

## **FAIR PRACTICES CODE**

The Reserve Bank of India has prescribed broad guidelines on fair practices that are to be framed and adopted by NBFCs vide Circular No. DNBR (PD) CC.No.054/03/10/119/2015-16 dated July 01, 2015 as mentioned below. The Company had on its part incorporated the modifications wherever required and brought to affect a revised Fair Practices Code for strict compliance.

Muthoot Vehicle & Asset Finance Ltd. upholds the basic values in life and has always held the rights and aspirations of customers in high esteem. It strives to be guided by regulatory instructions in spirit and actual delivery and in fact attempt to voluntarily excel the regulatory instructions of RBI codified as the "Fair Practices Code". This Fair Practices Code is aimed to provide to all the stake holders, especially customers effective overview of practices followed by the Company in respect of financial facilities and services offered by the Company to its Customers. This Fair Practices Code has been prepared and updated after taking in to account the "Guidelines on Fair Practices Code for NBFCs" issued by the Reserve Bank of India and aims to enable customers to take informed decisions in respect of the facilities and services offered by the Company.

### **I. Objectives of the Code**

This Code has been drawn up to:

- a) 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;
- b) Enable customers to take informed decision about the financial facilities and services offered by the Company;
- c) Promote good, fair, transparent and trustworthy practices by setting minimum standards in dealings with customers;
- d) Enable customers to have better understanding of what they can reasonably expect of the services offered by the Company;

- e) Reckon with market forces, through competition and strive to achieve higher operating standards;
- f) Foster fair and cordial relationship between the customers and the Company.

## **II. Applications for loans and their processing**

- a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b) Loan application forms should 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 may indicate the documents required to be submitted with the application form.
- c) If any additional documents/information is required from the Customer, same shall be communicated to the Customer immediately.

## **III. Loan Appraisal and terms/conditions**

- a) The loan applications received will be duly acknowledged by branches and the probable date of sanction will be communicated in the acknowledgement. Sanction or otherwise in any case, will in normal case be conveyed within 10 days of receipt of application.
- b) The borrower shall be given a loan sanction letter 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, penal interest that will be charged for late payment (in bold letters) and any other terms and conditions.
- c) An acknowledged copy of the sanction letter shall be kept as part of the document.
- d) Subject to receipt of all the requisite documentation and information and creation of charge over the security, loan applications shall be disposed of in the normal course within 10 days of receipt of the application form complete in all respects. However, if

there is any delay in sanctioning the loan beyond the period of 10 days due to reasons like field verification etc, customer shall be kept informed of the status of his application.

e) The Company shall furnish a copy of the loan agreement 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.

#### **IV. Disbursement of loans/ Changes in terms and conditions**

a) 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 language or a language known to the borrower. Any changes in interest rates shall be only prospective. A suitable condition in this regard shall be incorporated in the letter of undertaking obtained from the borrower.

b) Decision to recall/accelerate payment shall be as per the covenants in the letter of undertaking/loan agreement.

c) 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, all securities shall be released to 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.

#### **V. Rate of Interest**

a. 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.

- b. The rate of interest as annualized rates should be communicated to the Borrowers so that the borrower is aware of the exact rates that would be charged on the loan
- c. The information published in the website shall be updated whenever there is change in the rates.
- d. The rate of interest shall be communicated explicitly in the sanction letter issued to the borrower.
- e. The range of interest rates prevailing in the company shall be made available on the website.
- f. If penal interest is to be levied for late payment, it shall be mentioned in a separate paragraph in the loan agreement.

#### **VI. Policy on KYC, Appraisal, Recovery, Transfer, Repossession etc.**

The Company shall 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 valuation procedure for assets accepted for hypothecation and other collateral security if any.
- c. The hypothecated assets shall be periodically inspected to ensure its quality.

#### **VII. Recovery and Collection of Dues**

Loans are normally given for definite periods with repayment stipulated on a monthly basis, equated or on staggered or deferred basis. Any defaults in payments will attract penal interest for delay for the amounts defaulted. Such defaults will be followed up for recovery in accordance with the laws of the land which may involve reminding over phone, by mail or by personal visits and or repossession of security. The collection policy will be based on courtesy, fair treatment and persuasion. The staff engaged in the recovery process will be carrying with them duly issued photo identity cards of the company.

### **VIII. Repossession**

Repossession of vehicles of defaulted borrowers will be as per the conditions agreed upon. The company encourages voluntary surrender of vehicles as a matter of policy and refrains from use of force or muscle power for recovery of loans. The company and its employees will stay away from unnecessary interference in the affairs of borrower except for the purposes provided in the loan agreement.

The auction procedure in case of non – repayment shall be transparent. Any sale/ auction of repossessed vehicle shall be only after giving a final chance to borrower for repayment of loan and return of vehicle. Prior notice to the borrower shall be given before the auction and there shall not be any conflict of interest. The sale price will be determined on the basis of public auction or otherwise as to get maximum possible price for the vehicle. If by auction the same shall be announced to the public by issuing advertisements in newspapers in vernacular language. The balance in the loan remaining unpaid after sale will be recoverable from the borrower as per normal laws

### **IX. Transfer/ takeover of loans**

Any request of borrower to transfer the borrowal account will be duly considered and the transfer proceedings shall be transparent and in terms of contractual terms. Any objection on transfers will be conveyed within a period of 21 days from the date of receipt of transfer request.

### **X. Grievance Redressal Mechanism**

The company has a well defined grievances redressal system for addressing the customer complaints at various stages. Any deviations from the loan policy guidelines and transactions or irregularities may be taken up with Branch-in-Charge, who will attend to the needs of customers. All Branches have been provided with complaint Registers wherein the customers can record their complaints. All complaints will be

redressed within a maximum period of three days in the normal course. Wherever the Branches are unable to resolve the complaint, the customer will be suitably advised the reasons and course of action initiated.

For redressal of their grievances, customers can approach the Branches and Corporate Office as the case may be as under:

**Level-1**

Customers having grievances about any matters relating to their accounts, service deficiencies, dealings of employees etc. can lodge their complaint at the Branch directly to the Branch Manager. Branch - in - Charge will be the authority at Branch to resolve the complaints. The complaints received shall be acknowledged immediately and solution advised within three days of receipt.

**Level-2**

If the complaints are not resolved at Branches, the customers can approach Corporate Office and lodge their complaint to: - the Customer Redressal Officer (Grievances Redressal Cell) at Corporate Office. Such complaints will be resolved within a maximum period of 15 days.

The Customer Redressal Officer at Corporate Office for grievance redressal shall be Sri. Sankaranarayanan K, Chief Manager – HR & Administration, who will be responsible for the implementation and monitoring of customer grievances redressal in the Company. The Grievances Redressal Cell constitutes of the following additional members. The Customer Redressal Officer can be contacted at the address below:

Sri. Sankaranarayanan K  
Customer Redressal Officer  
Muthoot Vehicle & Asset Finance Ltd.  
Corporate Office, 6<sup>th</sup> & 7<sup>th</sup> Floor, Mithun Tower,

K P Vallon Road Kadavanthra, Kochi – 682 020.

Phone:7593864404

E-mail: [mvflcoadmin@muthootgroup.com](mailto:mvflcoadmin@muthootgroup.com)

**Level-3**

If not satisfied with the results of the complaints referred to Customer Redressal Officer at Corporate office, the customer can approach the Chief Executive Officer at Corporate Office for redressal in the address given below:

Sri K George Oommen

General Manager & CEO

Muthoot Vehicle & Asset Finance Ltd.

Corporate Office, 6<sup>th</sup> & 7<sup>th</sup> Floor, Mithun Tower,  
K P Vallon Road Kadavanthra, Kochi – 682 020

Phone:7593864401

E-mail: [mvfl@muthootgroup.com](mailto:mvfl@muthootgroup.com)

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 regular intervals and a consolidated report of such reviews shall be submitted to the Board of Directors at regular intervals.

**XI. General**

(a) 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 lender).

(b) 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.

(c) The Company will normally call delinquent customers between 0700 hrs to 2100 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

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