

**BIZLOAN PRIVATE LIMITED**

**FAIR PRACTICES CODE**

**Version Control**

<b>Version</b>	<b>Adoption/ Amendment Date by Board</b>	<b>Prepared / Changed by</b>	<b>Last Review Date</b>
1.0	October 07, 2024	Legal & Compliance	N.A.

## **FAIR PRACTICES CODE**

### **1. INTRODUCTION**

This fair practices code (“**Fair Practices Code**” or “**FPC**”) aims to provide to all those who will be associated with Bizloan Private Limited (“**Company**”) with the information about the practices followed by the Company in respect of the financial facilities, loans and services provided by it, which will facilitate its customers/borrowers to take informed decisions in respect of the financial facilities and services to be availed of by them. The Fair Practices Code will apply to any facility, loan or service that Company may provide.

The Company has adopted the Fair Practices Code pursuant to the requirements of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**SBR Directions**”), as updated from time to time. The Company will update the FPC to conform with the standards that may be prescribed by the Reserve Bank of India (“**RBI**”) from time to time. The Company would abide by this FPC following the spirit of the FPC and its applicability to its business.

The FPC has been approved by the Board of Directors of the Company and will be disclosed on the Company’s website in English, along with copies of the same in regional and vernacular languages also being made available on request.

### **2. KEY OBJECTIVES**

- a) The Company will conduct its business in accordance with prevailing rules and regulations and corporate governance principles.
- b) The Company’s dealings with its customers will rest on the principles of fairness, transparency, and honesty.
- c) The Company will assist its customers in understanding the features of its financial products and will provide them with key terms and conditions governing sanction of credit facilities.
- d) The Company will promote fair and cordial relations with its customers/borrowers.

### **3. DOCUMENTATION**

- a) The language for all communication with customers/borrowers of the Company will be in a language as understood by the customers/borrowers, or in a vernacular language, wherever required.
- b) The loan application forms will *inter alia* include the necessary information which affects the interest of the customer/borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the customers/borrowers.
- c) The loan application form will indicate the documents required to be submitted by the customers/borrower. It should also indicate the rate of interest that will be charged to different categories of borrowers.
- d) An acknowledgement will be provided for all loan applications. The Company should indicate the approximate time frame within which the loan application will be processed post the submission of a completed loan application form, and the borrowers will be informed about the status of their loan applications within reasonable time. In case of specific app-based/paperless loans, the Company will convey the acknowledgement along with relevant details through email to the registered email address of the customer/borrower.

### **4. LOAN APPRAISAL AND TERMS & CONDITIONS**

- a) The loan applications will be subject to the Company's credit appraisal process and a due diligence on the creditworthiness of the customers/borrowers, which will form an important parameter for taking a decision on a loan application.
- b) The Company will convey in writing to the customers/borrowers by means of a sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including the annualized rate of interest and method of application thereof.
- c) The Company will keep on its record the acceptance by the customers/borrowers of the terms and conditions governing the loan.
- d) At the time of sanction/disbursement of loans, Company would furnish to all customers/borrowers a copy of the loan agreement, as understood by the borrower along with a copy of all enclosures mentioned in the loan agreement.
- e) The loan agreement must expressly stipulate the penal charges payable by the borrowers for late payment / repayment of dues, in bold.

## **5. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

- a) The Company will follow its internal guidelines and procedures for determining and ensuring that the interest rates and processing and other charges levied on the borrowers are not excessive.
- b) The disbursement will be initiated upon compliance with all the terms and conditions of sanction of loan by the customers/borrowers. The Company will give notice to the customers/borrowers in vernacular language, or a language as understood by the customers/borrowers of any change to the terms and conditions, including the disbursement schedule, interest rates, service charges, pre-payment charges, etc.
- c) Changes in the interest rates and other charges would be affected prospectively other than under circumstances arising from regulatory instructions. A suitable condition in this regard must be incorporated in the loan agreement.
- d) Any decision to recall or accelerate payment or performance under the agreement would be in consonance with the provisions of the loan agreement.

## **6. PENAL CHARGES IN LOAN ACCOUNTS**

- a) The Company will follow the instructions set out in its Policy on Penal Charges.
- b) 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.
- c) 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.
- d) The quantum and reason for penal charges will be clearly disclosed to the customers/borrowers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on the Company's website under Penal Charges Policy.
- e) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges will be communicated. Further, any instance of levy of penal charges and the reason therefor will also be communicated.

## **7. RELEASE OF SECURITIES**

- a) The Company will release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 (thirty) days after full repayment/settlement of the loan account.
- b) The borrower will be given the option of collecting the original movable/ immovable property documents either from the branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.
- c) The timeline and place of return of original movable/immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.
- d) In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company has a well laid out procedure for return of original movable/immovable property documents to the legal heirs.
- e) In case of delay in releasing of original movable/immovable property documents, the Company will communicate to the borrower reasons for such delay and the expected time for resolution through call, email, e-message (SMS, WhatsApp, etc.).
- f) In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company will assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and will bear the associated costs.

## **8. GENERAL**

- a) The Company would refrain from interference in the affairs of the customers/borrowers, except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customers/borrowers has come to the notice of the Company).
- b) In case of a request from the borrower for transfer of the loan account to another NBFC, bank or financial institution, the Company will convey its decision within 21 (twenty-one) days from the date of receipt of request. Such transfer would be in accordance with the contractual terms entered into with the borrower and in consonance with law.
- c) In the matter of recovery of loans, Company will not resort to undue harassment, i.e. persistently bothering the borrower at odd hours, using muscle power for recovery of loans, etc. The Company will also ensure that its employees / recovery agent(s) are properly trained to deal with customers in an appropriate manner.
- d) The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligor(s).
- e) The Company may arrange to enforce the security provided, if any, by delinquent customers/borrowers. In all such instances, the Company shall ensure that the entire process of enforcing its security, valuation and realization thereof is fair and transparent.

## **9. INTEREST RATE**

- a) The Company has adopted an Interest Rate Policy and laid down appropriate internal guidelines and procedures for determining interest rates and processing and other charges, keeping in view the guidelines indicated in the SBR Directions.
- b) The Company will ensure that it does not unduly charge excessive interest rates to its borrowers. The interest rate for its customers/borrowers would be arrived at taking into account relevant factors such as the risk premium, margin, risk profile of the customers/borrowers, interest rate trends prevailing in the money market, cost of funds, primary and collateral security offered by customers/borrowers, structure of the deal, interest rate charged by competitors and the historical track record of the customers/borrowers with Company.

- c) The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers will be disclosed to the borrower/customer in the application form and/or communicated explicitly in the sanction letter.
- d) The rate of interest would be annualized so that the borrower is aware of the exact rates that would be charged to the account.
- e) The Company will ensure that the rates of interest and the approach for gradation of risks will also be made available on the website of the Company. The information published on the website or otherwise published will be updated whenever there is a change in the rates of interest.

## **10. GRIEVANCE REDRESSAL MECHANISM**

Grievances, if any, will be dealt with in accordance with the policy on Grievance Redressal Mechanism adopted by the Company. Please refer to the Grievance Redressal Mechanism adopted by the Company at this link: [www.bizloanindia.com](http://www.bizloanindia.com).

## **11. OMBUDSMAN SCHEME**

The Company is subject to the provisions of the Reserve Bank – Integrated Ombudsman Scheme, 2021 (RB-IOS). Accordingly, the Company will appoint a Nodal Officer and a Principal Nodal Officer in accordance with directions provided under the said Scheme. The details of the Nodal Officer and Principal Nodal Officer will be available on the website of the Company, or places where business is transacted by the Company.

## **12. CONFIDENTIALITY, PRIVACY, DATA PROTECTION AND NON-DISCRIMINATION**

- a) The Company will treat all personal information of customers as private and confidential and in accordance with its privacy policy will not divulge any information to a third person unless required by any law or government authorities including regulators or a credit agency or where the sharing of information is permitted by the customer.
- b) The Company will not discriminate its customers on the basis of race, caste, gender, marital status, religion or disability, and shall render all possible assistance to persons with disabilities for availing of the various business facilities. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for employees at all levels. However, the restrictions (if any) as mentioned in the loan products will continue to apply.

## **13. KNOW YOUR CUSTOMER (KYC)**

- a) The Company would explain the requirements of KYC Guidelines to its customers and inform them about the documents required for establishing the identity of the customer before loan sanctioning, account opening and operation.
- b) The Company would obtain only such information that is required to meet with the Company's KYC, anti-money laundering or any other statutory requirements. In case any additional information is asked for, it will be sought separately and will specify the objective of obtaining such additional information.

## **14. GUARANTORS**

When a person is considered to be a guarantor to a loan, the Company will inform him/her of the following under acknowledgement:

- (i) Letter/Deed of Guarantee stating the terms of liability as a guarantor.

- (ii) Company will keep him/her informed of any default in servicing of the loan by the borrower to whom he/she stands as a guarantor.

#### **15. COMPLIANCE WITH THE FPC**

- a) An annual review of compliance with the FPC and the functioning of the grievance redressal mechanism will be conducted by the Board of Directors of the Company. A consolidated report of such review shall be placed before the Board of Directors every year.
- b) Further, the FPC will be reviewed on periodical basis and will be updated, as and when changes are required to be made, with the approval from the board of directors of the Company.