

## **FAIR PRACTICES CODE**

(Revised and approved by Board of Directors on 11/03/2024)

### **(A) INTRODUCTION**

The Reserve Bank of India has released the final guidelines of the Fair Practices Code (FPC) for NBFCs, asking them to implement the fair practices and to post the same on the websites to cater stakeholders information requirements. The code prescribes fair practice standards while dealing with the customers and to serve in the best interests of the company. The Code is applicable to all aspects of operations of the company. It shall be our policy to make our services available to all qualified applicants without discrimination of any kind and to treat our customers fairly. We offer all sorts of assistance and encouragement in a fair, equitable and consistent manner.

We are committed to ensure that our charges are properly and timely informed to the existing and prospective borrowers. Disputes, if any; will be resolved by our Grievance Redressal Department. We shall ensure employee accountability at all levels of our operations. The Board and senior management will be responsible to ensure our commitment to fair and reasonable practices and also to ensure high quality services to our clients.

The FPC will be applicable to all the offices of the Company including the Head Office, Thrissur, Kerala, and the Branches located across Kerala/India.

The FPC shall be binding on all the employees and officers of the Company.

### **(B) OBJECTIVES**

The objectives of the Fair Practice Code are as under:

1. Adopt the best practices in dealings with customers.
2. Set challenging benchmarks and strives to achieve high operating standards for ensuring customer satisfaction.
3. Follow transparent, fair, ethical and legally tenable practices while conducting business.
4. Provide all necessary information and inputs to customers / prospective customers and promote a mutually beneficial long term relationship.
5. Facilitate a continuously growing base of satisfied customers while scrupulously avoiding acquisition of customers having doubtful credentials or criminal background.

### **KEY COMMITMENTS**

- a. To ensure full customer satisfaction through efficient, professional, and courteous services across all its offices.
- b. To ensure its products & services will meet relevant laws and regulations in letter and spirit as applicable.

- c. To deal with customers ethically and based on principles of honesty, integrity and transparency.
- d. To avoid discriminating the customers on grounds of religion, caste, gender or language.
- e. To assist the customers in understanding how its financial products and services work by :
  - Providing information in English/Hindi or local language
  - Explaining their financial implications
  - Helping the customer choose the one that meets his/her needs.
- e. To ensure that its customers have trouble-free experience in dealings and to correct the omissions/commissions/errors sympathetically and quickly.
- f. To meet with and improve upon the internally set benchmarks and practices and be ahead of the standards prevalent in the industry.
- g. The Company shall display the FPC on its website and also make available to the Customer, on request, a copy of the FPC on demand.

## ***FAIR PRACTICES***

### **(C) APPLICATIONS FOR LOANS AND THEIR PROCESSING**

1. All major communications to their borrower shall be in the / vernacular language or in a language understood by the borrower/customer. The branch manager/branch in charge could ensure that customers speaking languages different from vernacular language of the state in which branch is situated are dealt by officers/staff who understand/speaks languages of such customers. During the loan application process, sanctioning process and collection of payments such customers shall get special attention. The terms and conditions shall be clearly conveyed by the officers/staffs without fail.
2. All the customers will be provided with a unique customer ID.

Loan application form shall indicate the documents required to be submitted with the application form. The Officers shall communicate necessary information as eligible loan amount, interest rate, charges, penal/overdue interest, interest calculation methodology, rebate on interest etc. or any other information which is believed to affect the interest of the borrower. Such a practice shall enable the customer / prospective customer to take an informed decision. The loan application forms should include all the necessary information which affects the interest of the borrower. All loan applications should include the following information:

- a. Name & address of the borrower with telephone numbers and landmarks
- b. Description of property pledged/given as security for loan repayment
- c. Identity proof & Address proof (Passport, Voters ID card, Driving license, Ration card etc.) of the borrower, prescribed under applicable laws/regulations.
- d. The Company has a system of giving acknowledgment for receipt of all duly completed loan applications.

The branch manager/assistant manager or in their absence, immediate subordinate shall issue an acknowledgement signed by him/her for loan application received by the branch. Considering the convenience of the customer, the acknowledgement shall contain the expected time frame within which loan applications will be accepted/rejected.

### **(D) LOAN APPRAISAL AND TERMS/ CONDITIONS**

### ***A. Business Loan***

1. The Company will convey the borrower the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application. The Company will furnish a copy of loan agreement preferably in the vernacular language at the time of sanction of loan.
2. Annualised Interest on business loan-varies from 4% to 39%
3. The company will charge penal charge for late payment and details will be incorporated in loan agreement in bold letters.

### ***B. Term Loan***

1. The Company will convey the borrower the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application. The Company will furnish a copy of loan agreement preferably in the vernacular language at the time of sanction of loan.
2. Annualised Interest on business loan-varies from 4% to 39%
3. The company will charge penal charge for late payment and details will be incorporated in loan agreement in bold letters.

### ***C. Gold Loan***

1. All gold loan application should be immediately processed i.e within a day and the gold pledged as security should be properly appraised for its purity, by a Company approved appraiser before extending the loan. Existing debts of the borrowers should be analyzed before sanctioning of the loan.
2. The company has to ensure that Know Your Customer (KYC) guidelines stipulated by RBI are complied with and adequate due diligence are carried out.
3. The company will implement adequate systems for storing the jewellery in safe custody, review the systems on an on-going basis, train the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly followed.
4. The loan facility should be extended strictly to the genuine owner of the gold pledged only and should not be extended to any other person.
5. Loan agreement should be prepared in vernacular language or in a language understood by the borrower. Loan agreement should contain the Amount of loan sanctioned, Annual rate of interest, Other charges & levies, Description of the gold pledged, Gross weight and net weight of each item, Procedure regarding the auction of gold pledged and all other terms & conditions of the loan sanctioned. The acceptance of the terms and conditions mentioned in the loan agreement by the borrower should be obtained and kept in record.
6. The rate of penal charge in the event of late repayment / non repayment of loan should be indicated in bold letters in the loan agreement.
7. Annualised Interest on Gold loan – Varies from 4% to 39%

The Company has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges. The rate of interest is arrived at based on the cost of funds, Multiple risk parameters such as borrower profile, Repayment capacity, type of asset, administrative costs, risk premium etc. The branch manager/Asst manager will ensure that each loan is given a risk grade based on the background and credit worthiness of the customer. The branch shall ensure that gradation is done as normal risk, high risk and low risk on the application form itself based on the information collected from the customer. The decision to facilitate a proposal for loan and the interest rates are applicable on a case-to-case basis. 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. The interest rates are subject to change as the situation warrants and are subject to management decision based on the merit of individual cases.

## **(E) DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

### ***A. Business Loan/ Term Loan***

1. The Company will give notice to the borrower of any change in the terms and conditions including disbursement schedules, interest rates, service charges, etc. The company will ensure that changes in interest rates and changes are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.
2. Decision to recall payment or performance under the agreement will be in consonance with the loan agreement.
3. The company has the option to devise loan products with, without or partial charging on movable or immovable assets of the customer.
4. The company will release all securities on repayment of all dues subject to any legitimate right or lien for any other claim the Company may have against the 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 the Company is entitled to retain the securities till the relevant claim is settled.

### ***B. Gold Loan***

1. On disbursement of the loan, pawn tickets/sanction letter should be prepared in duplicate and one copy has to be issued to the borrower and the duplicate copy should be retained in the office after obtaining the signature of the borrower.
2. Any change in the terms and conditions of the agreement should be intimated to the borrower in vernacular language or in a language understood by the borrower and a copy of the same duly acknowledged by the borrower should be kept on record.
3. It should be mentioned in the loan agreement that the rate of interest and other terms will be revised only prospectively and not retrospectively.
4. Decision to recall / accelerate payment or performance of the loan will be only in consonance with the loan agreement.
5. Every borrower is entitled to receive back all the gold pledged as security for the loan availed on repayment of all dues and on full settlement of the loan. However if the borrower has any other liability with the Company, the company reserves the right not to release the gold pledged. In such a case, the Company should give notice to the borrower about the same stating the full particulars of the remaining claims and the conditions under which the Company is entitled to retain the gold pledged till the relevant claim is settled/paid.

The Company shall furnish a copy of the loan agreement & sanction letter 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 sanction / disbursement of loans. Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and the concerned officer/staff will be held responsible for such mistake by the management of the Company.

## **(F) REPAYMENTS**

It is important to note that a payment of interest/instalment is considered as “paid” or “Complete” if the full amount due is paid on the respective date. “Part payments” shall be subject to penal interest/charges. To illustrate if the interest amount/instalment to be paid on 25<sup>th</sup> February is

Rs.1,000/- and if the customer pays only Rs. 950/- on the said date, then the payment is considered as “partly paid”. In such cases, penal interest shall be charged on full amount of Rs.1,000/- as per the rates applicable to scheme/ Terms & conditions in the agreement. So, the Company staff is expected to convey the same to the loanee/customers during loan sanction time. Also, any money paid by defaulting customers shall first be adjusted/ charged against penal interest, charges, interests and then principal amount.

## **(G) RECOVERY OF DUES, EXERCISE OF LIEN & DELIVERY OF SECURITY**

### ***A. Business Loan / Term Loan***

1. The Company will not, as a matter of fair dealing, normally recall the loan before the initially agreed tenure except in unanticipated or abnormal circumstances where the Company’s interests are adversely affected e.g. when the security value diminishes substantially, when the quality of gold is not found to be acceptable, due to any regulatory / government directives etc. In all such cases proper and reasonable notice shall be given to the customer recalling the loan before expiry of the normal tenure.
2. The Company will make all possible soft or persuasive efforts to get the customer to repay the dues without resorting to disposal of the security. The Company does not accept nor will it encourage the use any coercive or hard measures to recover its dues from the customer. The Company shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
3. The Company will deliver the security to the customer immediately upon settlement of the loan in the same condition as was at the time of sanction of the loan. In case of any damage caused to the security due to mishandling by its employees, the Company shall at its cost get the damage re- paired or alternately pay reasonable compensation to the customer on a case-to-case basis. If the security has signs of damage thereon, before being taken custody of by the Company at the time of sanction of loan, the fact shall be briefly incorporated in the sanction letter.
4. The Company will exercise only legitimate right of lien over the pledged security or such cash surplus as may arise upon settlement of existing loans at any time. Such right of lien shall arise only if the customer has any other dues, either directly or as guarantor, and will be subject to proper in- timation of such right of lien being given to the customer by the Company.
5. The Company shall issue a signed and, normally, a system generated receipt for all cash payments made by the customer immediately. The Company shall also accept payments vide cheques, demand drafts, electronic transfers etc. subject to the condition that return of the security will be made only after confirmation of realization of amount in Company’s Account.
6. Even though the loan sanction letter contains all applicable terms and con- ditions of the loan the Company shall, nevertheless, endeavour, on a best effort basis, to send advices, reminders etc. regarding due date for payment of interest, principal etc. by letter/ courier service/ telephone/ SMS/email which may differ from case to case.
7. The Company shall, on demand, provide the customer or his duly authorized representative with a statement of the loan account at any time during the currency of the loan or immediately upon closure. However, the Company may, at its discretion, require payment of reasonable processing charges by the customer for providing statement of account if such demand is made 30 calendar days after closure of the account.
8. The Company will resort to disposal of security only as a last resort and that too after adequate and proper notice is served on the customer to re- pay the dues. Such notice

will be as per the terms contained in the sanction letter and also in compliance with applicable laws and regulatory guide- lines. The disposal of the security will be taken up through public auction when the customer does not positively respond to the communications sent by the Company to close the loan account along with interest and other charges.

9. Where the Company proposes to dispose of the security even before the normal tenure of the loan based on the rights conferred on the Company vide loan application and loan sanction letter adequate and proper notice will be served on the customer before such action is initiated for recovery of dues.
10. The Company prefers and encourages customers to take back delivery of the security immediately upon full settlement of all dues. However, should there be exceptional instance of the Customer being unable to take delivery of the security, not attributable to the inability of the Company, after closure of the loan account reasonable safe custody charges may be payable by the customer which will be duly advised to the customer or displayed in the branch premises and the Company's website.
11. The Company will not interfere in the affairs of the customers except for the purposes mentioned in the terms & conditions of the loan or when constrained to do so due to inadequate or false disclosures made by the borrower at the time of putting through the transactions.
12. The company will charge appropriate collection charges as decided from time to time by the board, the same will be communicated to the customers in due course.

#### ***B. Gold Loan***

1. The procedure under NPA policy and Auction policy shall apply depending upon the period of non-payment and tenure of loan and also terms and conditions of the scheme. The branches may report such cases to HO to initiate procedure under Auction Policy/NPA policy framed by the board, in case of non-payment for long period.

#### **(H) INTEREST RATE POLICY**

1. In order to avoid complaints about excessive interest charged, the company has laid down an interest rate policy in determining interest rates and other processing charges for loans.
2. In order to regulate excessive interest, the Board of the Company will 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. The rate of interest applicable to the borrowers will be disclosed to the customers in the loan agreement.
3. The rate of interest will be annualized rates so that the borrower is aware of the exact rates.
4. The Company staff/ branches shall ensure the interests are charged and collected as per this FPC and interest rate, NPA, loan policies of the Company.

#### **(I) MISCELLANEOUS**

1. The Company staff shall 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 disclosed earlier by the borrower has come to the notice of the Company).
2. The repayment capacity of the applicant/customer will be assessed by the Company based on credit scores, valuation reports or through other means throughout the tenure of loan. The applicant/customer is expected to disclose all required information in clear and genuine manner. Any intentional misstatements, frauds etc will be dealt as

per applicable laws.

3. In the matter of recovery of loans, the Company staff/ collection agents shall not resort to undue harassment, muscle power, persistently bothering loanee during odd hours etc. Staff/collection agents may visit the residence of the borrower if the borrower fails to appear at the designated place/branch on 2 or more occasions. The Company will ensure that the staffs are adequately trained to deal with the customers in an appropriate manner, in line with RBI norms in this connection.
4. The gold loans upto Rs.2 lakhs shall be sanctioned and disbursed by the branch manager and gold loans above Rs.2 lakhs shall be sanctioned by Loan department at HO.
5. No foreclosure charges shall be charged for early repayments of loan principal and/or interest.
6. The Loan department in HO shall be responsible for surprise inspection of branches/offices to ensure that the procedures are strictly complied with and they may, if required, conduct preliminary investigations to ensure the genuinity of customers. Internal Audit team shall conduct regular audits on periodical basis.
7. Where the gold/underlying security is examined by Branch heads or officers, they shall take all possible means to ensure that the gold/underlying security is not fake and shall contact the H.O in case of any doubtful/suspicious transactions.
8. Where the Company suffers loss due to negligence of branch managers/ officers appraising the gold/security, they will be answerable to the management for such losses and they may be required to compensate for the loss suffered by the Company.
9. Any money paid by defaulting customers shall first be adjusted/charged against penalty, interests and then principal amount.
10. Where a customer is found to have committed fraud or engaged in cheating the company by hiding information or providing fake gold, fake documents etc, the Company may proceed against him/her as per applicable policies. Any formal/ written agreement containing terms and conditions like interest rate, repayment intervals, loan amounts, penalties etc and agreed between the customer and company by signing shall be final. Any agreement, documentation and declarations signed by customer at the time of applying for loan, disbursement of loan or any other situation, shall be considered to be signed with full knowledge of terms and conditions of the particular scheme of loan.
11. The fair practice code shall be displayed at the registered office and branch offices of the Company.

## **(I) GRIEVANCE REDRESSAL MECHANISM**

The Board of Directors of the Company will lay down the appropriate Customer Grievance Redressal Policy within the organization to resolve disputes arising in this regard. Such a mechanism will ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level. The Board of Directors will also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management.

1. The Company has framed suitable grievance redressal mechanism to resolve grievances/complaints of borrowers. All disputes arising out of the decisions of the company are heard and disposed of at the next higher level. At the operational level, the company will display the following information prominently for the benefit of our customers at all our branches.

2. The Company will put in place an effective training system to ensure that employees of the Company are customer friendly and do not resort to rude, inappropriate or unethical behavior.
3. The Grievance Redressal Officer shall review the functioning of the grievance redressal mechanism on a quarterly basis. A consolidated report of such reviews shall also be submitted to the Board of Directors on a half yearly basis.
4. The contact details of grievance redressal cell/officer shall be displayed at the registered office and the branch offices of the Company.
5. The Grievance Redressal Officer of JMJ FINANCE LIMITED is Mr. Sreejith P., Operation Head (Loans & Collections). He could be contacted through mail or phone

[E-mail: complaints@jmjfinance.com](mailto:complaints@jmjfinance.com)

Landline: 0487 - 2428175

Mobile: 8111930099

6. Any grievances which are not redressed within 30 days could be communicated to the following address:

Department of Non-Banking Supervision (DNBS),  
Reserve Bank of India (RBI)  
No.6507, Bakery Jct Rd, Nandavanam,  
Palayam, Thiruvananthapuram,  
Kerala 695033.

7. Detailed customer grievance redressal policy is available in the website and with branch managers.

#### **(J) CONFIDENTIALITY**

The Company shall treat all personal information of its borrowers as private and confidential and will not reveal any information to any other entity unless authorized by the customer, except to Reserve Bank of India or/to Credit Information Companies and to any other agency authorized by RBI in this behalf or at the order of Court of law or at the request by any competent Regulatory or Statutory or supervisory authority with whom the Company customarily complies.

#### Feedback and Suggestions

We request our customers to provide feedback on our service to help us to improve our services.

//Approved//  
For JMJ Finance Limited  
Sd/-  
Wholetime Director