

MPOKKET FINANCIAL SERVICES PRIVATE LIMITED

FAIR PRACTICE CODE

INTRODUCTION

The Fair Practice Code (FPC) aims to provide its borrowers an effective overview of the practices followed by the Company and to enable borrowers to take informed decisions in respect of the financial facilities and services offered by the Company. The Code covers the general principles on adequate disclosures on the terms and conditions of the loan and the procedures to be followed when dealing with the borrowers.

Mpokket Financial Services Private Limited (“MFSPL” or “the company”) is a company incorporated under the provisions of the Companies Act, 2013. It is Non-Banking Finance Company (“NBFC”) registered with Reserve Bank of India (“RBI”) presently engaged in the business of providing unsecured personal loans to young student and salaried professionals through digital lending app “mPokket”.

The Company has framed and adopted this Fair Practise Code (“**Code**” or “**FPC**”) which sets out the principles for fair practice standards when dealing with customers in accordance to the RBI guidelines issued and as modified from time to time. Accordingly, to ensure compliance with the directions of the Bank, the Code duly approved by the Board of Directors is adopted for implementation. This FPC applies to the all categories of products and services offered by the Company through digital lending platform (currently offered or which may be introduced at a future date). The Code is applicable under a normal operating environment except in the event of any force majeure.

The Company shall make appropriate modifications in the FPC (as and when required) to conform to the standards that may be prescribed by the RBI from time to time.

OBJECTIVES

The code has been developed with an objective:

- i. To promote good, fair and trustworthy practices by setting minimum standards in dealing with customers.
- ii. To enable greater transparency for customers in having a better understanding of the product, taking informed decisions and reasonably expect of the services.
- iii. To ensure compliance with legal norms in matters relating to recovery of advances.
- iv. To ensure building customer confidence in the Company.
- v. To promote a fair and cordial relationship between customer and the Company.
- vi. To strengthen mechanisms for redressal of customer grievances.

FAIR PRACTICES CODE

The Company's business would 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 would adhere to the Fair Practices Code in its functioning and the key commitments to its customers are as follows:

- The Company shall act fairly and reasonably in all their dealings with customers by:

- Meeting the commitments and standards in this Code, for the products and services the Company offers and, in the procedures, and practices its staff / employees follows;
 - Making sure that Company's products and services meet relevant laws and regulations in force in India;
 - Company's dealings with customers will rest on ethical principles of integrity and transparency
- Deal quickly and sympathetically with things that go wrong by:
 - Correcting mistakes;
 - Handling customer's grievances quickly; and
 - Telling customers' how to take their complaint forward if they are still not satisfied with the resolution.
 - Publicize this Code by displaying it on Company's website (www.mpocketfinancial.in) and have copies available for customer on request.

Disclosure to Customers:

The Company shall help customer choose products and services, which meet their needs and give them clear information explaining the key features of the services and products of the Company they are interested in. It shall inform customers about the documentary information the Company needs from them to establish customer's true identity and address and, other documents to comply with legal and regulatory requirements vis-à-vis "*Know Your Customer*". It would provide information on annualised interest rates, fees and charges

Applications for loan and their processing

Loan application forms shall include necessary information, which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and the borrower can take an informed decision. The loan application form shall indicate the documents required to be submitted with the application form. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower. In case of digital lending products, the sanction letter will be accompanied by a standardised Key Fact Statement (KFS), providing information about the APR, recovery mechanism, details of grievance redressal and the various applicable charges and fees in respect of the proposed loan.

MFSP shall devise a system of giving acknowledgement for receipt of all loan applications. The Company before sanctioning the loan would assess the ability of the borrower to repay the loan, to do so it will consider all the documents submitted and the information provided to verify the credit worthiness of the customer which will be an important parameter for taking decision on processing of the loan application and evaluate the proposal at its sole discretion, in line with the Company's internal policies, norms and procedures in respect thereof. In general, and as a matter of policy & customer service, loan applications are sanctioned / rejected immediately.

Loan Appraisal and Terms/Conditions

All communications to the borrower will be in vernacular language or a language as understood by the borrower. MFSP shall convey in writing over an email to the borrower in English or any vernacular by means of Key Fact Statement, Loan Agreement and sanction letter or otherwise indicating the amount of loan sanctioned, along with the most important terms and conditions(available at company's website <https://www.mpocketfinancial.in/mitp/>) including amount of annualized rate of interest, fees and

charges, overdue interest, tenure of loan, commencement date, repayment installments, repayment date etc. and shall keep the acceptance of these terms and conditions by the borrower on its record.

MFSPPL would verify the loan applications within a reasonable period of time and if additional details / documents are required, it would intimate the borrowers immediately.

MFSPPL shall furnish copy of digitally signed loan agreement preferably in a vernacular language or in English language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of disbursement of loans. Upon execution of the loan contract it shall share the digitally signed documents such as KFS, loan application form, sanction letter, terms and conditions, privacy policies of the LSP of DLA to the registered email/ SMS of the borrower.

It shall mention the penal interest charged for late repayment in bold in the loan agreement and Sanction Letter and any interest, charge or fee other than those specified in the sanction letter or KFS shall not be levied and binding upon the borrower.

Disbursement of Loans including Changes in Terms and Conditions

At MFSPPL, we value openness and transparency in the system. The Company shall keep the customers informed in the language as understood by the borrower, in the event of any modification in terms and conditions - including disbursement schedule, interest rates, penal interest, service charges, prepayment charges etc. and other changes material to customer's relation with MFSPPL. Any changes in interest rates and charges shall be effected only prospectively and would be given favourable notice. A suitable provision in this regard would be incorporated in the loan agreement. Unless otherwise permitted or required under applicable regulations or statute, complete disbursement of the loan amount shall be made strictly to the borrower's bank account without any pass through accounts.

Recovery of Loan

1. Whenever loans are given, Company would explain to the customer the repayment process by way of amount, tenure and periodicity of repayment mentioned in the EMI Schedule. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending the borrower notices over email or through calls or SMS or causing Collection agents from authorized collection agencies (whose information will be intimated to such customers beforehand).
2. Company staff or any person or any third party authorized to represent the Company in collection of dues shall identify himself / herself as the authorized representative of the company and upon request, display his/her identity card issued by the Company/ authorized an authorized person/ agency under authority of the Company.
3. Company shall provide the customers with all the information regarding overdue. The staff shall be adequately trained to deal with the customers in an appropriate manner. Any repayment, collection or recovery shall be made only via DLA or repayment link sent to the customer registered contact by the company effectually the amount being in the bank account of the Company, without any pass-through accounts.
4. During visits to customer's place by the person authorized by Company for dues collection or/and security possession/repossession the following guidelines shall be followed:
 - i. Customer would be contacted ordinarily at the place of his / her choice absence of any specified place at the place of his / her residence and if at his / her residence, at the place of business / occupation.
 - ii. Identity and authority to represent the Company shall be made known at the first instance.
 - iii. Customer's privacy should be respected.

- iv. Interaction with the customer shall be in a civil manner.
- v. The Company or its authorised person will not use threatening or abusive language and will not threat of use of violence or other similar means to harm the borrower or borrower's family/asset/reputation. The Company or its authorised person will not harass the relatives, friends or co-worker of the borrower.
- vi. The Company representatives shall contact the customers between 08.00 am and 7.00 pm unless the special circumstances of the customer's business or occupation may otherwise so require.
- vii. The Company will not publish the name of the borrowers.
- viii. All assistance should be given to resolve disputes or differences in a mutually acceptable and orderly manner.
- ix. During visits to customer's place for dues collection, decency and decorum shall be maintained.
- x. The board approved collections policy of the Company shall be adhered in the collection process.

General

A. Non-Interference:

The Company shall refrain from interference in the affairs of the borrower except for the purposes provided for 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).

The Company will be accountable for inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal

B. Recovery Process:

If any recovery proceedings need to be initiated, these shall be conducted in accordance with the company's policies and rights provided under the Agreement and also in accordance with legally accepted norms. MFSPL staff or any person authorized to represent the Company including the Lending Service Provider "LSP" in collection of dues shall identify himself / herself. In the matter of recovery of loans, the Company, its agents and its LSP shall ensure that they do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the borrowers' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

C. The Company may not reveal transaction details of the borrowers to any other persons except under the following circumstances:

- The information is required to be disclosed by any applicable law, any direction, request or requirement of Government authority.
- The information is required by the auditor, professional advisors, agents or any third-party service providers of the lenders who are under duty of confidentiality.
- The information is required by any person with which the lender may enter into any transfer, assignment, participation or other agreements.
- If the information is required by other banks if the borrower has availed any facility from them or any credit information bureau.

- D. In case of loans sourced through digital lending platforms, the Company shall ensure the following -
- Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company;
 - Digital lending platforms engaged as agents shall disclose upfront to the customer that they are interacting with the customer on behalf of the Company;
 - Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company;
 - Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company;
 - The Company shall take steps to create awareness about its grievance redressal mechanism.

Foreclosure charges/ Pre-payment penalties on floating rate term loans:

As a measure of customer protection and to bring uniformity with regard to pre-payment of loan, the company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

Grievance Redressal Officer

A grievance redressal mechanism within the organization have been set up to resolve disputes arising in this regard. This mechanism will ensure that all the disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level. The details of grievance redressal policy and grievance redressal officer is available on the Company website "<https://www.mpocketfinancial.in/grievance-redressal-policy/>" and the link of the same shall be sent to the borrowers over an email.. The name and contact details of the Grievance Redressal Officer (GRO) of the Company as given below and shall be prominently displayed at the offices/branches of the company where the business is transacted:

Grievance Redressal Officer	:	Raktim Addya
Address	:	PS Srijan Corporate Park, Unit -1204, Tower-1, Plot G-2, Street No. 25, GP Block, Sector V, Kolkata – 700091
Tel no.	:	+91-9748528353
Email ID	:	grievance@mpocket.com

If the grievances / complaints are 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 at 15, Netaji Subhash Road, Kolkata-700 001 STD Code: 033- 22304981.

Company ensures that it and the LSPs' engaged by it shall have a suitable grievance redressal officer to deal with digital lending related complaints/ issues raised by the borrowers. Such grievance redressal officer shall also deal with complaints against their respective DLAs. Contact details of such officers shall be displayed on the website of the Company, its LSPs and on DLAs prominently and also in the KFS provided to the borrower. Further, information on the mode of lodging complaint shall also be available on the DLA and on the website. It is reiterated that responsibility of grievance redressal shall continue to remain with the Company.

KNOW YOUR CUSTOMER GUIDELINES

MFSP shall 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.

It would obtain only such information to meet with 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 shall specify the objective of obtaining such additional information.

INTEREST CHARGED:

To ensure that the Customers are not charged excessive interest rate and charges on loans and advances by the company, the Board of the company has adopted a Policy for determining Interest Rates, Processing and Other Charges. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be as per the Interest Rate Policy. Interest Rate Policy can be accessed at <https://www.mpocketfinancial.in/interest-rate-policy/>.

The Company had laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.

The Company would adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances.

WIDE DISSEMINATION AND PERIODIC REVIEW

The Company shall put the above Fair Practices Code outlined hereinabove on its web site, for the information of various stakeholders. The Company would also review and refine the Code, as may be required periodically - based on its own experience and fresh guidelines, if, any, to be issued by the RBI in this regard.

The Board of Directors shall review the compliance of the Fair Practices Code annually and quarterly review of functioning of the grievance redressal mechanism of the company at various levels of management shall be done by Board. A consolidated report of such reviews shall be submitted to the Board at regular intervals.