

**Redux Credit Finance Private
Limited**

Fair Practices Code

Version 2

2020

Fair Practices Code

1. INTRODUCTION

Redux Credit Finance Private Limited (“Company” / “Redux”), a Non-Banking Finance Company (“NBFC”) registered with Reserve Bank of India (“RBI”) and is presently in the business of providing loans to its various customers.

The Reserve Bank of India, (RBI), vide its notification number DNBS (PD) CC No.80/03.10.042/2005- 06 dated September 28, 2006 and subsequently through various other notifications has prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs). All of this has been consolidated in last Master Circular – Fair Practices Code notification number DNBR.(PD).CC.No.054/03.10.119/2015-16 dated July 1, 2015 (‘Master Circular’).

In accordance with the provisions of the Master Circular, the Fair Practices Code (‘FPC’) so framed and approved by the Board of Directors should be published and disseminated on the web-site of the company, if any, for the information of the public.

As a result, the Company has framed the comprehensive Fair Practice Code which is covered in this document.

The FPC, sets out the principles for fair practice standards when dealing with customers. As per the RBI directives, we have adopted and will implement this Code in our organization which has been duly approved by the Board of Directors of the Company. This FPC applies to all categories of products and services offered by the Company (currently offered or which may be introduced at a future date).

The Company has developed the FPC for its lending operations based on the RBI guidelines, which intends to provide assurance to all the borrowers of the Company’s commitment to fair dealing and transparency in its businesses transactions. Commitments outlined in this Code are applicable under normal operating environments; however, under situations beyond the control of the corporation, it may not be possible for us to fulfill the commitments under this Code.

2. PURPOSE

- i. To promote good and fair practices by setting minimum standards in dealing with customers;
- ii. To increase transparency so that the customer can have a better understanding of what they can reasonably expect of the services;

- iii. To promote a fair and cordial relationship between customers and the Company.
- iv. To encourage market forces, through competition, in order to achieve higher operating standards;

3. APPLICABILITY

The implementation of the FPC is the responsibility of the entire organization. Company's fair lending practices shall apply across all aspects of its operations including loan origination, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of accountability, training, counseling, monitoring, auditing programs and internal controls and optimal use of technology.

Additional guidelines on fair practices mandated by RBI vide notification dated March 26, 2012, for NBFC-MFI and for NBFCs engaged in lending against collateral of gold jewellery are not applicable to the Company, since it does not engage in such activities.

4. NON-DISCRIMINATION POLICY

The Company offers all financial products, to eligible qualified applicants, without any discrimination on the basis of caste, colour, creed, race, religion, sex or disability.

5. KEY COMMITMENTS

The Company's key commitments to customers are as follows:

- i. Act fairly and reasonably in all their dealings with customers by:
 - a. Meeting the commitments and standards in the FPC, for the products and services the Company offers and in the procedures and practices its staff / employees follows;
 - b. Making sure that Company's products and services meet relevant laws and regulations in force in India;
 - c. Company's dealings with customers will rest on ethical principles of integrity and transparency.
- ii. Help customers understand how Company's product work by explaining their financial implications; and
- iii. Deal quickly and sympathetically with things that go wrong by:
 - a. Correcting mistakes quickly;
 - b. Handling customer's grievances quickly; and
 - c. Telling customers' how to take their complaint forward if they are still not satisfied with the resolution.

- d. Reversing any charges that we apply due to our mistake.
- iv. Publicize this Code by displaying it on the Company's website (www.reduxfinance.com) and have copies available for customers on request.

6. INFORMATION

- i. The Company shall help customers choose products and services, which meet their needs and give them clear information explaining the key features of the services and products of the Company they are interested in.
- ii. Inform customers about the documentary information the Company needs from them to establish the customer's true identity and address and other documents to comply with legal and regulatory requirements vis-à-vis "Know Your Customer".
- iii. The Company would provide information on interest rates, common fees and charges through:
 - a. Through telephones or help lines.
 - b. Through designated staff/help desk.
 - c. Providing service guide/tariff schedule.
 - d. Publishing on the website of the Company.

7. APPLICATIONS FOR LOANS AND THEIR PROCESSING

The Company shall ensure that:

- i. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- ii. The loan application forms of the Company include necessary information which affect the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decisions can be taken by the borrower. The Company shall inform the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.
- iii. The loan application form will clearly indicate the documents required to be submitted with the application form.
- iv. It issues written acknowledgement for each application after receipt of the complete information as per standard application format. Additional information and support documents may occasionally be found necessary in the course of processing a customer / borrower application.
- v. Applications complete in all respects would be processed within a reasonable time frame. In case the proposal is not approved by the Company, the borrower would be intimated accordingly.

8. LOAN APPRAISAL AND TERMS/CONDITIONS

The Company will:

- i. The Company conducts a due diligence on the credit worthiness of the borrower, which is an important parameter for taking decision on the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- ii. Convey in writing to the borrower in the vernacular language or a 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.
- iii. Mention the penal interest charged for late repayment in the loan agreement in boldface.
- iv. 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 on the account of the borrower / customer held by the customer with the Company. The Company shall mention the interest charged and the penal interest charged for late payment in bold in the loan documents.

9. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- i. The borrower shall enter into a loan agreement containing all standard and specific terms and conditions with Company, execute the requisite documents, create security for the assistance as mentioned in the LOI/ sanction letter, before seeking disbursement.
- ii. The Company will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- iii. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- iv. Decision to recall / accelerate payment or performance under the arrangement will be in consonance with the loan agreement.
- v. The Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

10. COLLECTION OF DUES

- i. Whenever loans are given, Company would explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined

- process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and / or repossession of security, if any.
- ii. Company staff or any person authorized to represent the company in collection of dues or/and security repossession shall identify himself / herself and display the authority letter issued by the Company and upon request, display his/her identity card issued by the Company or under authority of the Company. Company shall provide the customers with all the information regarding overdue. The staff shall be adequately trained to deal with the customers in an appropriate manner.
 - iii. During visits to customer's place by the person authorized by Company for dues collection or/and security possession/repossession the following guidelines shall be followed:
 - a. Customers would be contacted ordinarily at the place of his / her choice, absence of any specified place at the place of his / her residence and if at his / her residence, at the place of business / occupation.
 - b. Identity and authority to represent the Company shall be made known at the first instance.
 - c. Customer's privacy should be respected.
 - d. Interaction with the customer shall be in a civil manner.
 - e. The Company representatives shall contact the customers between 07:00 hrs and 19:00 hrs unless the special circumstances of the customer's business or occupation may otherwise so require.
 - f. Time and number of calls and contents of conversation would be documented.
 - g. All assistance should be given to resolve disputes or differences in a mutually acceptable and orderly manner.
 - h. During visits to the customer's place for dues collection, decency and decorum shall be maintained.
 - i. The Company shall not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc.
 - iv. Company shall release all securities offered by the Customer 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 the 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.

11. GENERAL

- i. The Company will 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 Company).
- ii. In case of receipt of request from the borrower for transfer of borrowed account, the consent or otherwise, objection of the Company, if any, will be

conveyed within 21 (twenty-one) days from the date of receipt of request.

Such transfer shall be as per transparent contractual terms in consonance with law.

- iii. 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. To avoid rude behavior from the staff of the Company, the Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

12. FURTHER ASSISTANCE

- i. Grievance redressal mechanisms within the organization have been set up to resolve disputes arising in this regard. This mechanism will ensure that all the disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level. The details of grievance redressal policy and grievance redressal officer is available on the Company's website.
- ii. After examining the matter, the Company will endeavor to send the customer its response within four weeks and intimate the customer how to escalate the complaint to higher level, if he is not satisfied with the response. The Company has set up product wise turn-around time ("TAT") for resolution of customer grievances within the above period of four weeks and shall ensure to resolve the complaints within such defined TATs.
- iii. If the grievance is not redressed within the Turn-Around-Time (TAT) referred above, the customer may appeal to the NBFC Ombudsman under whose jurisdiction the registered office of the Company falls at:
The Reserve Bank of India,
Department of Non-Banking Supervision,
Address: 6, Sansad Marg, New Delhi-110001
Phone: 011-2371 4456/ 0538
Fax: 011-2375 2188
Email id: dnbsmro@rbi.org.in
- iv. The Company shall request the customer to provide feedback on the services rendered. This can be done through direct contact by staff or through specific customer satisfaction surveys that may be conducted from time to time.
- v. A periodical review of the Fair Practices Code and the functioning of the Grievances Redressal Mechanism at various levels of management would be undertaken by the Company and a consolidated report of such reviews shall be submitted to the Board of Directors of the Company at regular intervals.

11. REGULATION OF RATE OF INTEREST

- i. The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other

charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. 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 as per the Interest Rate Policy and shall be disclosed on the Website and to the borrower or customer in the application form and communicated explicitly in the sanction letter and the loan agreement. The risk committee will monitor the rates periodically.

- ii. The Company intimates the borrower, the loan amount and Rate of Interest at the time of sanction of the loan along with the tenure.
- iii. The processing fee, if any, shall be determined on the basis of quantum of work involved in credit appraisal, volume of documentation and other expenses involved in the transaction. The rate of interest is subject to change as the situation warrants due to market compulsions and change in regulatory norms and is subject to the discretion of the management on a case to case basis.
- iv. The Company provided to the Borrower annualized rates so that the borrower is aware of the exact rates that would be charged to the account.
- v. The Company shall abide by the FPC following the spirit of the FPC and in the manner it may be applicable to its business.