



RAR FINCARE LIMITED

Fair Practice Code

RAR FINCARE LIMITED	
POLICY	Fair Practice Code
Approving Authority	Board of Directors
Effective Date	June 26, 2024
Review Cycle	Annually

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Introduction

RAR Fincare Limited, a Non-Banking Finance Non-Systematically Important Non-Deposit Taking Company registered with Reserve Bank of India (“RBI”) is presently in the business of providing different types of loans which includes Secured & Unsecured Term Loans to its various customers. Such credit facilities are extended to different types of customers, which include MSMEs, individuals, partnership firms, companies and other legal entities.

This Fair Practice Code is based on RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 - Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19 Oct 2023 duly updated from time to time

The Company has adopted this Fair Practices Code (“the Code”) and have implemented it. The Code applies to all categories of products and services offered by the Company (currently offered and which may be introduced in future).

Key Commitments

The Company's key commitments to customers:

- I. Act fairly and reasonably in all its dealings with customers by:
 - Meeting the commitments and standards specified in the Code, for the products and services which the Company offers and, in the procedures, and practices its staff follows
 - Making sure that Company's products and services meet relevant laws and regulations
 - 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
- III. Deal quickly and sympathetically with things that go wrong by:
 - Correcting mistakes
 - Handling customer's complaints
 - Telling customers' how to take their complaint forward if they are still not satisfied
- IV. Publicize the Code, put it on Company's website and have copies available for customer on request.

Applications for Loans and Their Processing

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower
- 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 shall indicate the documents required to be submitted with the application form.

- The company shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement

Loan Appraisal and Terms and Conditions

The company shall 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. As complaints received against NBFCs generally pertain to charging of high interest / penal interest, the company shall mention the penal interest charged for late repayment in bold in the loan agreement.

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. This is to ensure that borrowers are fully aware of the terms and conditions of the loans including rate of interest at the time of sanction of loans.

Disbursement of Loans Including Changes in Terms & Conditions

- I. The company shall 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. The company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard must be incorporated in the loan agreement
- II. Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement
- III. 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 may have against 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

PENAL CHARGES IN LOAN ACCOUNTS

Penalty, if charged by the Company, 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.

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. 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 non-individual borrowers for similar non-compliance of material terms and conditions.

The quantum and reason for penal charges shall be clearly disclosed by the Company to its borrowers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on its website under Interest rates and Service Charges.

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 therefore shall also be communicated to the borrower within a reasonable time

RESPONSIBLE LENDING

- I. Release of movable / immovable property documents & removal of charge
 - (i) Once full repayment is received and loan account is closed, The Company shall
 - a. Release all the documents(title deeds) within 30 days from the date of full repayment by the customer ("Stipulated Time")
 - b. Remove charges/Provide NOC to facilitate removal of charges registered with any registry within 30 days after full repayment.
 - (ii) Borrowers shall be given an option of collecting the documents either from the Head Office or any other branch office of the Company, as may be mutually agreed upon.
 - (iii) The Company shall mention the timeline and place of return of the documents in the sanction letter(s).
 - (iv) Procedure for return of documents to legal heirs in the event of demise of the borrower:
 - a. The borrower's legal heirs shall submit a request in writing for the return of documents.
 - b. The Company shall settle the claim once the legal heir submits the death certificate, and his/her KYC documents and/or a Will, letter of disclaimer, succession certificate, indemnity letter and the Company is satisfied that:
 - a. The customer has died.
 - b. There are no disputes among the legal heirs and all the legal heirs (other than those who have furnished a Letter of Disclaimer) join to indemnify The Company and there is no reasonable doubt about the genuineness of the claimant(s) being the only legal heir.

The Company shall hand over the documents to the legal heir(s) upon submission of all relevant necessary documents to its satisfaction. The procedure shall be displayed in the Company's website as part of this 'Fair Practice Code'.

- (v) If there are any delay in releasing the documents or failing to remove charges registered within Stipulated Time –
 - a. The reason for such delays shall be communicated to the borrower.
 - b. If such delay is attributable to The Company, The Company shall provide a compensation of Rs. 5,000/- per day, till the time the documents are released in full to the borrower
- (vi) If the document is lost / damaged either in full or part –
 - a. The Company shall assist the borrower in obtaining duplicate certificate(s)/document(s) and shall bear the associated cost.
 - b. If The Company is unable to obtain duplicate certificate within 60 days from full repayment, the borrower shall be paid a compensation of Rs. 5,000/- per day for the period of delay.
- (vii) The compensation provided shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

II. Compensation to customers for delayed updation/ rectification of credit information to Credit Information Companies(CICs)

Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with The Company/ CIC. The Company would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.

The Company shall pay compensation to the complainant on its failure to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.

While acknowledging receipt of the complaint, The Company shall verify availability of updated contact details, email id in its records. The Company shall also check the customer's bank details held on record or seek a copy of the cancelled cheque from the customer/UPI id for registering fresh bank particulars if applicable.

The complainant shall be informed of the action taken in all cases including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be communicated.

The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.

III. In the event of a delay, beyond 30 days of resolution of the complaint, the compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

IV. Rate of interest

- (a) The Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. 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 disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- (b) The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- (c) The rate of interest should be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- (d) The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

General

- I. 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 information, not earlier disclosed by the borrower, has been noticed)
- II. In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e., objection of the company, if any, shall 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
- III. In the matter of recovery of loans, the company shall not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, the company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner
- IV. As a measure of customer protection and to bring in uniformity regarding prepayment of various loans by borrowers, the company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers

Responsibility of Board of Directors

The Board of Directors of the company shall also lay down the appropriate grievance redressal mechanism within the organization comprising 'Appropriate Officers' as may be entrusted with the responsibility from time to time.. Such a mechanism shall ensure that all disputes arising out of the decisions of the company's functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

Grievance Redressal Officer

The company should appoint a Grievance Redressal Officer. At the operational level, the company shall display the following information prominently, for the benefit of its customers, at its branches / customer touchpoints / places where business is transacted:

- I. The name and contact details of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company are given below.

Mr. Venkatasubramanian,
CEO
E-mail: mail@rarfincare.com
Tel: +91 93607 834477

If the complaint / dispute is not redressed within a period of one month, the customer may follow the Grievance Redressal Mechanism of the Company uploaded on Company's website.

Nodal Officer/Principal Nodal Officer

When the company becomes covered under the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (Applicable for NBFCs with asset size more than INR 100 Cr), Mr. Anand S has been appointed as the Principal Nodal Officer in accordance with directions as provided under Annex VII.

Language and Mode of Communicating Fair Practice Code

Fair Practices Code shall be put up on the company website for the information of various stakeholders and the same can be provided to any borrower in the vernacular language, or a language as understood by the borrower..

Regulation of Excessive Interest Charged

- I. The Board of the company shall adopt an interest rate model considering relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. 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 disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter
- II. The rates of interest and the approach for gradation of risks shall also be made available on the website of the company or published in relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest
- III. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account

Training to Avoid Rude Behavior

In the matter of recovery of loans, 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

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

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

V. Review

A review of the Code shall be done on a Half yearly basis by the Board based on the Certificate provided by the Management on the same.

Reviewed and updated by the Board in its meeting held on June 26, 2024