



**MONEYBOXX FINANCE LIMITED**

(Formerly Dhanuka Commercial Limited)

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# FAIR PRACTICE CODE

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## FAIR PRACTICE CODE

### 1. Introduction

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) vide Reserve Bank of India (“RBI”) Circular no. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015, thereby setting standards for fair business and corporate practices while dealing with their customers. 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.

Moneyboxx Finance Limited. (“the Company”) hereby furnishes the Fair Practices Code (“the FPC”) and seeks to amend and supersede the Code of Fair Practices framed by the Company in accordance with Reserve Bank of India guidelines issued by the Department of Non-Banking Financial Companies vide Circular number RBI/2006-07/138 DNBS (PD) CC number 80/03.10.042/2005-06 dated 28th Sept 2006, and revised to take into account amendment in the Guidelines on Fair Practice Code issued by the RBI vide Master Circular RBI/2014-15/34 DNBS (PD) CC No.388/03.10.042/2014-15 dated 1st July, 2014 on Fair Practices Code for NBFCs.

The Company's business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles. In addition, the Company will adhere to the Fair Practices Code in its functioning, the key elements of which are as follows:

### 2. Purpose

This code has been developed:

- To promote good, fair and trustworthy practices by setting standards in dealing with customers;
- To ensure transparency in the Company’s dealings with its customers;
- To ensure compliance with legal norms in matters relating to recovery of advances;
- To enable customers to have better understanding of what they can reasonably expect of the services offered by the Company;
- To reckon with market forces, through competition and strive to achieve higher operating standards;
- To strengthen mechanisms for redressal of customer grievances;

### 3. Applications for Loans and their Processing

- All communications to the borrower shall be either in English or in vernacular language or in a language as understood by the borrower.
- Loan application forms issued by the Company will include necessary information affecting the interests of the borrower, which will enable him to take an informed decision by comparing the terms and conditions with that of other similar NBFCs, and will also indicate the documents required to be executed/submitted by the borrower.
- If any additional documents/information’s are required from the Customer, the same will be communicated to the Customer immediately.
- The Company will have a system of giving acknowledgement for receipt of loan applications. The time frame within which loan applications will be disposed of will be indicated in the acknowledgement.

#### **4. Loan Appraisal and terms/conditions**

- The Company shall convey in writing to the borrower in the vernacular language or a language as understood by the borrower by means of sanction letter or otherwise, the amount of loan approved/sanctioned - along with the terms and conditions, including annualized rate of interest and method of application thereof. It would keep the acceptance of these terms and conditions by the borrower on the Company's files.
- The Company will mention the penal interest which will be charged for late repayment and / or any other default on the part of the customer, in bold in the loan agreement.
- The Company shall furnish a copy of the loan agreement along with a copy each of enclosures, quoted in the loan agreement, if any, to the borrowers at the time of disbursement of loans.

#### **5. Disbursement of Loans and changes in Terms and Conditions**

- The loan shall be disbursed on executing the necessary documents and completion of the formalities regarding creating a charge over the security offered by the borrower.
- 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 and conditions including interest rates, service charges, prepayment charges etc. The Company will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement will be in accordance with the loan agreement.
- The Company will 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 borrower. If such right of set off is to be exercised, the borrower will 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.

#### **6. Responsibility of Board of Directors:**

- The Board of Directors or the Committee thereof of Company shall lay down appropriate grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of Company's functionaries are heard and disposed of at least at the next higher level.
- The Board of Directors either through itself or by through any Committee thereof shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be appropriate.

#### **7. Grievance Redressal**

- It shall be the endeavor of the Company to improve the quality of service and redress complaints and grievances, if any, of the customers as part of Customer Relationship Management.
- Customer complaints, shall in the first instance, be logged in at the nearest branch. The designated Customer Satisfaction Executive shall be the first point of contact.

- In the event of non-disposal of complaint by the designated executive, the same shall be escalated using the escalation matrix intimated to customers so that the customer grievance is resolved speedily.
- The Company shall disclose the following at all its branches/ places where business is transacted and on its website:
  - i. the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company.
  - ii. 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 DNBS of RBI, New Delhi, under whose jurisdiction the registered office of the Company falls.

## **8. Interest Rates and Gradation of Risks:**

- The Company has adopted the following practice to comply with circular issued by Reserve Bank of India bearing no. DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009 and vide its Guidelines on Fair Practice Code for NBFCs DNBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012, DNBS (PD) CC No.388/03.10.042/2014-15 dated July 01, 2014 and subsequently DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015. Aim of adopting these practices is to communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers to have a transparent trade with customers and also to comply with the regulatory guidelines.

### **A. Interest Rate**

- Appropriate internal principles and procedures in determining interest rates and processing and other charges shall be followed in line with the approved company policies from time to time.
- The rate of interest arrived shall be based on the weighted average cost of funds, administrative costs, risk premium and profit margin.

### **B. Gradation of Risk**

- The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as the type of asset being financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset etc.
- The rate of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.
- The rate of interest informed are annualized rates so that the borrower is aware of the exact rates that would be charged to the account. The Company shall disclose the interest rates and gradation of risks on its website.

## 9. Confidentiality

- Unless authorized by the borrower, the Company will treat all personal information as private and confidential.
- The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:
  - If the Company is required to provide the information as per regulatory directives to any statutory or regulatory body or bodies.
  - If arising out of a duty to the public to reveal the information.
  - If it is in the interest of the borrowers to provide such information (eg. Fraud prevention).
  - 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.

## 10. Posting on Website

- Fair Practices Code, preferably in the vernacular language or a language as understood by the borrower shall be put up on the web-site of the Company for the information of various stakeholders.

## 11. General

- 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).
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, will 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
- In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. To avoid rude behavior from the staff of the Company, the Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner
- The Company shall not charge foreclosure charges/ pre-payment penalties on floating rate term loans sanctioned to individual borrowers.

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