

FAIR PRACTICES CODE

[updated on 25-09-2025]

This Fair Practices Code has been framed with a view to providing to all its stake holders, especially customers an effective overview of the practices followed by the Company while offering its products and services. This Fair Practices Code has been prepared taking into account the "Guidelines on Fair Practices Code for NBFCs" issued by the Reserve Bank of India and is updated from time to time 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 aiming to:

- **a.** Adopt the best practices followed by entities in the financial and similar service sector while dealing with customers.
- **b.** 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;
- **c.** Enable customers to take informed decision about the financial facilities and services offered by the Company;
- **d.** Promote good, fair, transparent and legally tenable practices by setting minimum standards in dealings with customers;
- **e.** Enable customers to have better understanding of what they can reasonably expect of the services offered by the Company;
- **f.** Reckon with market forces, through competition and strive to achieve higher operating standards;
- **g.** Foster fair and cordial relationship between the customers and the Company.

The Fair Practices Code adopted by the Company covers the following areas.

- 1. Applications for loans and their processing.
- 2. Loan appraisal and sanction terms/conditions.
- 3. Disbursement of loans, including changes in terms and conditions.

- 4. Disclosures about interest rates, other charges and approach for gradation of risk,
- 5. Policy on KYC, Appraisal, insurance, storage of securities, Auction etc.
- 6. Confidentiality
- 7. Grievance redressal mechanism
- 8. General Provisions

II. Declarations & Commitments

- i). The Company undertakes to abide by all applicable laws, regulations and guidelines passed/issued by the Regulators(Reserve Bank of India, SEBI, IRDAetc) and other competent authorities such as Government, Local Authority etc. ii). The Company commits itself to full customer satisfaction through efficient, professional and courteous services across all its offices.
- iii). 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.
- *iv)*. The Company undertakes not to discriminate customers on grounds of religion, caste, gender or language.
- v). 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.
- vi). The Company undertakes to desist from introducing any products/services having elements of hidden charges or lack of transparency.
- vii). The Company undertakes not to take advantage of any unintentional or clerical error made by the customer while transacting business.
- viii). 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.

III. Application for loans and their processing:

- (a) All communications to the borrower shall be either in English or in vernacular language or in a language as understood by the borrower.
- (b) Loan application forms issued by the Company shall include points seeking all the necessary information relating to the borrower, and shall also indicate the documents required to be submitted / executed by the borrower.
- (c) If any additional documents/information are required from the Customer, the same shall be communicated to the Customer immediately.
- (d) In case of all loans, other than gold loans which are sanctioned on the same rday e of receipt of the application, an acknowledgement will be given to the applicant indicating the probable date by which a decision regarding sanction of the loan

will be intimated to him. The acknowledgement can also be given in the form of a tear off portion in the application form or through an SMS message.

IV. Loan Appraisal, Sanction Terms & Conditions:

- a. Subject to receipt of all the requisite information about the loan proposal and on completion of documentation and creation of charge over the security, applications for loans complete in all respects shall be disposed of on the same day of receipt of the application form in the normal course. However, if there is any delay in sanctioning the loan beyond the period of one day due to reasons like incomplete information and pending conduct of field verification etc., customer shall be given an acknowledgement for receipt of the loan application indicating the time frame within which the application will be disposed of. The customer shall be kept informed of the status of his application till its disposal.
- b. The Company shall issue to the borrower a loan sanction letter, copy of the loan document together with the terms and conditions in annexures / enclosures quoted therein, Gold pledge Receipt through digital means which contains the details such as loan amount sanctioned, annualized interest rate, method of application of interest thereof, details of other applicable charges.
- c. Penal charges: In the event of failure on the part of the borrower to repay the loan and accrued interest on the prescribed due date, penal charges as fixed by the Company from time to time and intimated to the borrower will be charged for the period of delay in repayment beyond the loan due date. Penal charges shall be applicable for non-fulfilment of the terms & conditions of the loan also. There shall be no capitalization of penal charges i.e., no interest shall be further computed on the penal charges applied.
- d. The details of the penal charges shall be disclosed to the customers in the loan sanction letter / loan document / **Key Fact Statement (KFS)**. Whenever there is a subsequent revision in the penal charges, it will be notified to the borrower prospectively.
- e. In addition to the applicable interest and penal charges, the Company may levy other charges such as Security charges, Processing charges, Service charges, Documentation charges, Charges for lost tokens, SMS charges, Auction expenses, Dormancy charges, part release charges, Transaction charges as applicable and any other charges as decided by the Board or the Committee empowered by the Board which shall be intimated to the customer upfront.
- f. An acknowledged copy of the sanction letter shall be kept as part of the loan

document. Digital acknowledgement to the sanction letter and concurrence to the stated terms and conditions is also considered valid for compliance.

V. Disbursement of loans, Changes in terms and conditions:

- a. After sanction, the loan shall be disbursed on executing the necessary documents and on completion of the procedural formalities including creation of charge over the security offered by the borrower. The changes in the terms and conditions of the loan including interest rates, service charges, prepayment charges etc., if any to be made shall be effected only prospectively and will be informed to the borrower in vernacular language or in a language understood by the borrower. A suitable condition in this regard shall be incorporated in the loan document obtained from the borrower.
- b. Decision to recall / seek accelerated payment or performance shall be as per the covenants in the loan document.
- c. 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 over the security towards 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.

VI. <u>Disclosures about Interest rates</u>, <u>Other charges and approach towards gradation of risks:</u>

Rate of Interest

- a. The Company has put in place appropriate internal policies and procedures for fixing the interest rates, processing charges and other charges if any, and also ensures that they are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and other charges for the loans and advances are levied in strict adherence to the internal policies and procedures.
- b. The rate of interest will be intimated at annualized rates so that the borrower is aware of the exact rates that would be charged on the loan.
- c. Interest will be charged on the loan balance outstanding at monthly rest on the basis of the actual number of days the loan was outstanding from the date of disbursement of the loan to the customer till the date of repayment and closure of the loan.
- d. The information published in the website shall be updated whenever

- there is change in the rates.
- e. The rate of interest and the approach for gradation of risk and rationale for charging different interest rates for different loan schemes shall be disclosed in the loan application form and shall also be communicated explicitly in the sanction letter digitally issued to the borrower. The interest rates fixed for the loans shall be based on the cost of funds, and the risk gradation.
- f. Rebate on interest rates meant to encourage timely payment of periodical interest under each scheme, levying of penal charges for discouraging loan default and for delayed repayment exceeding the sanctioned date / period etc., shall be mentioned clearly in the loan agreement.
- g. No pre-payment penalties/foreclosure charges will be levied on gold loans in the normal course. In case any scheme specific charges for low availment of sanctioned loan are applicable for a particular scheme, it will be disclosed in the sanction letter.
- h. Changes in Rate of Interest and charges shall be effected only prospectively.
- i. The borrower shall be provided with a Key Facts Statement (KFS) about the loan informing transparently about the key facts of the loan agreement namely interest rate, other charges / fees related to the loan, disbursement schedule, repayment terms and other qualitative information in a simple and easier to understand language, in a standardized format as per RBI norms in order to enable the customer to take an informed financial decision.

Method of Calculation of Interest:

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, in the case of Gold Loan 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 where the minimum effective interest rate is more than 14%. For gold loan schemes with minimum effective interest rate is 14% and below, a minimum interest for 15 days shall be payable, if the borrower closes the loan within 15 days from the date of disbursement. If the amount of interest so calculated is less than Rs.50/- then a minimum interest of Rs.50/- will be charged. The said minimum period for application of interest shall apply to all loans except those schemes where the sanction letter specifies a scheme-related minimum period of interest payable by the borrower.

A rebate in interest rate for periodical payment of interest in Gold Loan may be provided for encouraging timely repayment of interest or for closure of the loan on or before the specified date / tenor of the loan as per different slabs built into each scheme.

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VII. Policy on KYC, Appraisal, Insurance, Storage of Securities, Auction etc.

As per the Board approved policy, the Company has put in place the following guidelines for the information of customers and for compliance.

- a) The KYC guidelines stipulated by RBI are to be complied with and the Company shall carry out adequate due diligence on the customer before extending any loan.
- b) Proper appraisal procedure for assessing the value and purity of the gold jewellery accepted as collateral security shall be followed.
 - a. Customer shall furnish the details about the ownership of the jewellery and a declaration in this regard shall be submitted by the borrower confirming ownership of gold jewellery / ornaments submitted for pledge.
 - b. All the branches have proper storage facility of either Strong Rooms or Safes of reputed make conforming to BIS Standards to store the pledged gold 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 impartedtraining on a continuous basis to ensure that the guidelines covering security matters are strictly adhered to. The pledged gold items shall be periodically inspected by the internal auditors to ensure availability of the quantity and quality of the security and its proper storage.
 - c. The gold jewellery accepted as collateral security shall be adequately and appropriately insured.
- c) The procedure for auction of pledged gold in overdue / irregular loan accounts in case of non repayment shall be transparent. Prior notice to the borrower shall be given before the auction and there shall not be any conflict of interest. The auction process shall ensure that an arm's length relationship in all transactions during the auction is maintained including with the group companies and related entities. The details regarding procedure for auction shall be disclosed in the loan document executed for availing the loan.

The auction will be only through auctioneers approved by the Board and the Company shall not participate in the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and the other in a national daily newspaper.

d) Commitment of any fraud in the functioning of the Company shall be enquired into by

the appropriate authority and suitable punitive measure shall be taken by the appropriate disciplinary authority. Review of the decision of the disciplinary authority shall be carried out by the Chief Executive Officer.

VIII. Confidentiality

- a) Unless authorized by the borrower, the Company will treat all personal information of its customers as private and confidential except in case of statutory obligations to the law enforcement agencies.
- b) The Company may not reveal transaction details of the borrowers to anyother persons except under following circumstances.
 - i. If the Company is required to provide the information as per regulatory directives to any statutory or Regulatory Authorities.
 - ii. If arising out of duty to the public to reveal the information.
 - iii. If it is in the interest of the borrowers / Company to provide such information (eg., Fraud prevention)
 - iv. 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.

IX. Customers' Grievance Redressal Mechanism

Following mechanism is put in place for ensuring redressal of customers' grievances and disputes of the customers arising out of decisions of Company's functionaries:

- a) The decisions of any official below the position of Branch Manager shall be heard and disposed of by the Branch Manager.
- b) Customer Grievances Redressal Cell at the Company's Corporate Office at Kochi will be headed by an official not below the grade of Assistant General Manager who will be designated as the Principal Nodal Officer (PNO) as per the RBI Integrated Ombudsman scheme to dispose of complaints received through RBI Ombudsman.
- c) Decisions of Branch Managers shall be heard and disposed of by the Nodal Officer, Grievance Redressal Cell, Corporate Office, Kochi, whose address is displayed in the Branch premises.
- d) If not satisfied with the decision of the Nodal Officer (Grievance Redressal Cell), the customer has the option to escalate the matter to the Principal Nodal Officer, Grievance Redressal Cell, Corporate Office, Kochi, whose address is also displayed in the Branch premises.
- e) Grievances against any of the outsourced agencies engaged by the Company for various activities like sourcing of applications / collections etc. will also come

under the purview of the Grievance Redressal Mechanism as above. In case the complaint is not disposed of to his satisfaction, the customer can exercise the option to escalate the matter to a higher authority in the Company as per the matrix given above.

- f) Complaints received directly at Corporate Office and appeals against the decisions of Branch Managers shall be heard and disposed of by the Nodal Officer / Principal Redressal Officer at Corporate Office.
- g) If the complaint/dispute received by the Company is not redressed within a period of one month or if the customer is not satisfied by the decision of the PNO, the customer may appeal to the Integrated Ombudsman of RBI at the Centralized Receipt & Processing Centre, Chandigarh Office as per the contact details displayed in the branch.
- h) The contact details of the Grievance Redressal Officer & PNO and also that of the RBI Integrated Ombudsman shall be displayed in allthe Branches for the benefit of customers.
- i) Wherever the decision of the NBFC, after careful examination of the complaint, is to reject the complaint partly or wholly, it shall be intimated to the complainant only after obtaining the approval of the Internal Ombudsman (IO) of the NBFC appointed as per RBI guidelines.
- j) Proper training shall be imparted to staff on an ongoing basis with a view to improving staff behavior and customer service.
- k) The compliance of the Fair Practices Code as well as the functioning of the Customer Grievances Redressal Cell shall be reviewed by the Chief Executive Officer on a quarterly basis and a consolidated report of such reviews shall be placed before the Board of Directors.

X. General Provisions

- a) The Company shall display the normal business hours at the respective Branches, the list of holidays and changes if any shall be notified, by way of a notice displayed in the premises of the branch or through press notification.
- b) Personal information of the customer will not be shared with unauthorized persons or agencies or third parties by the Company. However, the Company will be bound to honour and comply with legal / statutory / regulatory requirements, in such matters obligating it to part with such information even without natice to the customer.

- c) The Company shall refrain from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions in the letter of undertaking executed by the customer (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- d) The Company will not entertain any request for transfer of borrowal accounts as this is not practically feasible in the case of loans granted against collateral of gold jewellery pledged.
- e) 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 behavior.
- f) The Company will call delinquent customers between 09.00 hrs to 18.00 hrs for recovery of its dues unless the special circumstances of the borrower's business require to call them outside the above mentioned time period.

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