

FAIR PRACTICES CODE POLICY

“Manoranjan Grah Limited”

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BACKGROUND

Reserve Bank of India has drafted the guidelines on Fair Practices Code for Non Banking Finance Companies which sets the fair Practices standards when dealing with individual customers and to serve as a part of best corporate Practices.

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 and *Further via 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 October 19, 2023 (as modified, amended and updated from time to time, the "FPC")*.

Manoranjan Grah Limited (“MGL”) commits itself to the highest standards of risk management, transparency, compliance and fair Practices while meeting the loan needs in a timely and effective manner. The Company intends that the NBFC’s business be conducted in accordance with the prevailing statutory and regulatory requirements with due focus on efficiency, customer-orientation and corporate governance principles.

We propose to adopt all the best Practices as laid down by the RBI from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards so prescribed. It is, and shall be, the policy of the NBFC to make available to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap all financial products, either directly or through subsidiaries and / or associates.

INTRODUCTION

Manoranjan Grah Limited (“MGL”) is a company incorporated under the Companies Act, 1913 having Corporate Identification Number (CIN: U92111UP1978PLC004556). Registered and regulated by the Reserve Bank of India (RBI) and Classified as NBFC-Investment and Credit Company (NBFC-ICC)- NBFC-Base Layer (NBFC-BL) , bearing Registration no. 12.00103 The registered office of the Company is at 7/236A, Subhash Road, Aligarh, Uttar Pradesh- 202001.

GUIDING PRINCIPLES AND DECLARATIONS

Our Company’s policy is to treat all the clients consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner. The Company will also communicate its Fair Practices Code (FPC) to its customers by uploading the FPC on its website.

We as a Company will ensure that the implementation of the FPC is the responsibility of the entire organisation. The Company’s fair lending Practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counselling, and monitoring, auditing programs and internal controls, and optimal use of technology.

We shall ensure that charges / fees are appropriately informed to the borrower. Terms and conditions pertaining to the facility will be conveyed to the prospective borrowers. We commit that disputes arising out of the lending decisions will be appropriately resolved by a grievance redressal mechanism set up by us.

KEY COMMITMENTS

The key commitments of putting in place the FPC are as follows.

- i. To act fairly and reasonably in all the dealings with borrowers by ensuring that:
 - a. the Company's products, services, procedures and Practices will meet the broad requirements and standards in the FPC;
 - b. the Company's products and services will be in accordance with relevant laws and regulations as applicable for the time being in force;
 - c. the Company's dealings with its borrowers will rest on ethical principles of honesty, integrity and transparency.
- ii. The Company will assist its customers in understanding as to what are the broad features of its financial products and services and what are the benefits and risks involved in availing the same by:
 - a. providing information about the products and services in simple manner;
 - b. explaining the financial implications of using the products and services.
- iii. The Company will make every attempt to ensure that its customers would have trouble-free experience in dealing with it. However, in case of error of commission and/or omissions, it shall:
 - a. deal with the errors promptly and effectively;
 - b. deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the customers;
 - c. promptly handle complaints;
 - d. have escalation process, in the event of dissatisfaction of the borrower in handling his complaint(s);

A. Loan applications and processing thereof

- i. Loan Application Forms will be made available to the prospective borrowers on request.
- ii. Loan documentation set will, inter alia, include the broad features and the terms and conditions governing the loan. This would enable the borrowers to take an informed decision by comparing and analysing the terms offered by the Company with other lenders in the market. The said Form shall also specify the documents required to be submitted by the borrowers.
- iii. Loan Application Form may also list out the additional information required from the borrowers and their family members in order to enable the Company to create the database.
- iv. The Company has a system of giving acknowledgement for receipt of all loan applications indicating the time frame within which the applications will be disposed of.
- v. All the loan applications shall be disposed of within a period of 90 days from the date of receipt of duly completed Loan Application Forms together with the requisite documents and subject to receipt of all

documents complying with prevailing rules and regulations by the borrower.

vi. All communication with the borrowers shall in the language understood and confirmed by borrowers.

B. Loan appraisal and terms/conditions

- i. The Company shall consider all the loan applications keeping in mind the risk based assessment procedures adopted by it.
- ii. The Company, before sanctioning the loan, would assess the ability of the borrowers to repay the loan.
- iii. When sanctioned, the company shall convey to the applicant the details of Loan amount, interest rates, repayment schedule, terms & conditions for loan , penal interest for late payment, and other charges in Loan Agreement(As applicable) in writing to the borrower in the vernacular language or any other language as understood by the borrower by means of sanction letter and keep the acceptance of these terms and conditions by the borrower on Company's record. The Company will also mention the penal charge (As applicable) which will be charged for late repayment and / or any other default on the part of the customer, in bold in the loan agreement.
- iv. The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions governing the loan on sanction letter.
- v. A copy of the loan documents including loan agreement and with a copy each of all enclosures quoted in the loan agreement thereof shall be furnished to the borrower.

C. Penal charges in loan accounts

- i. Penalty, if charged/if applicable, 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 capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- ii. The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- iii. The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called. 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.
- iv. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- v. The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company's website under Interest rates and Service Charges.
- vi. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

Our NBFC currently does not impose any penal charges on personal loans for the benefit of our

customers. However, if penal charges become applicable in the future, company will inform the same to all the fresh borrowers accordingly.

D. Disbursement of loans including changes in terms and conditions

- i. The Company will ensure timely disbursement of loan sanctioned in conformity with the terms & conditions. 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 & conditions including disbursement schedule, interest rates, service charges, prepayment charges and any other charges. The Company shall ensure that the changes in interest rates and charges are affected only prospectively. Further, a suitable condition in this regard will be incorporated in the Loan Agreement.
- ii. If the company decides to recall/accelerate payment or performance under the agreement or to seek additional securities, it shall give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- iii. The company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against borrowers. If such right to set off is exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which the company is entitled to retain the securities till the relevant claim is settled/paid.

E. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

- a) Release of movable/immovable property documents
- b) Compensation for delay in release of movable/immovable property documents

In this regard, the company would like to clarify that currently, it only offers unsecured personal loans, which do not require security in the form of movable or immovable property documents. However, if the company begins offering secured loans in the future, it will provide updates accordingly.

F. Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans

At the time of sanction of EMI based floating rate personal loans, the company is required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the interest rates during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the NBFCs are advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

- i. At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
- ii. At the time of reset of interest rates, the company shall provide the option to the borrowers to switch over to a fixed rate as per its Board approved policy. The policy, inter alia, specifies the number of times a borrower will be allowed to switch during the tenor of the loan.
- iii. The borrowers shall also be given the choice to opt for a) enhancement in EMI or elongation of tenor or for a combination of both options; and, b) to prepay, either in part or in full, at any

point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.

- iv. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.
- v. The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- vi. The Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.

Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities.

G. Other General Provisions:

- i. The company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- ii. In case of receipt of request for transfer of borrower account, either from the borrower or from another lender, which proposes intends to take over the account, the consent or otherwise i.e. objection of the Company, if any, depending on case to case basis, shall be conveyed to the customer and the other lender 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 will not resort to harassment viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The company shall ensure about the adequate training of staff to deal with the customer in an appropriate manner.
- iv. The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-borrower (s).

INTEREST RATE AND PENAL / SERVICE CHARGES POLICY

The Board has adopted an Interest Rate and Penal / Service Charges Policy taking into account relevant factors such as cost of funds, margin, risk premium, customer profile, underlying security etc. and determines 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 is disclosed to the borrower and rate of interest is communicated explicitly in the welcome/ sanction letter.

Risk gradation is determined based on the risk associated with customer profile products, type of loans, value of collateral available, tenor, quantum of loan etc.;

The rate of interest mentioned are annualized rates so that the borrower is aware of the exact rates that would be charged to the account. The same is mentioned on the sanction letter/welcome letter also.

LOAN FACILITIES TO THE PHYSICALLY/VISUALLY CHALLENGED BY THE COMPANY

The Company does not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company render all possible assistance to such persons for availing of the various business facilities. The Company includes a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company also ensures redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

REVIEW

The Board shall review and amend this Code as and when required. If at any point a conflict of interpretation / information between the Code and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Code shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.

COMPLAINTS

In case of any complaint/grievances of the borrowers, the same shall be intimated by them in writing to the Grievance Redressal Officer. The Grievance Redressal Officer shall immediately make all efforts to redress the grievances. The concerned employees shall guide the borrowers who wish to lodge a complaint.

GRIEVANCE REDRESSAL MECHANISM

The Company will always make effort to redress the complaints of the customers at the earliest and in the best possible way and provide the customer with our best services.

Level 1:

The customer may register his/her query/complaint to the Company which shall be addressed to the Grievance Redressal in connection with any matter pertaining to business Practices, lending decisions, credit management, recovery and complaints relating to updation/alteration of credit information. The details of the Grievance Redressal Officer are given as follows:

Name of the Grievance Redressal Officer	Mr. Rajesh Kumar Sharma
Address	7/236A, Subhash Road, Aligarh Uttar Pradesh-202001
Mobile No.	+91 9837174795
E-mail id	rajesh.manoranjangrah@gmail.com

The redressal officer may formally delegate the task of redressal of a specific complaint to a team member as suitable, with due information to the customer

Level 2:

If the complaint is not resolved within a period of 15 days, the customer shall complaint to the Director of the Company.

Name of the Director	Mr. Sanjeev Kumar Varshney
Address	7/236A, Subhash Road, Aligarh Uttar Pradesh-202001
Mobile No.	+91 8126899061
E-mail id	sanjeev.manoranjangrah@gmail.com

Level 3:

If the complaint / dispute is not redressed within a period of one month by the director, the customer may appeal to:

Officer-in-Charge

Reserve Bank of India, Department of Non Banking Supervision

82/142, M.G Road,

Kanpur - 208 001, India.

FORCE MAJEURE

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any force majeure circumstances, the Company may not be able to fulfil the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

In order to enhance the value and relevance to the borrowers, this code shall be under review from time to time.