

MAG FINSERV COMPANY LIMITED
(MAG's)

FAIR PRACTICE CODE

Reserve Bank of India has introduced the guidelines on Fair Practices Code (FPC) for Non Banking Finance Companies in 2006 which sets the fair practices standards when dealing with individual customers and to serve as a part of Corporate practice. RBI has issued various circulars on FPC from time to time and latest being consolidation of all the circulars dated 30/06/2015. Accordingly Mag Finserv Company Limited (Company) is introducing FPC based on the guidelines issued by RBI. The Board of Directors of the Company had detailed discussion on various aspects of FPC and Guidelines to be adopted by the Company are given below.

Mag Finserv Company Limited intends to compliance of fair practices while meeting the loan needs of the customers. The Company is catering to the customers' needs through following lending schemes -

1. Loans for purchase of two wheelers / four wheelers
2. Loans against Gold Ornaments
3. Consumer Loans
4. Personal Loans
5. Loans to Small Business
6. Micro Finance

The Company intends that the business shall be conducted in accordance with the prevailing statutory and regulatory requirements with due focus on efficiency, customer-orientation and corporate governance principles.

Sr. No.	Title	FPC adopted by the Board of Directors
1	Availability of Loan needs to Public	All financial products and services shall be made available by the Company to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap The various products made available by the Company and / or which will be introduced in future shall be covered under FPC. The Company shall upload its Fair Practices Code (FPC) on its website for customers
2	Scope of FPC	<p>The Company's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. The Company shall ensure that all employees are aware of FPC through training, counselling, and monitoring, auditing programs and internal controls etc.</p> <p>The Accountability policy for erring employees of the Company is being made which will be placed before the Board of Directors of the Company for approval very shortly.</p>
3	Charges / Fees	The Company shall ensure that charges / fees are properly informed to the borrower. Terms and conditions pertaining to the facility will be informed to the prospective borrowers.

4	Grievance Redressal	The Board of Directors have approved formation of Grievance Redressal Mechanism. Any disputes arising out of the lending decisions / matters pertaining to products will be resolved by a Grievance Redressal mechanism set up by the Company.
5	Board's Commitment	The Board of Directors and the Top management team are committed Commitment to implementation of the Fair Practices Code in all aspects of Company's working which related to customers.
6	Coverage of FPC	<p>The following products shall be covered under FPC adapted by the Company</p> <ol style="list-style-type: none"> 1. Loans for purchase of two wheelers/four wheelers 2. Loans against Gold Ornaments 3. Consumer Loans 4. Personal Loans 5. Loans to Small Business 6. Micro Finance <p>Any other product/s which will be introduced in future.</p>

7	The Company's key commitments to customers	<p>a) Act fairly and reasonably in dealings with customers by ensuring that: The products and services the Company offers and the procedures and practices it follows, will meet the commitments and standards in this Code. The Company's dealings with customers will rest on ethical principles of integrity and transparency.</p> <p>b) Help customers to understand company's products and schemes to suit his / her needs : Providing information about them in simple Marathi and/or Hindi and/or local language. Explaining their financial implications and</p> <p>c) Deal quickly and sympathetically with any errors and omissions by: Correcting mistakes quickly, Handling customer's complaints quickly, Telling customers' how to take their complaint forward if they are still not satisfied, Reversal of any charges/interest levied erroneously or through oversight on a customer's account. FPC shall be displayed on Company's website which will be available for all.</p>
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8	Sales & KYC	<p>When dealing with potential customers, the Company will:</p> <p>a) Give the customer clear information explaining the key features of the services and/ or products in which the customer has evinced an interest and how they meet his requirements.</p> <p>b) Inform the customer about the documentary information the Company needs from him to fulfil its 'Know Your Customer (KYC) norms, establish the customer's identity and any other documents required to comply with legal and regulatory requirements in force from time to time.</p> <p>The Board of Directors have accepted KYC policy and strict adherence to obtain the KYC documents while financing new customer. The following KYC documents duly self attested by the customer are accepted and kept on record. The Audit Team checks and confirms that proper KYC documents are obtained by the company or its branches. The Audit Team reports discrepancies in KYC documents to Branches and timely rectification thereof is completed. Documents for Identify proof - (any one)</p> <p>1. Aadhar Card, 2. Voting Card, 3. Driving Licence 4. PAN card 5. Passport</p> <p>Documents for Address Proof (any one)</p> <p>1. Aadhar Card, 2. Voting Card 3. Ration Card, 4. Electricity Bill 5. Bank Account Pass Book 6. House Tax Receipt 7. Gas Refill Receipt</p>
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9	Applications for loans and their processing	<p>a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.</p> <p>b) The loan application form will indicate the documents required to be submitted with the application form.</p> <p>c) The Company has a system of giving instant loans against Gold Ornaments and issue Receipt to customers. In such cases acknowledgement is not necessary.</p> <p>The Company has migrated to Core Solutions, the Mobile App shall send intimation to customer about status of his application. In respect of Micro Finance, we check "High Mark" score and sourcing team intimates to members in a meeting of the Group on scheduled date.</p> <p>In case of Consumer Loans, Personal Loans, Loans to Small Business Enterprises and / or any other products to be introduced in future, the Company shall develop Mobile App to send intimation to customers about status of their applications. All the loan applications will be disposed of within a period of 15 days.</p>
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10	Loan appraisal & terms/conditions	<p>a) The Company will convey in writing to the borrower in the vernacular language or a language as understood by the borrower by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.</p> <p>b) The Company will mention the penal interest charged for late repayment in the loan agreement.</p> <p>c) The Company will provide a copy of the loan agreement to the borrowers on his demand.</p>
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11	Disbursement of loans including changes in terms and conditions	<p>a) 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 disbursement schedule, interest rates, service charges, prepayment charges etc. The Company ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard has been incorporated in the loan agreement.</p> <p>b) Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.</p> <p>c) 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 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 company is entitled to retain the securities till the relevant claim is settled/paid.</p>
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12	General	<p>a) The Company will 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.</p> <p>b) In case of receipt of request from the borrower for transfer of borrower's 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 laws, as applicable from time to time.</p> <p>c) 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 behaviour from the staff of the Company with Customers, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.</p> <p>d) The Company shall not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.</p>
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13	Responsibility of Board of Directors	<p>a) The Board of Directors of the Company have approved proper grievance redressal mechanism within the organisation comprising Chief Administrative Officer; Chief Manager, Audit at Head Office level and Branch Managers at field level to resolve disputes arising in this regard. This Forum will ensure that all the disputes arising out of the decisions the Company's functionaries are heard and disposed of at least at the next higher level.</p> <p>b) There will be a 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 will be submitted to the Board at regular intervals.</p>
14	Grievance	<p>Grievance Redressal Officer at the Operational level, the Company will display the following information prominently, for the benefit of our customers, at all our branches and places where business is transacted: The name and contact details (Telephone/Mobile nos, as also email address) of the Grievance Redressal Officer/s who can be approached for resolution of complaints against the Company. 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 (complete contact details), under whose jurisdiction the registered office of the Company falls., The grievance redressal mechanism followed by the Company shall be uploaded on Company's web site together with details of the Grievance Redressal Officer of the Company and of the Regional Office of the RBI.</p>

15	Language and mode of communicating Fair Practice Code	Fair Practice Code preferably in the vernacular language or a language as understood by the borrower will be put up on the website of the Company for the information of various stakeholders. Copies will be made available on request.
16	Regulation of excessive interest charged by NBFCs	<p>a) The Company, for determining the rate of interest to be charged on loans and advances, processing and other charges is taking into account relevant factors such as, cost of funds, margin and risk premium, etc. The prevailing market rate in the industry is the guiding factor. The Company extends finance for purchase of two wheelers, consumer durables, Personal loans, loans against Gold ornaments, micro finances, loans to marginal / small business units which do not require gradations of risk and product wise rationale interest rate is charged to all customers.</p> <p>b) The rates of interest on different products and schemes shall be made available on the website of the company. The information published in the website shall be updated whenever there is a change in the rates of interest.</p> <p>c) The rate of interest shall be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.</p>
17	Complaints about excessive interest charged	The Company has a Core Group of senior executives to study internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans shall kept in view.

18	Clarification regarding repossession of vehicles / equipments financed by the Company	<p>The Company's Loan agreements include a re-possession clause with the borrower. The Company repossesses the vehicle if there is default of four or more EMIs by the customer. The Recovery officers visit, contact to customers and seize the vehicle. The seized vehicle shall be released immediately upon payment of overdue EMIs in normal course of business. In the cases where extra circumstances such as vehicle not traceable during visits for inspection, continuous default in repayment of EMIS, Not taking phone calls, non cooperation by customer etc warrant the Company to take a decision not to release the seized vehicle even though the customer is willing to clear all overdue EMIs. In such cases, the Company shall release the seized vehicle on repayment of the entire dues together with charges and penalties. The Company issues final notice to customer before sale of the seized vehicle. The procedure for sale of seized vehicle shall be made available on Company's website. The copy of the Loan Agreement shall be made available to customer on his demand.</p>
19	Confidentiality	<p>(a) Unless authorized by the customer the Company will treat all personal information as private and confidential (b) Unless authorized by the customer, the Company will not reveal transaction details to any other entity unless we have to provide the information by statutory or regulatory laws or as asked for by RBI / Govt. Authorities.</p> <p>The Company will not give / part with information about customers to anyone else for marketing purposes.</p>

20	Feedback and Suggestions	<p>The Company request its customers to provide feedback on our service to help the Company to improve our services.</p> <p>The Company has set up a customer care / suggestion cell at Head Office. The executives take feed back about support, behaviour of staff dealt with the customer, time taken for loan sanction / disbursement and service of the Company.</p>
21	Miscellaneous	<p>Currently the Company does not envisage lending against collateral of gold jewellery or commercial vehicle finance. In the event of addition of these product lines, the FPC policy will be updated suitably, in line with the guidelines laid down by RBI.</p>
22	Appendix	<ol style="list-style-type: none"> 1. DNBS (PD) CC No.80/03.10.042/2005-06 September 28, 2006 2. DNBS.PD/CC.No.95/03.05.002/2006-07 May 24, 2007 3. DNBS.PD/CC.No.107/03.10.042/2007-08 October 10, 2007 4. DNBS (PD) C.C.No.133/03.10.001/2008-09 January 2, 2009 5. DNBS (PD) CC.No.139/03.10.001/2008-09 April 24, 2009 6. DNBS.CC.PD.No.266/03.10.01/2011-12 March 26, 2012 7. DNBS.CC.PD.No.320/03.10.01/2012-13 February 18, 2013 8. DNBS(PD).CC.No.399/03.10.42/2014-15 July 14, 2014