3. To promote a fair and cordial relationship with the customers.
4. To encourage market forces through competition, to achieve higher operating and transparency standards.

II. APPLICATIONS FOR LOANS AND THEIR PROCESSING

1. All communications to the borrower shall be in the vernacular language or in a language as understood by the borrower.
2. Loan application forms shall 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 indicates the documents required to be submitted along with the application form. It shall also specify the charges payable by the borrower for availing of the loan and also during the currency of the loan till its closure.
3. The Company shall provide acknowledgement for receipt of all loan applications through SMS in the registered mobile number of the applicant. The acknowledgement includes the time frame within which loan applications will be disposed.

III. LOAN APPRAISAL AND TERMS/CONDITIONS

1. The Company 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, all other charges payable either upfront or during the tenure of the loan till its closure, the

method of application thereof and shall keep on record the acceptance of these terms and conditions by the borrower.

2. The loan agreement shall also contain a clause for charging the penal interest, if any, for late repayment in bold.
3. The Company shall ensure that a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement is handed over to the borrower at the time of sanction/disbursement of the loan.

IV. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

1. The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc.
2. Any changes in interest rates and charges shall be effected only prospectively. The loan agreement shall contain the necessary provisions in this regard.
3. Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
4. 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 shall have against the borrower. If the 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 the company is entitled to retain the securities till the relevant claim is settled/paid.

V. RATE OF INTEREST

1. The Company shall frame appropriate internal principles and procedures for determining the interest rates and processing and other charges, if any, and also to 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 principles and procedures.
2. The Company shall disclose in the application form and explicitly in the sanction letter, the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers.
3. The Company shall publish the rates of interest and the approach for gradation of risks in the relevant newspapers or in the website of the Company and shall be updated whenever there is a change in the rate of interest.

4. The Company shall also mention the annualized rates so as to make the borrower aware of the exact rates that would be charged to the account.

VI. GENERAL

1. The Company shall 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, has come to the notice of the lender).
2. 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.
3. The contract/loan agreement contains an inbuilt re-possession clause which is legally enforceable.
4. The terms and conditions of the contract/loan agreement shall contain provisions regarding:
 - a) Notice period before taking possession.
 - b) Circumstances under which the notice period can be waived.
 - c) The procedure for taking possession of the security.
 - d) Provision regarding final chance to be given to the borrower for repayment of the loan before the sale/auction of the property.
 - e) The procedure for giving repossession to the borrower.
 - f) The procedure for sale/auction of the property.
5. 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, 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.

VII. REPOSSESSION OF SECURITY

1. The Lender has the right to take possession of the Asset by giving 7 days' notice to the Borrower to clear the dues or to hand over possession of the Asset. Such notice need not be given in the following circumstances:
 - a) When the Borrower agrees for waiver of such notice;
 - b) When the Borrower has expressed his willingness to surrender the possession of the asset voluntarily;

- c) When there is reasonable apprehension to the Lender or its officers/agents that such notice may defeat the taking of possession of the Asset due to any foul play or forcible resistance from the part of the Borrower/Guarantor;
 - d) When the Asset remains abandoned by the Borrower for any reason;
 - e) When the Borrower is no more;
 - f) When the Borrower has absconded with a view to prevent the recovery of the dues from him; and
 - g) For any other similar reasons so as to facilitate peaceful taking possession of the Asset by the Lender.
2. The procedure for taking possession of the Asset includes:
- a) When the Borrower fails to follow the demand made in the above referred to notice the Lender may approach appropriate forum for an order enabling it to take possession of the Asset by suitable ways either by way of a commissioner or receiver.
 - b) By asking the customer personally to surrender the vehicle at a place convenient to the Lender and
 - c) By compelling the Borrower to hand over possession through the authorities so as to prevent the use of the Asset by the Borrower.
3. However, the above two clauses (1 and 2) are not applicable to the cases wherein the Borrower surrenders the asset voluntarily.
4. Provision regarding final chance to be given to the borrower for repayment of the loan before the sale/auction of the property.
5. The Lender is entitled to transfer in any form like sale, rental and conversion for own use etc. the Asset, the possession of which is obtained in any of the ways stated above or otherwise, in connection with the default, in the way convenient to the Lender and appropriate the proceeds thereof towards repayment/dues from the Borrower, when the Borrower and Guarantor fails to follow the notice for repayment of the dues within 7 days in any of the modes of service of such notice at the convenience of the Lender, as a final chance to avoid the transfer under this clause. This right to transfer does not take away the sole discretion of the Lender to return the possession of the asset in appropriate cases.
6. If such sale proceeds are insufficient to discharge the entire dues, Lender shall move further against the Borrower and/or the Guarantor and if the sale proceeds exceeds the due,

the balance shall be paid to the Borrower when he claims it. However, the above entitlement is no bar for the Lender to proceed against the Borrower and/or Guarantor directly, sparing the proceedings against the security.

7. The Lender is entitled to recover from the Borrower all types of expenses on full indemnity basis, incurred by or on behalf of the Lender in ascertaining the whereabouts of the asset, taking possession, garaging, insuring, transporting and selling the Asset and also for other legal steps in connection with this Agreement.

VIII. CUSTOMER GRIEVANCE

All disputes arising out of the decisions of the functionaries in relation to the products and services shall be heard and disposed off at least at the next higher level. Therefore, the following 'Grievances Redressal Mechanism' is put in place.

- If you have any complaint/grievance, kindly contact:

Mr. Pratap K Bydan
Associate Vice President – Customer Grievances
Muthoot Capital Services Limited,
2nd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035
Ph.: 0484 - 6619600, 6613452
Email: pratap.b@muthootcap.com

- If you desire to escalate your complaint/grievance to senior level, please write to:

Mr. Vijayan T.
Vice President - Operations and IT
Muthoot Capital Services Limited,
3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035
Ph.: 0484 - 6619600, 6613624
Email: vijayan.t@muthootcap.com

- If the complaint/grievance is not redressed within a period of one month, the customer may appeal to:

The General Manager
Department of Non-Banking Supervision
Reserve Bank of India
Bakery Junction, P.B No. 6507,
Thiruvananthapuram - 695 033
Ph.: 0471 - 2338818, 2329676 Email:
dnbsthiro@rbi.org.in

As per the RBI Integrated Ombudsman Scheme, customer can register a complaint to RBI ombudsman in cms.rbi.org.in if,

- 1) the complaint was rejected wholly or partly by the Regulated Entity, and the complainant is not satisfied with the reply; or the complainant had not received any reply within 30 days after the Regulated Entity received the complaint; and
- 2) the complaint is made to the Ombudsman within one year after the complainant has received the reply from the Regulated Entity to the complaint or, where no reply is received, within one year and 30 days from the date of the complaint.

IX. REVIEW

A review of the compliance of the Fair Practices Code and the functioning of the Grievance Redressal Mechanism will be carried out by the Board of Directors every year.

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