

**POLICY ON
FAIR PRACTICES CODE
FOR
NEUZEN FINANCE PRIVATE LIMITED
(FORMERLY KNOWN AS UMANG TRADING PVT. LTD.)**

Fair Practices Code

Summary of Policy

Policy Name	Fair Practices Code
Policy Type	D – Department B – Board M – Management D – Department
Related policies and regulations	RBI Guidelines on Fair Practice Code.
Review cycle	AN – OT AN – Annually QT – Quarterly MO – Monthly OT – Other, i.e. upon regulatory change, new products/business, etc.
Owner / Contact	Neuzen Finance Private Limited
Approver	Board of Directors of Neuzen Finance Private Limited
Annexures	None
Appendices	Appendix A – Policy Review History
Circular	DNBS (PD) CC No.340 / 03.10.042 / 2013-14 dt 1st July'13.

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1.0 INTRODUCTION

Preamble

FAIR PRACTICES CODE (“FPC”) has been devised by **Neuzen Finance Private Limited (NFPL)** (formerly known as Umang Trading Pvt. Ltd.) with an endeavor to achieve synchronization of best practices when the company is dealing with all the stakeholders viz Customers, employees, vendors in India.

Neuzen Finance Private Limited has a responsibility to ensure that its affiliates operate in a way that aligns the interests of stakeholders as stated. Their endeavor towards stakeholders includes a commitment to the communities in which their businesses operate and also includes a responsibility for ensuring that those businesses operate according to the highest legal and ethical standards Neuzen Finance Private Limited would strive to provide valuable inputs to the stakeholders and facilitate effective interaction with the company and ensure utmost transparency.

The Company’s Fair lending practices shall apply across all aspects of the operations including marketing, loan origination, processing, servicing and collection activities. NFPL’s commitment to Fair Practice Code would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company’s Board of Directors and the Business Team is responsible for establishing practices designed to ensure that NFPL’s operations reflect their strong commitment to fair lending and that all employees are aware of that commitment. NFPL is committed to providing service of the highest quality to its clients.

This Fair Practices Code applies to all categories of products and services offered/to be offered by us. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method.

Key Aspects:

The essence of FPC lies in the following and NFPL would strive to follow them:

- To provide professional, efficient, courteous, diligent and speedy services.
 - Not to discriminate on the basis of religion, caste, sex, descent in any manner.
 - To be fair and honest in advertisement and marketing of Loan Products.
 - To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
 - If sought, to provide such assistance or advise to customers applying for loans.
 - To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.
 - To comply with all the regulatory requirements in good faith.
 - To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representation from the company.
- Seek to grow and improve the companies to which NFPL lends for long-term sustainability and to benefit multiple stakeholders, including on environmental, social and governance issues. To

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that end, Board of Directors shall work through appropriate governance structures with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.

- Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.
- Remain committed to compliance with applicable national, state, and local labour laws; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.
- Respect the human rights of those affected by the lending activities and seek to confirm that the funds do not flow to companies that utilize child or forced labor or maintain discriminatory policies.
- Ensure compliances relating to Indian laws relating to fair practices as may be prescribed under NFPLs policies and practices.

2. GUIDELINES ON FAIR PRACTICE CODE FOR NFPL

2.1 Applications for loans and their processing

- (i) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower/ preferable language will be English.
- (ii) Proposals should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NFPLs can be made and informed decision can be taken by the borrower. The said proposal may indicate the documents required to be submitted.
- (iii) The NFPLs should devise a system of giving acknowledgement for receipt of all proposals. Preferably, the time frame within which proposal will be disposed of should also be indicated in the acknowledgement.
- (iv) As part of the process, NFPL provides all necessary information to the customer alongwith the term sheet/proposal as the case may belike fees/Charges, if any, payable for processing, the amount of such fees refundable in the case of non acceptance of proposal, pre-payment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customerso that a meaningful comparisonwith the terms and conditions offered by other NFPL can be made and informed decision can be taken by the customer.This would ensure utmost transparency. Besides, the customer shall be given all the necessary information adequately explaining the range of loan products available with NFPL to suit his needs.

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Time Frame for Disposal of Proposal

S. No.	Category of Customer and Size of Limit	Time norms for disposal after Submission of all required papers / information sought by the NFPL.
i.	For all categories of customers and for any amount of Loans	Time period upto 30 days or such time as mutually agreed upon with customer.

- (v) On exercise of choice, the customer would be given the relevant information about the loan product of its choice.
- (vi) The Customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily.
- (vii) The Customer would be informed of the names and phone numbers of office and the persons whom he can contact for the purpose of loan to suit his needs.
- (viii) The Customer would be informed the procedure involved in servicing and closure of the loan taken. When the proposal is submitted by the Customer having complied with the requisite formalities, they shall be informed of the time frame within which the proposal is likely to be disposed off by NFPL. NFPL shall ensure that the Customer is supplied with sufficient information to enable them to make informed decisions.

2.2 Loan appraisal and terms/conditions

- (i) NFPL should convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including monthly/quarterly/annualized rate of interest (depends on each case) and method of application thereof and keeps the acceptance of these terms and conditions by the borrower on its record. Any query received against the terms/conditions will generally pertain to charging of high interest / penal interest, NFPL shall mention the penal interest charged for late repayment in bold in the loan agreement.
- (ii) It is understood that in a few cases, borrowers at the time of sanction of loans are not fully aware of the terms and conditions of the loans including rate of interest.
- (iii) Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the NFPL and the borrower with regard to the terms and conditions on which the loan is granted.
- (iv) NFPL is therefore, advised to furnish a copy of the loan agreement preferably in the vernacular/English language as understood by the borrower along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.
- (v) NFPL shall scrutinize the information submitted by the applicant and additional data, if any, required should be called promptly to facilitate expeditious disposal of the loan.
- (vi) If the customer is found indulging into activities which are harmful to the environment, public health, safety, non committed to compliance with applicable national, state, and local labour

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laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and healthy workplace in conformance with national and local laws; or finds that funds are being utilized for child or forced labour, the loan application shall be rejected.

NFPL conveys in writing to the customer by means of sanction letter or otherwise,

- (i) the amount of loan sanctioned along with the terms and conditions including monthly/quarterly/annualized rate of interest (depends on each case),
- (ii) details of the default interest / penal interest rates (24% p.a.) and the charges payable by the customers in relation to their loan account and method of application thereof and
- (iii) terms and conditions and other caveats governing the credit given by NFPL arrived at after negotiation
- (iv) all other information which is relevant from the point of view of the transaction and all the parties involved.
- (v) a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to the customer.
- (vi) ensure disbursement of the loan sanctioned within 30 days from the date of compliance with all terms and conditions governing such sanction.

All the above information shall be in writing and shall be duly approved by the customer and certified by the authorized Official of NFPL. (***Refer NFPL Interest Rate Policy***).

2.3 Types of Fees/Charges being levied and the stage at which the same is levied, refund of process fees in case of Non – Acceptance of Application

- (i) All the fees / charges / interest would be payable as per mutual agreement.
- (ii) Syndication fees for cases where NFPL acts as arranger for loan shall be set out in the individual engagement letters.

2.4 Disbursement of loans including changes in terms and conditions

- (i) NFPL shall give notice to the customer of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- (ii) Changes in the interest rates and charges shall be effected prospectively. A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- (iii) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (iv) NFPL should 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 NFPL may have against 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 NFPL are entitled to retain the securities till the relevant claim is settled/paid.

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- (v) All communication like acceptances (including for amendments or addendums) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of 8 years.

2.5 Post disbursement supervision

- (i) NFPL assures that Post disbursement supervision is constructive and the genuine difficulties which the customer may face is given due consideration.
- (ii) Refrain from interference into the customer's business affairs except on what is in terms of sanction of loan, loan agreement or when new information comes to NFPL's knowledge.
- (iii) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (iv) Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, NFPL shall give notice to customers in consonance with the loan agreement.
- (v) NFPL 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 NFPL may have against customer. If such right of set off is to be exercised, the customer shall be given notice about the same with full particulars about the remaining claims and the conditions under which NFPL is entitled to retain these securities till the relevant claim is settled / paid.
- (vi) Provided further that if the customer is found indulging into activities which are harmful to the environment, public health, safety, non committed to compliance with applicable national, state, and local labor laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, or finds that funds are being utilized for child or forced labor, are considered adequate grounds for NFPL to unilaterally recall the loan.

2.6 Financial Difficulties

- (i) NFPL will consider following cases of financial difficulty sympathetically and positively. The customer will usually identify problems first and should let NFPL know as soon as possible. This list gives a few examples of what may concern NFPL:
 - a) If there is a stoppage/ suspension of work for an unreasonably long time.
 - b) If the customer suddenly loses a business partner or co - promoter or a key customer or employee.
 - c) If the customer sell a large part of its business.
- (ii) NFPL will not consider following cases of financial difficulty sympathetically and positively. The customer will usually identify problems first and should let NFPL know as soon as possible. This list gives a few examples of what may concern NFPL:
 - a) If the customer uses credit facility/ies for purposes other than those agreed with NFPL or divert the funds for purposes other than intended business.
 - b) If the customer does not service interest at prescribed intervals.
 - c) If the customer fails to adhere to the agreed loan repayment schedule.

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- d) If the customer does not honor bills drawn by its suppliers frequently.
- e) If the book debts/debtors size is increasing not in consonance with turnover in the account.
- f) If the customer does not comply with conditions set out in the loan agreement.
- g) If the customer does not furnish agreed information on time.
- h) If another creditor brings a winding-up petition or other legal action against the customer's business.

NFPL will undertake reasonable steps to assist the customer in his endeavor including helping to develop a plan for dealing with the financial difficulties.

NFPL may request for additional more financial information /commitments to help work together to understand the customer problems.

2.7 Restructuring

- (i) NFPL will consider a nursing/ debt restructuring program in case the account remains substandard for over six months, or the unit of the customer is considered to be sick.
- (ii) If NFPL cannot reach an agreement, it will make it clear that it is unable to continue to support and advise when it will withdraw the support.

2.8 Collection of Dues

If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by doing the continuous follow up.

NFPL collection policy is built on courtesy, fair treatment and persuasion. It believes in fostering customer confidence and building long-term relationship and would put in best efforts to achieve them.

Any person authorized to represent NFPL in collection or/and security repossession would be subjected to due diligence and they would follow the guidelines set out below:

- (i) Customer would be contacted ordinarily at the place of business/occupation and if unavailable, at the place of residence or in the absence of any specified place, at the place of authorized representative's choice.
- (ii) Identity and authority to represent would be made known at the first instance.
- (iii) Customer privacy and dignity would be respected.
- (iv) Interactions would be in a civil manner.
- (v) Normally NFPL representatives will contact during business hours, unless the special circumstances of customer business or occupation require otherwise.
- (vi) Customer's requests to avoid calls at a particular time or at a particular place would be honored to the extent it is considered reasonable.
- (vii) Time and number of calls and contents of conversation would be documented.

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- (viii) All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

2.9 Prepayment options for the customer

Pre-payment options available to the customer and the penalty payable shall be mutually agreed as a case to case basis.

2.10 Information Secrecy

All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, Reserve Bank of India, other banks and financial institutions and any other state, central or other regulatory body.

Customer information would be revealed only under the following circumstances, namely;

- (i) If NFPL is compelled by law
- (ii) If it is in the Public Interest to reveal the information
- (iii) If the interest of NFPL to require disclosure.

2.11 General

- (i) NFPL should 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 lender).
- (ii) In the matter of recovery of loans, the NFPL should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies. NFPL shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- (iii) In case of receipt of request for transfer of customer or customer account, either from the customer or from a lender which proposes to take-over the account, the consent or otherwise i.e. objection of the NFPL, if any, should 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.

2.12 Advertising, Marketing and Sales

- (i) NFPL will make sure that all advertising and promotional material is clear.
- (ii) In any advertising in any media and promotional literature that draws attention to any service or product and includes a reference to an interest rate, NFPL will also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request.
- (iii) If NFPL avails of the services of third parties for providing support services, NFPL will require that such third parties handle customer's personal and business information (if any available to such third parties) with the same degree of confidentiality and security as it would.
- (iv) NFPL may, from time to time, communicate to customer's new features of products availed by them. Information about other products or promotional offers in respect of NFPL

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products/services, shall be conveyed only if the customer has given consent to receive such information/ service.

- (v) Direct Selling Agencies (DSAs) whose services NFPL may avail to market its products/ services will require them to identify themselves when they approach the customer for selling NFPL products.
 - a. In the event of receipt of any complaint from the customer that NFPL representative/courier or DSA has engaged in any improper conduct or acted in violation of this Code, NFPL shall take appropriate steps to investigate and to handle the complaint and to make good the loss.

2.13 Regulation of excessive interest charged by NFPLs

The rate of interest would be communicated to customer & same should be annualized rates (depends on each case), so that the borrower is aware of the exact rates that would be charged to the account.

2.14 Complaints about excessive interest charged by NFPLs

The Reserve Bank has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by NFPLs. Though interest rates are not regulated by the Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

Boards of NFPLs are, therefore, advised to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

2.15 Grievance Redressal Mechanism (GRM)

The Board of Directors of NFPL has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the company are heard and disposed off at least at the next higher level. The Customer shall be informed of the GRM followed by NFPL. The Customer shall be entitled to approach the Local Compliance Officer (presently Mr. Shubham Rajesh Agrawal) at any time during the term of the loan. The Local Compliance Officer shall ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within a period of 7 working days or is not capable of being resolved then the Customer shall be informed appropriately at the earliest opportunity. All communication in relation to the GRM shall be in writing.

The Board of Directors 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 is to be submitted to the Board at regular intervals, as may be prescribed by it.

The above Fair Practice Code shall to be put up on NFPL web-site for the information of various Stakeholders.