

FAIR PRACTICE CODE

As per the guidelines issued by RBI vide Master Circular DNBR (PD) CC.No.054/03.10.119/2015-16 dated 01-07-2017. (As approved by the Board at the meeting held on 28th June 2021)

This Fair Practice Code is aimed to provide to all the stake holders, especially customers effective overview of practices followed by the company in respect of the financial facilities and services offered by the company to its customers. This Fair Practice Code has been revised taking into account the "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The objectives of the Code are:

- To promote good practices and ensure good practices in dealing with customers;
- To promote a fair relationship between the customer and company;
- To ensure compliance with legal norms in matters relating to recovery of advances;
- To strengthen mechanisms for redressal of customer grievances;

A. Applications for Loans and their Processing

1. All communication to the borrower shall be in the vernacular language or a language as understood by the borrower
2. Loan application forms issued by the Company shall include necessary information, which affects the interest of the borrower so that he/she can do a meaningful comparison with the terms and conditions offered by other NBFCs and an informed decision can be taken by the borrower. The loan application will indicate the documents required to be submitted with application form.
3. The Company shall devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications shall be disposed of shall also be indicated in the acknowledgement.
4. The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrowers in the application form and communicated to him in the sanction letter. Further the information shall also be made available in the web site of the company.
5. If any additional details/ documents are required, the same shall be intimated to the borrowers immediately. The application form will clearly state the information to be provided by the customer to fulfil the KYC norms and to comply with legal and regulatory requirements



B. Loan Appraisal and Terms & Conditions

1. The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on processing of the application. The assessment would be in line with the Company's internal policies, norms and procedures in respect thereof.
2. Company issues a copy of Pawn ticket in vernacular languages as understood to the borrower showing the

amount sanctioned and terms and conditions applicable including annualized rate of interest and method of application thereof. The company shall keep the acceptance of these terms and conditions by the borrower on its record.

3. The Company, upon approval of the loan, shall convey the applicant through an agreement preferably in the vernacular languages cum sanction letter or otherwise indicating the amount of loan, annualized rate of interest applicable, along with the terms and conditions.
4. The Company shall obtain an acceptance from the borrower of the loan terms and maintain a record of such acceptance.
5. The Company shall furnish a copy of the loan agreement to the borrowers along with all the enclosures quoted in the loan agreement to the borrowers.

C. Disbursement of loans including changes in terms and conditions:

1. The Company shall give notice to the borrowers in the vernacular language or a language 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. Any changes to the above charges shall be made available at our branches and also the website of the company. The website address is also available on the application form.
2. The Company shall ensure that the penal interest charged for the late payment is in "bold" fonts in the agreement.
3. Any decision to recall/accelerate payment or performance under the loan agreement shall be inconsonance with the loan agreement.
4. All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate right or lien, and set-off for any other claim that Mikhael Capitalize Private limited may have against the borrowers. 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 Mikhael Capitalize Private limited is entitled to retain the securities until the relevant claim is settled / paid.

D. Interest Charged:

1. To ensure that there the Customers are not charged excessive interest rate and charges on loans and advances by the Company, the Board of the Company has adopted a Policy for determining Interest Rates, Processing and Other Charges "Interest Rate Policy" and the same has been put up on Company's web-site.
2. The Company had laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.
3. The Company would adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances.
4. Foreclosure charges are to be applied as per the regulatory directions issued from time to time.

E. Repossession:

The Company has included the repossession clause in the loan agreement with the borrower that would be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement will include provisions regarding:

1. Notice period before taking possession;
2. Circumstances under which the notice period can be waived;



3. The procedure for taking possession of the security;
4. A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the asset.
5. The procedure for giving repossession to the borrower and
6. The procedure for sale / auction of the property.

F. Loans Sourced over Digital Lending Platforms

Wherever digital lending platforms are engaged as agents to source borrowers and/ or to recover dues, the following instructions should be complied with:

1. Names of digital lending platforms engaged as agents should be disclosed on the Company website.
2. Digital lending platforms engaged as agents should be directed to disclose upfront to the customer, the Company's name on whose behalf they are interacting with the customer.
3. Immediately after sanction but before execution of the loan agreement, the sanction letter should be issued to the borrower on the letter head of the Company
4. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement should be furnished to all borrowers at the time of sanction/ disbursement of loans.
5. Effective oversight and monitoring should be ensured over the digital lending platforms engaged the Company.
6. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

G. Grievance Redressal Mechanism

The company aims to provide best customer service and is consistently striving on creating a robust and efficient customer service platform. If the customers have any issues or wish to register a complaint, they can reach us at any of the following:

Grievance Redressal Phone No: +91 8078 550 444 or Email: compliance@mikhaelcapitalize.com

Step 1:

Branch: Customer can visit our branches and handover a compliant letter to the Branch Manager or any other Branch Personnel who is a nodal officer of the Grievance Redressal. The customer is advised to take an acknowledgement of receipt with date from the branch personnel he/ she is handing over the compliant letter.

In case the customer does not receive any response within the 7 days or if the customer is dissatisfied with the response received from the company, the customer may escalate the compliant to the next level as indicated below.

Step 2:

If the Customer is not satisfied with the resolution received or if the customer does not hear from the primary level in 30 days, we request customer to write our Principal Nodal Officer Mr. Jomi D Panakkal (Head of Operations) at compliance@mikhaelcapitalize.com, he is available on all working days as well as nonpublic holidays between Monday to Friday

09.30 AM to 05.30 PM on +91 8078 550 444(Call charges applicable)

Step 3:

If the customer is not dissatisfied with the resolution received or if the customer does not hear from us in 45 days, then he or she may escalate his/her grievance to the regulator at the below address:

The officer in charge, Reserve Bank of India

Department of Supervision, No: 6507, Bakery Jct Road, Nandavanam,



General

1. The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the borrower has come to the notice of the Company.
2. In the matter of recovery of loans, MIKHAEL CAPITALIZE PVT LTD. shall follow the usual measures as per the laid down guidelines and existing provisions and would operate within the legal framework and in compliance with the applicable laws and regulations.
3. The Company would not resort to undue harassment, viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. In this regard, MIKHAEL CAPITALIZE PVT LTD. has an established code of conduct for debt collection wherein our staff or any person authorized to represent the Company in collection of dues are extensively trained.
4. MIKHAEL CAPITALIZE PVT LTD.'s collection policy is built on courtesy, fair treatment and persuasion. We believe in customer confidence and long-term relationship. Our staff or any person authorized to represent us in collection of dues or/and security repossession will identify himself/herself and interact with our customers in a courteous manner.
5. We will provide our customers with all the information regarding dues and will give sufficient notice for payment of dues. All customers will be contacted ordinarily at the place of their choice, in the absence of a specified place at the residence of the customer and if the customer is unavailable at the residence, at the customer's place of business/occupation.
6. We will respect privacy of the customer and all our interactions will be in a civil manner. All assistance will be provided to our customers to resolve differences or disputes in a mutually acceptable manner, if any, regarding the dues.
7. In case of receipt of a request from the borrower for transfer of the 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 such request. Such transfer shall be as per transparent contractual terms in consonance with law.
8. The 'Vernacular Declaration' shall be taken from all the customers stating "In case you are unable to understand the contents in English Language, we request you to contact us at any of the branches or on the details as available on the website.
9. At our branches, we display the name and contact details (Telephone / Mobile nos. / Email Address) of the Grievance Redressal Officer, Regional Office of the RBI and Grievance Redressal Mechanism followed by us.

I. KYC, Appraisal, Insurance, Storage of Securities, Auction etc. pertaining to Gold Loan Business

The Company shall put in place a policy duly approved by the Board covering the following aspects as and when it is proposed to offer gold loans to customers:

1. Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied.
2. Proper appraisal procedure for jewelry accepted as collateral security.
3. Declaration shall be obtained from the borrower confirming ownership of gold jewelry.
4. All branches shall have proper storage facility of either Strong Rooms or Safes conforming to the Standards of approved make to store the jewelry in safe custody.
5. The gold items shall be periodically reviewed to ensure quality, quantity and proper storage and jewelry accepted as collateral security shall be appropriately insured.
6. The auction procedure in case of non – repayment shall be transparent and prior notice to the borrower shall be given before the auction and there shall not be any conflict of interest and the Company shall not participate in the auction held.

7. The auctioneers shall be appointed with the approval of Board.
8. The auction shall be announced to the public by issuing advertisements in at least two newspapers, one in vernacular language and another in a national daily newspaper and loan agreement shall also disclose details regarding auction procedure.
9. The policy shall also cover systems and procedures to be put in place for separations of duties of mobilization, execution and approval including dealing with fraud.

J. Review



A periodical review of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management would be undertaken by the Company.

The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner, it may be applicable to its business.

The Company shall put the above Fair Practices Code outlined hereinabove on its web site, for the information of various stakeholders. The Company would also review and refine the Code, as may be required periodically –based on its own experience and fresh guidelines, if any, to be issued by the Reserve Bank of India in this regard.