

FAIR PRACTICES CODE

The Company has framed its Fair Practices Code (FPC), which is in tune with the guidelines issued by The Reserve Bank of India from time to time. The code prescribes fair practice standards while dealing with the customers and to serve in the best interests of the Company. The Code is applicable to all aspects of operations of the Company. It shall be our policy to make our services available to all qualified applicants without discrimination of any kind and to treat our customers fairly. We offer all sorts of assistance and encouragement in a fair, equitable and consistent manner.

We are committed to ensure that our charges are properly and timely informed to the existing and prospective borrowers. Disputes, if any; will be resolved by the Grievance Redressal Mechanism set up within the Company. We shall ensure employee accountability at all levels of our operations. The Board and Senior Management will be responsible to ensure our commitment to fair and reasonable practices as also to ensure high quality services to our clients.

We shall ensure the fair practices in all our operations. This will be applicable irrespective of the fact that the service is provided at our branches or head office or over phone or by email.

KEY AREAS

(A) APPLICATIONS FOR LOANS AND THEIR PROCESSING

- i. All communications to the borrower will be either in English or in Vernacular language.
- ii. The application for loan will include matters/information affecting the interests 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 will indicate the documents required to be submitted with the application form.
- iii. 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 them in the sanction letter. Further the information shall also be made available in the web site of the Company. Interest rate shall always be mentioned on an annualized rate basis and shall be charged on a daily diminishing balance.
- iv. Acknowledgement will be issued to all loan applicants and the same will indicate the time within which the application will be disposed of by the Company.
- v. 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) GOLD LOAN APPRAISAL AND TERMS/CONDITIONS

- i. Company shall issue a copy of Pawn Ticket (Sanction Letter/Release Token) in Vernacular language as understood to the borrower showing the amount sanctioned and the terms and conditions applicable including annualised 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.
- ii. Company shall mention the additional interest charged for late repayment in bold in the loan agreement.
- iii. A copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all the borrowers at the time of sanction / disbursement of loans.
- iv. The loan agreement shall also disclose the details regarding auction procedure.
- v. The Company shall at all time keep adequate insurance coverage for the gold ornaments accepted as security.

(C) DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- i. The terms and conditions of the loan shall be accepted by the borrower before disbursement of the loan amount. Any change in the terms and conditions of the loan, including disbursement schedule, interest rates, service charges, prepayment charges etc. will be brought to the notice of the customer by sending notice in vernacular language as understood by the borrower. Change in interest rates and other charges will be made only prospectively and not retrospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- ii. Any 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 realisation 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 to 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.

(D) MICROFINANCE LENDING

- (i) Microfinance loans are extended to Joint Liability Groups with mutual guarantee among members.
- (ii) An orientation meeting is provided to potential members for briefing on loan product, disbursement process and procedures. Interested candidates are asked to form groups of five members of their choice and 5 to 6 such groups form a Centre, in which the company does not interfere.
- (iii) Sanctioning and disbursement of Loans shall be done through the Company's designed process. Company reserves the right to reject loan mentioning the reason thereof.
- (iv) Microfinance Loans are collateral free.
- (v) No penalty is charged for delay in repayment.
- (vi) No prepayment charges are payable.
- (vii) A borrower who is a member of one SHG financed by CCIL is not eligible for another loan as part of another SHG financed by CCIL.
- (viii) Details of borrowers would be shared to Credit Information Companies.
- (ix) Collection of applications and recovery of instalments take place in Centre meetings. Repayment details need to be got recorded by the staff in the Loan Cards issued to the borrowers immediately on collection.

(E) GENERAL

- i. The Company will not interfere 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 lender).
- ii. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise of the Company 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, the Company will not resort to any type of undue harassment viz.; persistently bothering the borrowers at odd hours, use of muscular power for recovery of loans etc. Company shall train all staff to deal with customers in a proper manner.
- iv. The Company shall state the repossession clause in the loan agreement with the borrower, wherever applicable, which shall contain provisions regarding notice period before taking

possession, circumstances under which the notice period can be waived, procedure for taking possession of the security, provision regarding final chance to be given to the borrower for repayment of the loan before auction/sale of security, procedure for giving repossession to the borrower and the procedure for sale/auction of the property. A copy of such terms and conditions shall be made available to the borrowers.

v. In the case of gold loan, in case of auction, the Company will give adequate prior notice before the auction date, which will also be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in a national daily newspaper. As a policy the Company itself shall not participate in the auctions held. The gold pledged will be auctioned only through auctioneers approved by the Board.

vi. All loans are sanctioned at the sole discretion of the Company.

(F) GRIEVANCE REDRESSAL MECHANISM

i. The Company has framed a suitable mechanism for redressal of customer grievances/ complaints. All disputes arising out of the decisions of the Company are heard and disposed of at least at the next higher level. A Grievance Redressal Committee is constituted at Corporate Office comprising of Chief Executive Officer, Chief Financial Officer, Head (Operations and Risk Management), Head Sales, Marketing & Recovery and Senior Manager (Administration). The Committee shall review the compliance of the fair practice code and the functioning of the grievance redressal mechanism on a quarterly basis. A consolidated report of such reviews shall also be submitted to the Board of Directors on a half yearly basis.

ii. The Company shall designate a Senior Officer of the Company as Grievance Redressal Officer for resolving customer complaints. Name, Phone Number and email id of the Grievance Redressal Officer shall be displayed in all branches.

iii. The Grievance Redressal Officer shall also act as the Compliance Officer to ensure compliance of Fair Practice Code.

INTEGRATED OMBUDSMAN

In case a customer complaint / dispute is not redressed within a period of one month, that is, If the Company does not reply within a period of one month after receipt of the complaint, or rejects the complaint, or if the complainant is not satisfied with the reply given, the complainant can file the complaint with the integrated Ombudsman under whose jurisdiction the company falls (email: crpc@rbi.org.in) or shall be registered on the portal (<https://cms.rbi.org.in>).

CONFIDENTIALITY

The Company shall treat all personal information of its borrowers as private and confidential and will not reveal any information to any other entity other than for regulatory/statutory matters.
