

Policy Name	Fair Practice Code (“FPC”)
Regulations	Chapter VII Fair Practices Code as laid down in Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023. (“RBI Scale based regulations”) RBI Guidelines on Fair Lending Practice - Penal Charges in Loan Account dated August 18, 2023
Review Cycle	Annually or in the event of any change in regulatory guidelines
Approver	Board of Directors of Mahaveer Finance India Limited
Latest approval/review date	12 th June, 2024
Version	Fair Practice Code as amended on 12 th June, 2024
Previous versions	Fair Practice Code as amended on 14 th February 2022
	Fair Practice Code as adopted on 30 th July, 2012

MAHAVEER FINANCE INDIA LIMITED

FAIR PRACTICES CODE

¹ The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for the NBFCs (Non Banking Finance Companies) vide Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and amendments thereafter. Mahaveer Finance India Limited has adopted this Fair Practices Code to lay down the following procedures/practices in dealing with the business transactions with the regulatory guidelines as amended from time to time.

The code also places a robust mechanism for Customer Grievance Redressal. Through this code the Company aims to adhere to the regulatory guidelines prescribed by the regulator from time-to-time.

I) 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 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 indicates the documents required to be submitted with the application form.
- c) The company shall give an acknowledgement for receipt of all loan applications. The time frame within which loan applications shall be disposed of is also indicated in the acknowledgement.

II) Loan appraisal and terms/conditions

The Company shall convey in writing to the borrower by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including the 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. The Company should mention the penal charges/penalties² charged for late payment in bold in the loan agreement.

The Company should furnish a copy of the loan agreement along with a copy of each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

¹ Reference of the Master Circular is rectified as amended from time to time (previously mentioned as Pursuant to the Notification issued by the Reserve Bank of India by its Circular No.DNBS.CC.PD.No.266/03.10.01/2011-12 dated 26th March 2012.

² Penalty shall be treated as penal charges instead of penal interest Vide circular DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023 and RBI scale-based regulations.

III) Penal charges in loan accounts³

- a) Penalty, if charged, for non-compliance of material terms and conditions as defined in the loan contract with the borrower shall be treated as 'penalties'. These penalties shall also cover charges levied on the customer for delay in payment of their overdue EMI.
- b) The quantum of penal charges is reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- c) There shall be no capitalisation 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
- d) Additional penal charges cannot be levied on the earlier outstanding amount of penal charges.
- e) The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit
- f) 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.
- g) The quantum and reason for penal charges is disclosed by NBFCs to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of NBFCs under Interest rates and Service Charges.
- h) 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 therefor shall also be communicated.
- i) NBFCs may carry out appropriate revisions in their policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date falling on or after April 01, 2024, but not later than June 30, 2024.

Charges applicable at the time of closure of the loan:

These will include pre-payment & foreclosure charges subject to RBI guidelines, repossession and other legal expenses related to recovery of over dues.

IV) Disbursement of loans including changes in terms and conditions

- a) The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall ensure that changes in interest rates and charges are affected only prospectively. The Loan Agreement contains necessary provisions to this effect.
- b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

³ Inserted vide RBI Scale based regulations.

- 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 for any other claim the Company may have against 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) General

- a) 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 new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. the Company's objection, 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.
- c) In the matter of recovery loans, consistent with its policy over the years, 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 Company's staff are adequately trained (including not to behave rudely with the customers) to deal with the customers in an appropriate manner.

VI) Repossession of vehicles financed by Company

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 shall also contain provisions regarding:

- (i) Notice period before taking possession;
- (ii) Circumstances under which the notice period can be waived;
- (iii) The procedure for taking possession of the security;
- (iv) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property;
- (v) The procedure for giving repossession to the borrower; and
- (vi) The procedure for sale/auction of the property.

A copy of such terms and conditions must be made available to the borrower.

The Company shall invariably furnish a copy of the loan agreement 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, which forms a key component of such contracts/ loan agreements.

VII) GRIEVANCE REDRESSAL MECHANISM⁴

The Company will always make an 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.

Customers who wish to lodge a complaint or report an issue may do so through the following steps:

Step 1: Registration of Complaint

1. Visit a Branch

For any complaints, customers can visit their nearest branch and discuss directly to the Branch Manager, who will be your initial point of contact.

2. Via Email

For any complaints, customers can mail their grievances on customersupport@mahaveerfinance.com.

Step 2: Escalation Mechanism

1. Primary Escalation:

If a customer is not satisfied with the resolution, he/she may escalate the complaint by contacting our Grievance Redressal Officer:

Name: Shri. M. Venkataraman, Deputy General Manager

Address: Mahaveer Finance India Limited, K.G. Plaza, 3rd Floor, 41 – 44, General Patters Road, Chennai-600002, Tamil Nadu.

Email: customersupport@mahaveerfinance.com

Phone: 044 28614477

Mobile: +91 9384883810

2. Secondary Escalation - Appeal to RBI:

If the complaint/dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of the Bank, under whose jurisdiction the registered office of the company falls is given below.

Address: Officer-in-Charge, Regional Office of Department of Non-Banking Supervision, Fort Glacis, 16, Rajaji Salai, P.B. No.40, Chennai-600001

Phone: 044-2536 1490/ 2539 9222

Fax: 044 2539 3797

Email: dnbschennai@rbi.org.in

⁴ Redefined – to be approved in the Board Meeting on 12th June, 2024

VIII) Gradation of Risks and Interest Rate Policy

This rate of interest is arrived at through Mahaveer Finance's interest rate model which takes into account relevant factors such as cost of funds, margin and risk premium. We take a comprehensive approach to the gradation of risk that does not discriminate between classes of borrowers, but rather tailors the interest rate to each loan. The decision to give a loan and the rate of interest thereon are carefully assessed on a case-by-case basis based on multiple factors which may include the borrower's cash flows (past, current and projected), borrower's other financial commitments, the borrower's credit record, the security for the loan as represented by underlying assets or other financial guarantees etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.

The company usually charges the interest rates depending upon the type of models upto 15 years. The rate depends on the asset type (New/Used). The Company charges between 9% p.a to 18% p.a. flat interest rate amounting to an IRR of 15% p.a to 30% p.a.

IX) Loan facilities to the physically/visually challenged⁵

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 shall render all possible assistance to such persons for availing of the various business facilities.

X) Language and mode of communicating Fair Practice Code:⁶

For customer convenience, Fair Practice Code and Grievance Redressal Policy are prominently displayed at all branch locations and on our company website, ensuring easy access for all our customers.

⁵ Inserted vide SBR Scale based regulations- approved in the Board meeting dated 12th June, 2024

⁶ Inserted vide SBR Scale based regulations- approved in the Board meeting dated 12th June, 2024