



**FAIR PRACTICE CODE**

**Of**

**MPOKKET FINANCIAL SERVICES PRIVATE LIMITED**

**Summary of Policy**

<b>Version</b>	<b>Issue and Effective Date</b>	<b>Review periodicity</b>	<b>Approving Authority</b>	<b>Policy Owner</b>
V1	16-08-2019	Annual	Board of Directors	Compliance Department
V2	03-04-2021	Annual	Board of Directors	Compliance Department
V3	01-09-2022	Annual	Board of Directors	Compliance Department
V4	30-06-2023	Annual	Board of Directors	Compliance Department
V5	15-12-2023	Annual	Board of Directors	Compliance Department
V6	21-01-2026	Annual	Board of Directors	Compliance Department

<b>Review Date</b>	<b>Next Review Date</b>	<b>Comments/ Remarks/ Changes</b>
27-04-2020	Apr'2021	Annual Review of FPC
02-04-2021	Apr'2022	Annual Review of FPC
22-03-2022	Mar'23	Annual Review of FPC

01-09-2022	Sep'23	Adoption of revised FPC in line with DLG requirement and relevant guidelines issued by RBI
20-04-2023	Jul 2023	Annual Review of Fair Practice Code and setting periodicity of Review of FPC Code
30-06-2023	Oct'2023	Quarterly Review of FPC Code
16-09-2023	Sep'2024	FPC review in line with RBI Master Direction as applicable to Systematically Important ND-NBFC
15-12-2023	Dec'2024	Adoption of revised FPC in line with changes in the Penal charges and Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023
22-01-2025	Jan'2026	Annual Review of FPC
21-01-2026	Jan'2027	Revision in line with the current business practices

**CONTENTS**

<b>A. INTRODUCTION</b> .....	5
<b>B. OBJECTIVES</b> .....	6
<b>C. FAIR PRACTICES CODE</b> .....	6
<b>1. Disclosure to Customers:</b> .....	7
<b>2. Applications for loan and their processing</b> .....	7
<b>3. Loan Appraisal and Terms/Conditions</b> .....	8
<b>4. Disbursement of Loans including Changes in Terms and Conditions</b> .....	8
<b>5. Recovery of Loan</b> .....	9
<b>D. GENERAL</b> 10	
<b>E. GRIEVANCE REDRESSAL OFFICER</b> .....	12
<b>F. KNOW YOUR CUSTOMER GUIDELINES</b> .....	14
<b>G. INTEREST CHARGED</b> .....	14
<b>H. PENAL CHARGES IN LOAN ACCOUNTS</b> .....	15
<b>I. WIDE DISSEMINATION AND PERIODIC REVIEW</b> .....	15

## A. INTRODUCTION

The Fair Practice Code (FPC) aims to provide the 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 (“MF SPL” 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 individual borrowers who typically do not have high credit scores through digital lending app “mPokket”.

The Company has framed and adopted this Fair Practice Code (“Code” or “FPC”) which sets out the principles for fair practice standards when dealing with customers in accordance to the Reserve Bank of India (“RBI”) vide Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (as amended from time to time) (“RBI Master Directions”). 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).

This Policy would be effective from the date of approval by the Board and would be subject to amendments in accordance with Regulations, Circulars, Notifications, etc. as may be issued by regulatory authorities, from time to time. In case of any inconsistency of the provisions of this Policy with any amendments, circulars, clarifications etc. issued by relevant authorities, then such amendments shall prevail upon the provisions of this Policy.

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.

## B. 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.

## C. FAIR PRACTICES CODE

The Company's business is 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 acts 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 rests 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
  - Informing customers' how to escalate their complaint forward if they are unsatisfied with the resolution provided by the Company.

- Publicize this Code by displaying it on Company's website ([www.mpokket.in](http://www.mpokket.in)) and have copies available for customer on request.

### 1. Disclosure to Customers:

The Company helps customer to choose products and services, which meet their needs by giving them clear information explaining the key features of the services and products of the Company they are interested in, so that they can have a meaningful comparison with the terms and conditions offered by other NBFCs, which enables the borrower to take an unbiased decision. Information is provided to the customers about the documentary information the Company would need 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". Additionally, information on annualised interest rates, fees and other charges along with the penal charges to be levied by the Company, in case of default in the terms & conditions of the loan are also disclosed to the customers effectively via Sanction letter, Key Fact Statements and Loan agreement and also being publicly hosted on the website of the Company.

### 2. Applications for loan and their processing

The loan application form shared to the prospective borrowers indicate the documents required to be submitted with the application form.. The sanction letter is 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.

The Company has devised a system of giving acknowledgement for receipt of all loan applications. The Company before sanctioning the loan assesses the ability of the borrower to repay the loan, to do so it consider all the documents submitted and the information provided to verify the credit worthiness of the customer which serves as 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.

### 3. Loan Appraisal and Terms/Conditions

The Company conveys in writing over an email to the borrower in English or any vernacular language selected by the borrower at the time of availing of the loan by means of Key Fact Statement, Loan Agreement and sanction letter or otherwise indicating the amount of loan sanctioned, the most important terms and conditions including amount of annualized rate of interest, fees and charges, penal charges, tenure of loan, commencement date, repayment installments, repayment date etc. and keeps the acceptance of these terms and conditions by the borrower on its record.

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

The Company furnishes copy of digitally signed loan agreement in a vernacular language as well as 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 to the registered email/ SMS of the borrower.

The penal charges charged for late repayment are mentioned 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 are not levied and binding upon the borrower.

### 4. Disbursement of Loans including Changes in Terms and Conditions

At MFSP, we value openness and transparency in the system. The Company keeps 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 charges, service charges, prepayment charges etc. and other changes material to customer's relation with MFSP. Any changes in interest rates and charges are affected only prospectively and would be done with a favorable notice. A suitable provision in this regard is incorporated in the loan agreement. Unless otherwise permitted or required under applicable regulations or statute, complete disbursement of the loan amount is made strictly to the borrower's bank account without any pass-through accounts.

## 5. Recovery of Loan

Whenever loans are given, Company 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 is followed for recovery of dues. The process involves 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 is intimated to such customers beforehand).

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.

Company provides the customers with all the information regarding overdue. The staff are adequately trained to deal with the customers in an appropriate manner. Any repayment, collection or recovery to be made only via mPokket app or repayment link sent to the customer's registered contact by the company effectually the amount being in the bank account of the Company, without any pass-through accounts.

During visits to customer's place by the person authorized by Company for dues collection the following guidelines are to be followed:

- 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.
- Identity and authority to represent the Company shall be made known at the first instance.
- Customer's privacy should be respected.
- Interaction with the customer shall be in a civil manner.
- 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.

- 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.
- The Company will not publish the name of the borrowers.
- All assistance should be given to resolve disputes or differences in a mutually acceptable and orderly manner.
- During visits to customer's place for dues collection, decency and decorum shall be maintained.
- The board approved collections policy of the Company shall be adhered in the collection process.

#### D. GENERAL

##### A. Non-Interference:

The Company 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.

**Non-discrimination:**

The Company shall not discriminate on the grounds of gender, caste, or religion, visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. It shall render all possible assistance to such persons for availing the loan facilities offered by it subject to compliance with its Board approved policies and prescribed RBI/ Directions, guidelines.

**E. 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.mpokket.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.	:	03368157400
Email ID	:	<a href="mailto:grievance@mpokket.com">grievance@mpokket.com</a>

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 has adopted Integrated Ombudsman Scheme 2021 and it along with the salient features of the scheme is available in on the Company website <https://www.mpokket.in/ombudsman-scheme#policy>,

The name and contact details of the Principal Nodal Officer (PNO) of the Company as given below and also disclosed prominently in the salient features of the scheme and also displayed at the offices/branches of the company where the business is transacted:

Principal Nodal Officer	:	Sumanta Mukherjee
Address	:	PS Srijan Corporate Park, Unit -1204, Tower-1, Plot G-2, Street No. 25, GP Block, Sector V, Kolkata – 700091
Tel no.	:	+91-7605057586
Email ID	:	<a href="mailto:nodal@mpokket.com">nodal@mpokket.com</a>

### Complaints to Ombudsman

In case the Customer does not receive a response from the Grievance Redressal Official or the Principal Nodal Officer within one month from the date of making a representation to the Lender, or if the Borrower is not satisfied with the response so received, a complaint may be made in accordance with the 'Integrated Ombudsman Scheme, 2021' ("Ombudsman Scheme") to the office of the Ombudsman:

The Officer In-Charge

Consumer Education and Protection Cell

Reserve Bank of India

15, Netaji Subhas Road

Kolkata-700 001

For more contact details of the Ombudsman, refer online through the portal (<https://cms.rbi.org.in>) or submit through electronic or physical mode to the Centralized Receipt and Processing Centre 4th Floor, Sector 17, Chandigarh – 160017. Contact Centre with a toll-free number – 14448 (9:30 am to 5:15 pm) and for salient features of the Ombudsman Scheme, please refer to our website link mentioned above. A copy of the Ombudsman Scheme is available on the website of the Reserve Bank of India at [www.rbi.org.in](http://www.rbi.org.in) and also displayed in our website.

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.

#### **F. 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.

#### **G. 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.mpokket.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 has adopted 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.

#### H. PENAL CHARGES IN LOAN ACCOUNTS

The company shall treat penalties for non-compliance of terms and conditions of loan as 'penal charges,' and not as 'penal interest.' No interest will be computed on these charges, and regular interest compounding procedures in the loan account will continue.

The company will not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit. The Quantum and Reason of the Penal charges being charged by the Company is clearly disclosed to its customers in the loan documents including the loan agreement, The same is also available on the website of the Company. The Policy on penal charges can be accessed at [MFSPL Policy on Penal Charges](#).

The company will ensure to maintain reasonable and fair penal charges, proportionate to non-compliance with loan contract terms, ensuring no discrimination within a specific loan/product category. The company shall set penal charges for individual borrowers not engaged in business, ensuring they do not surpass charges for non-individual borrowers facing similar non-compliance.

#### I. WIDE DISSEMINATION AND PERIODIC REVIEW

The Company shall put the above Fair Practices Code outlined hereinabove on its website, 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.