



MONEYBOXX FINANCE LIMITED

(Formerly Dhanuka Commercial Limited)

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FAIR PRACTICES CODE (FPC)

MONEYBOXX FINANCE LIMITED





Summary of Version History

Policy approved by	Board of Directors
Policy reviewed by	CRO/Compliance
Policy drafted by	Head Operation
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FAIR PRACTICES CODE

Introduction

The Reserve Bank of India (RBI) issued guidelines on the Fair Practices Code for Non-Banking Financial Companies (NBFCs) via RBI Circular No. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015. These guidelines establish standards for fair business and corporate practices when dealing with customers. The Fair Practices Code aims to provide all stakeholders, particularly customers, with an effective overview of the practices followed by the Company regarding the financial facilities and services offered to its customers.

The Fair Practices Code is further updated as per the Reserve Bank of India (RBI) issued guidelines on the Fair Practices Code for Non-Banking Finance Companies (NBFCs) through its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time. These guidelines establish Fair Practices standards for dealing with individual customers and serve as part of best corporate practices. Based on these guidelines Moneyboxx Finance Limited ("the Company") has formulated this policy, known as the Fair Practices Code ("FPC").

The Company is dedicated to maintaining fair lending practices throughout all stages of its operations, including marketing, loan origination, processing, servicing, and collections. Our commitment to the Fair Practices Code (FPC) is reflected in our emphasis on employee responsibility, comprehensive monitoring and auditing programs, continuous training, and the use of advanced technology.

The Board of Directors and Management Team are responsible for implementing practices that ensure the Company's operations reflect a strong commitment to fair lending. They also ensure that all employees are aware of this commitment. The Company provides the highest quality service to its customers. The Fair Practices Code (FPC), based on the RBI Master Directions, will be established with the Board's approval.

The Company will maintain a robust grievance redressal mechanism, ensuring that the resolution of complaints is not compromised, even if any services are outsourced.

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:

1. 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;



2. 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.

3. Loan Appraisal and terms/conditions and Key Facts Statement for Loan and Advances

- The Company shall convey in writing to the borrower in the vernacular language or a language as understood by the borrower by means of a sanction letter or otherwise, the amount of loan approved/sanctioned - along with the terms and conditions, including the 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 charges 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.

4. 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. A suitable condition in this regard will be incorporated in the loan agreement.
- The 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 a 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.
- The Company shall comply with the instructions contained in the circular on 'Key Facts Statement (KFS) for Loans & Advances' dated April 15, 2024, as amended from time to time.

5. Disclosure regarding loan repayment

- The Company shall clearly specify the exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. in the loan agreement and the borrower shall be apprised of the same at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan. In cases of loan facilities with moratorium, the exact date of commencement of repayment shall also be specified in the loan agreements.

6. Penal charges

- Penalty, if any charged for non-compliance with the material terms and conditions of the loan contract by the borrower, it will be treated as 'penal charges' and not as 'penal interest' added to the interest rate on the advances. There will be no capitalization of penal charges, meaning no further interest will be computed on such charges. However, this will not affect the normal procedures for compounding interest in the loan account. The Company will introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- The Company will formulate an Interest Rate Policy/model, which includes policy on penal charges or similar charges. 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.
- The penal charges in case of loans sanctioned to individual borrowers shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions. The quantum and reason for penal charges shall be disclosed in the loan agreement, Key Fact Statement (KFS) and on the website (under Interest rates and Service charges). The Company shall implement a process to ensure that whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall also be communicated. Any instance of levy of penal charges and the reason, therefore, shall also be communicated.

7. 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.

8. Grievance Redressal

The Company is covered under the RBI's Integrated Ombudsman Scheme for Non-Banking Financial Companies, 2021, the Company shall update its Client grievance redressal mechanism and shall appoint a Grievance Redressal Officer of the Company, who shall be responsible for representing the Company and furnishing information on behalf of the Company in respect of complaints filed against the Company. 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 addition to our branches, customers can also lodge their complaint(s) directly via customer support email & contact number as specified in our Loan documents and Company website i.e. www.moneyboxxfinance.com
- 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.

9. Regulation of excessive interest charged:

- 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, which is further updated as per Scale Based Regulations, 2023 which aims 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 Board of Directors of the Company shall adopt an interest rate model or internal principles and procedures taking into account relevant factors such as cost of funds, margin and risk premium in determining interest rates and processing and other charges to be charged for loans and advances.
- 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 which shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company.
- 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.

10. 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 information as per legal, 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.



11. 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 website of the Company for the information of various stakeholders.

12. Consumer Education

- To help increase awareness among our borrowers, the Company will place consumer education literature on its websites, explaining, with examples, the concepts of date of overdue, SMA and NPA classification and upgradation.
- The Company shall also display such consumer education literature in its branches by means of posters and/or other appropriate media. Further, the Company shall also ensure that its front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans.

13. 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 borrower 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

14. Feedback and Suggestions

We continuously strive to improve our services and provide you with the best experience possible. We kindly request your feedback and suggestions on the services of the Company to help in improving the services offered.

15. Monitoring

The Company has appointed a Grievance Redressal Officer to ensure compliance with the Company's internal auditing procedures and review of the compliance of the FPC including the grievances redressal mechanism that will be done by the management regularly and a consolidated report will be submitted to the Board of Directors periodically.
