

AUTHOR INDEX

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REVISION HISTORY

Issue Date	Version No.	Revised Clause
13 Sep'19	1.0	First issue
11 Jan'21	1.1	Revision in address of Grievance Redressal Officer / Nodal Officer
01 Mar'24	1.2	Only custody changed from Secretarial to Compliance (SEC > CMP)
06-04-24	1.3	Policy has been revised to cover all the relevant requirements pertaining to Fair practices codes, as mentioned in the regulatory (RBI) guidelines, which are as follows: a) Master Direction – Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023, as amended time to time. b) Fair Lending Practice - Penal Charges in Loan Accounts dated August 18, 2023 c) Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans dated September 13, 2023
26-06-24	1.4	Policy has been revised to cover the relocated address of head office and newly appointed Grievance Redressal Officer details.
29-11-24	1.5	Coverage of the Policy has been enhanced by:

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| | | <ul style="list-style-type: none">i. including the relevant regulatory requirements pertaining to Fair practices codes primarily including KFS requirements as per RBI Circular “Key Facts Statement (KFS) for Loans & Advances”ii. mentioning adoption of Fair Practice approach while charging Interest on loan account as per RBI Circular “Fair Practices Code for Lenders – Charging of Interest”iii. other minor changes |
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Important Note:

If at any point a conflict of interpretation / information between this Policy and any Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Circulars/ Directions issued by Reserve Bank of India then interpretation of such Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Directions issued by Reserve Bank of India shall prevail

INTRODUCTION

RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023” as amended from time to time, prescribed broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies.

The Fair Practices Code aims to provide the customers with an effective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be used by them and will apply to any loan that the Company may sanction and disburse.

Any subsequent revision in the RBI guidelines related to fair practices code, the revised RBI guidelines shall supersede the current Fair Practice Code to the extent it is not in compliance with the updated guidelines / instructions.

FAIR PRACTICES CODE

With reference to aforesaid Master Direction issued by Reserve bank of India to all Non-Banking Finance companies(NBFCs),NeoGrowth Credit Private Ltd.("NeoGrowth" / "The Company"),an NBFC, has formulated its FPC which inter-alia, covers Principles on disclosures on the terms and conditions relating to receipt of loan applications from the prospective borrowers and processing thereof, sanction, monitoring and recovery of loans and other financial products being offered by it, the Grievances Redressal Mechanism in place etc.

It is, and shall be the policy of NeoGrowth to make available all financial products offered by the Company, to eligible applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or physical disability etc.

In nutshell, 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, the key elements of which are as follows:

1. Application for loans and their processing:

- The Company has devised a loan application form for all the products offered to its customers depending upon the nature of the product. Loan application forms include necessary information of the customers, features of the product and the documents required to be submitted for loan processing.
- Loan application forms are available in English / explained in vernacular language and made understood in the vernacular language of the applicant for easy examination/understanding by the prospective borrowers.
- Loan application of NeoGrowth includes necessary information which is likely to affect the interests of the prospective borrower, so that a meaningful comparison with the terms and conditions offered by other lenders can be made and an informed decision taken by the applicant.
- The loan application form indicates the documents required to be submitted including those required under KYC guidelines of RBI.
- NeoGrowth provides acknowledgement to the prospective borrower for receipt of loan application. The time frame within which loan application will be disposed of is mentioned in such acknowledgement.

2. Loan Appraisal and Terms/ Conditions:

- The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the Company's Credit policy, norms and procedures in respect thereof.
- NeoGrowth conveys in writing to the prospective borrower the fate of the loan application by means of sanction letter or otherwise. In the case of sanction of loan, the sanction letter contains the amount of loan sanctioned and terms and conditions including annualised rate of interest and method of application thereof.
- The acceptance of the terms and conditions communicated by the borrower is preserved by NeoGrowth in its records, digital or physical mode as applicable, and a copy of the same is also provided to the borrower.
- The Company shall mention the penal charges¹ for late repayment in bold in the loan agreement along with applicable taxes if any.

- NeoGrowth furnishes a copy of the loan agreement as understood by the borrower along with a copy of each of enclosures quoted in the loan agreement to all clients at the time of disbursement of loan.

3. KFS requirements

- i. The Company shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the [Annex A](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_A.pdf) of RBI's Master Direction of KYC (**Link – Annex A: https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_A.pdf**)
- ii. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same.
- iii. Further, the KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.
 - a. Explanation
 - b. Validity period refers to the period available to the borrower, after being provided the KFS by the Company, to agree to the terms of the loan. The Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.
- iv. The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the Company. Illustrative examples of calculation of APR and disclosure of repayment schedule for a hypothetical loan are given in [Annex B and C respectively](#).
(**Link – Annex B - https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_B.pdf**
Link – Annex C - https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_C.pdf)
- v. Charges recovered from the borrowers by the Company on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the Company is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

- vi. Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the Company to the borrower at any stage during the term of the loan, without explicit consent of the borrower.
- vii. The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

4. Penal charges in loan accounts:

- Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the loans.
- There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- NeoGrowth shall not introduce any additional component to the rate of interest and the company will ensure compliance to these guidelines in both letter and spirit.
- 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, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company's website under Schedule of Charges.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

The Company has updated the existing board approved policy on penal charges and same is available on the website.

5. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

The Company shall adopt best practices in release of movable/ immovable property documents upon receiving full repayment and closure of loan account to avoid customer grievances and disputes in future. To address the issues faced by the borrowers and towards promoting responsible lending, the following instructions will be followed:

A. Release of movable/immovable property documents:

- The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days from the date of full repayment/settlement of the loan account.
- The borrower shall 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.
- The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.
- In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of NBFCs along with other similar policies and procedures for customer information.

B. Compensation for delay in release of movable/immovable property documents:

- In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days from the date of full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.
- In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (ii) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

C. Applicability:

- The instructions in paragraph B above shall be applicable to all cases where release of original movable/immovable property documents falls due on or after December 01, 2023

6. Disbursement of loans including changes in terms and conditions:

- NeoGrowth gives notice to the borrower in English or in vernacular language / the language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Changes in interest rates and charges are effective prospectively and a suitable condition in this regard is incorporated in the loan agreement.
- Decision to recall/ accelerate payment or performance under the agreement is in consonance with the loan agreement.
- NeoGrowth shall release all securities upon repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against the borrower. The borrower shall be given due notice with full particulars about the outstanding claims and conditions under which the company will be entitled to retain the securities/ right of set off is to be exercised.

7. General:

- NeoGrowth refrains from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan documents, unless new information not earlier disclosed deliberately or otherwise by the borrower has come to its notice.
- In case of receipt of request from the borrower for transfer of a borrower account to other NBFC, bank or financial institution, the consent or otherwise of NeoGrowth, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be in accordance with the contractual terms entered into with the borrower and in consonance with the statutes, rules, regulations and guidelines as may be applicable from time to time.
- In the matter of recovery of loans, NeoGrowth shall resort only to remedies which are legally and legitimately available to it and will 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 behaviour from the staff of the companies, the Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- 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-obligant(s)
- NeoGrowth has adopted an Interest rate policy taking into account relevant factors such as cost of funds, margin, risk premium etc. to determine the rate of interest to be charged on annualised basis for loans and advances and same is disclosed to the borrower in the loan application form and also displayed on the website of the company.

8. Grievance Redressal Mechanism:

- The Company 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 functionaries are heard and disposed of at least at the next higher level.
- NeoGrowth guides its clients who wish to lodge a complaint and also provide guidance on what to do in case the client is unhappy with the outcome.
- After examining the matter, NeoGrowth sends a response as soon as possible.
- NeoGrowth designates an officer for the redressal of grievances of the clients, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery and the same is indicated in the sanction letter.

The Company shall display the following information prominently, for the benefit of its customers, at its branches / places where business is transacted:

- The name and contact details (Telephone / Mobile no. and email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
- The name and contact details (Telephone/Mobile no. and email address) of the Principal Nodal Officer who can be approached by the public for resolution of complaints against the Company.
- Reserve Bank - Integrated Ombudsman Scheme, 2021 ('Scheme')
- Salient features of the Scheme in English, Hindi and the regional language
- If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Reserve Bank of India through the complaint lodging portal: <https://cms.rbi.org.in/>
- The Contact details of the Grievance Redressal Officer/Nodal Office is as below:

Mr.**Yogesh****Nakhwa**

Principal Nodal Officer

NeoGrowth Credit Private Limited

Times Square, Tower E, 9th Floor, Andheri Kurla Road, Marol, Andheri East – 400059.

Email Id: nodalofficer@neogrowth.in

Ms. Bijal Patwa

Grievance Redressal Officer

NeoGrowth Credit Private Limited

Times Square, Tower E, 9th Floor, Andheri Kurla Road, Marol, Andheri East – 400059.

Email Id: grievanceofficer@neogrowth.in

The staff is also sensitised to be careful and courteous while dealing with the clients, more particularly, in the case of physically challenged persons and ladies.

9. The Reserve Bank- Integrated Ombudsman Scheme 2021:

- Under the Ombudsman Scheme, the Company has appointed Principal Nodal Officer (PNO) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company.
- For the benefit of the customers, at the branches/ places where business is transacted, the name and contact details (Telephone/ Mobile number and email) of the PNO along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>) will be displayed.
- The salient features of the Scheme shall be displayed prominently in English, Hindi and Regional languages at all the offices and branches in such a manner that a person visiting the office or branch has adequate information on the Scheme.
- The salient features of the Ombudsman Scheme along with the copy of the Scheme and contact details of the Principal Nodal Officer shall be prominently displayed and updated on the website.

10. Language and mode of communicating Fair Practice Code:

Fair Practices Code (which shall preferably be in the vernacular language, or a language as understood by the borrower). The same shall be put up on the website, for the information of various stakeholders.

11. Regulation of excessive interest charged:

- The Board of Directors has adopted an interest rate model/policy for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. 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 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 information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Further, Fair Practice approach shall be adopted while Charging Interest on loan account e.g. interest shall be charged from the date of disbursement of the funds to the customer and not from date of sanction of loan to the customers.

12. Loan facilities to the physically/visually challenged:

The company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches shall render all possible assistance to such persons 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 the employees at all levels Further, the company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

13. Adherence to Fair Practices Code in case of Digital Lending and recovery of loan:

The Company, irrespective of whether lending is through their own digital lending platform or through an outsourced lending platform, will adhere to the Fair Practices Code guidelines in letter and spirit.

Recovery Agents shall adhere to the Company's Fair Practices Code as also their own code for collection of dues and repossession of security.

14. Periodic Review:

A consolidated report of periodical review of compliance of fair practice code and functioning of the grievance's redressal mechanism at various levels of management to be submitted to the Board at regular intervals as may be prescribed by it.

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