

FAIR PRACTICES CODE



ABREPOSE

FINANCIAL AND TECHNICAL SERVICES LIMITED

1. PREAMBLE

ABREPOSE FINANCIAL AND TECHNICAL SERVICES (“ABREPOSE”) is a Non-Banking Financial Company (“NBFC”) operating under Reserve Bank of India (“RBI”) regulations/ Directions and its activities are governed by the various Indian Laws and RBI regulations/directions. Over the years, **ABREPOSE** has carved a niche place for itself in the Indian Financial services market.

ABREPOSE is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations and meets the highest ethical standards.

THE FAIR PRACTICES CODE (‘FPC’) has been devised by **ABREPOSE** with an endeavour to achieve synchronization of high ethical standards in its dealing with all its stakeholders such as shareholders, customers, employees, vendors, the community in which it operates etc.,

ABREPOSE would strive to provide valuable inputs to the stakeholders and facilitate effective interaction with **ABREPOSE** and ensure utmost transparency.

The code shall apply across all aspects of **ABREPOSE** operations including marketing, loan origination, processing, servicing, collection and other activities.

ABREPOSE’s Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

Activities of **ABREPOSE** are conducted in line with RBI / Company Law and prevailing local regulations/rules/laws/Acts. In the event this Policy is at variance with regulations/rules/laws/Acts any stage due to omissions or changes in regulations/rules/laws/Acts, the regulations/rules/laws/Acts would prevail. If any clarifications are needed on these regulations. Rules/laws/Acts, the same must be referred to compliance office for its final opinion on the issue.

This **FPC** applies to all categories of products and services offered/ to be offered by **ABREPOSE**. **ABREPOSE** mainly provides loans and advances/credit facilities of every description repayable on demand or otherwise with or without security, guarantee, surety or co-obligation for purpose of promoting trade and commerce, industrial or Agricultural production or for personal purposes. Accordingly, this Policy document is currently light on provisions related to retail lending and lending to MSME sector

Key Aspects:

The essence of the **FPC** lies in the following aspects that **ABREPOSE** shall strive to follow in letter and spirit:

- o To provide professional. Efficient, courteous, diligent and speedy services
- o Not to discriminate on the basis of religion, caste, gender, descent in any manner.
- o To be fair and honest in any advertisement and marketing of loan products.
- o To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- o To attempt in good faith to resolve any disputes or difference with customers by setting up Grievance Redressal Mechanism within the organization.
- o To comply with all the regulatory requirements in good faith.
- o Seek to us governance structures that provide appropriate levels of oversight in the areas of potential conflicts of interest.
- o To implement compensation and other policies that align the interests of shareholders, management and employees.
- o Remain committed to compliance with applicable national, State, and local labour laws; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace

in conformance with National and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

- o Ensure compliances relating to **FPC** as prescribed under Indian policies and practices.

2. GUIDELINES ON FAIR PRACTICES CODE

a) Loan proposals and their processing

- (i) Given that **ABREPOSE** mainly deals with the employees, Businessman etc., who are familiar with the English Language, the communication with the customers would be in English unless the customer is not comfortable with English Communication in which case, vernacular language communications would be done with the customer to ensure that the customer understands the same.
- (ii) In the event of loan applications being received from customers, the same would be duly acknowledged and an indicative time given to the customer for processing of the loan request subject to timely availability of information.
- (iii) The customer shall be given all the necessary information adequately explaining the range of loan products available with **ABREPOSE** to suit his needs.
- (iv) As part of the loan process, to inter-alia ensure utmost transparency, **ABREPOSE** shall provide all necessary information to the customer along with the term sheet/application/proposal as the case may be including but not restricted to fees/charges (if any) payable for processing.
- (v) **ABREPOSE** shall provide information to the customers for papers/documents/inputs required for considering loan application.

- (vi) The customers shall be provided all such information as may be necessary for them to make a meaningful comparison with the terms and conditions offered by other lenders and to take an informed decision.
- (vii) Copies of executed documents would be provided to customers for their reference and records.

b) Loan appraisal terms and conditions:

ABREPOSE shall scrutinize the information submitted by the customer and additional data, If any, required shall be called promptly to facilitate expeditious consideration of the loan request. **ABREPOSE** reserves the right to reject the loan request in the event of the applicants participation into/adoption of activities which are harmful to the environment, public health, safety, non-committed to compliance with applicable National, State, and local labour laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and health workplace in conformity with national and Local Laws; use of child or forced labour etc.,

Once the loan application is approved, **ABREPOSE** shall convey in writing to the customer by means of sanction letter or term sheet or any other form of written communication, key terms and conditions of the proposed exposure including:

- (i) The amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the customer on its record.
- (ii) Details of the default interest/penal interest rates (expressed in percentage per month / annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof (penal interest charged or late repayment of loan would be mentioned in bold in the loan agreement).

- (iii) Terms and conditions and other caveats governing the credit given by **ABREPOSE** arrived at after negotiation.
- (iv) All other information which is relevant from the point of view of the transaction and all the parties involved.
- (v) A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement would be furnished to the customer.
- (vi) Ensure disbursement of the loan sanctioned is in line with the agreed terms.
- (vii) Wherever possible, reasons for rejection of loan would be conveyed to the customers.

C) Types of Fees/Charges

- (i) All the fees/charges/interest would be payable as per mutual agreement.

d) Disbursement of loans including changes in terms and conditions

- (i) **ABREPOSE** shall intimate the customer of any changes proposed in the terms and conditions including disbursement schedule, interest rates, service charges, pre-payment charges etc.,
- (ii) Changes in the interest rates, other than pre-agreed changes with the customers, would be made effective prospectively. A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- (iii) All communication like acceptances (including for amendments or addendum) with the customer in relation to the sanction / Facilities / Loan / Mandate / Proposals shall be in writing.

- (iv) **ABREPOSE** shall release all securities provided by the customer on repayment of all dues or on realization of all dues subject to any legitimate right or lien or any other claim **ABREPOSE** may have against customer. If such right of set off is to be exercised, the customer shall be given notice about the same with full particulars about the remaining claims and the conditions under which **ABREPOSE** is entitled to retain the securities till the relevant claim is settled/paid.

e) Lending against collateral of Gold Jewellery:

General Guidelines:

While lending to individuals against Gold Jewellery, **ABREPOSE** shall adopt the following:

- 1) a. **ABREPOSE** shall maintain a Loan-to-Value (LTV) ratio not exceeding 75% for loans granted against the Collateral of Gold Jewellery.

The value of Gold Jewellery for the purpose of determining the maximum permissible loan amount shall be the intrinsic value of the Gold content therein and no other cost elements shall be added thereto. The intrinsic value of the Gold Jewellery shall be arrived at as below:

- 2) **Standardization of Value of Gold accepted as Collateral in arriving at LTV Ratio:** The Gold Jewellery accepted as collateral by **ABREPOSE** shall be valued by the following method:

- (i) The Gold Jewellery accepted as collateral by **ABREPOSE** shall be valued by taking into account the preceding 30 days average of the closing price of 22 carat Gold as per the rate as quoted by the **Bombay Bullion Association Ltd., (BBA)** or the historical spot Gold Price data publicly disseminated by a commodity exchange regulated by the Forward markets Commission.

- (ii) If the purity of the gold is less than 22 carats, **ABREPOSE** shall translate the collateral into 22 carat and state the exact grams of the collateral in other words, jewellery of lower purity of Gold shall be valued proportionately.
- (iii) **ABREPOSE** while accepting Gold as collateral shall give a certificate to the borrower on their letterhead of having assayed the Gold and state the purity (in terms of carats) and the weight of the Gold Pledged.
- (iv) **ABREPOSE** is having suitable caveats to protect itself against disputes during redemption but the certified purity shall be applied both for determining the maximum permissible loan and the reserve price for auction.
 - b. **ABREPOSE** shall not grant any advance against bullion / primary Gold and Gold Coins. **ABREPOSE** shall not grant any advance for purchase of Gold in any form including primary Gold, Gold **Bullion**, Gold Jewellery, Gold Coins, Units of Exchange Traded Funds (ETF) and units of Gold Mutual Fund,

3) **Verification of the Ownership of Gold:**

- a) Where the Gold Jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, **ABREPOSE** shall keep a record of the verification of the ownership of the jewellery. The ownership verification need not necessarily be through original receipts for the jewellery pledged but a suitable document shall be prepared to explain how the ownership of the jewellery has been determined, particularly in each and every case where the Gold Jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams.

4) **Auction:**

- a) The Auction shall be conducted in the Regd. & Administrative Office in which the Company that has extended the loan is located.

- b) While auctioning the Gold, **ABREPOSE** shall declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments shall not be less than 85% of the previous 30 days average closing price of 22 carat Gold as declared by the Bombay Bullion Association Ltd., (BBA) or the historical spot Gold Price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission and value of the jewellery of lower purity in terms of carats shall be proportionately reduced.
 - c) **ABREPOSE** shall provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding shall be payable to the borrower.
 - d) **ABREPOSE** shall disclose in the annual reports, the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.
5. Safety and security measures be followed by **ABREPOSE** while lending against collateral of Gold Jewellery.
- a) **ABREPOSE** shall ensure that necessary infrastructure and facilities are put in place, including safe deposit vault and appropriate security measures for operating the vault, in its Regd. & Admn. Office where Gold Jewellery is accepted as collateral, duly ensuring convenience of borrowers.
 - b) No branches of the Company shall be opened without suitable arrangements for security and for storage of Gold Jewellery, including safe deposit vault.

Other Guidelines to be followed while lending to individuals against Gold Jewellery:

- (a) Adequate steps to ensure that the KYC guidelines stipulated by the Board are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- (b) Proper assaying procedure for the jewellery received.
- (c) Internal System to satisfy ownership of the Gold Jewellery.
- (d) Adequate systems for storing the jewellery in safe custody, reviewing the systems on the on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to.
- (e) The jewellery accepted as collateral shall be appropriately insured.
- (f) Transparent Auction procedure in case of non-repayment with adequate prior notice to the borrow. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the action including with group companies and related entities.
- (g) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper.
- (h) As a Policy, **ABREPOSE** itself shall not participate in the auctions held.
- (i) Gold pledged shall be auctioned only through auctioneers approved by the Board.
- (j) The Policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- (k) The loan agreement shall also disclose details regarding auction procedure.

(l) **ABREPOSE** while financing against the collateral of Gold will insist on a copy of the PAN card of the borrower for all transactions above Rs. 5.00 Lacs.

(m) **Documentation is standardized**

(n) **ABREPOSE** shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

f) **Collection of dues:**

If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by sending the notice or by making personal visits. In case of default /anticipated default, while **ABREPOSE** reserves the right to take recourse to all available legal and contractual remedies, it may also use the services of specialized recovery agencies/legal advisers.

In the event of **ABREPOSE** uses the services of recovery agencies or any other 3rd party, it would ensure that they operate within the **FPC** of the organization.

All the members of the staff or any person authorized to represent **ABREPOSE** in collection or/and security repossession is expected to follow the guidelines set out below:

(i) Customer would be contacted ordinarily at the place of business/occupation and if unavailable, at the place of residence or in the absence of any specified place, at the place of authorized representative's choice.

(ii) Identity and authority to represent would be made known at the first instance.

(iii) Customer privacy and dignity would be respected.

(iv) Interactions would be in a civil manner and customers would not be harassed

- (v) Normally, customers will be contact between 07.00 hours and 19.00 hours (Indian Standard Time), unless the special circumstances of customer's business or occupation require otherwise.
- (vi) Customer's requests to avoid calls at a particular time or at a particular place would considered if reasonable.
- (vii) Endeavour shall be made to resolve disputes or differences in a mutually acceptable and in an orderly manner.

g) Prepayment options for the customer:

For the fixed rate loans pre-payment options available to the customer and the additional interest payable shall be mutually agreed on a case to case basis. Foreclosure charges, or individual customers would be considered in line with the then prevailing regulations.

h) Information secrecy:

- (i) All personal information of the customer would be treated confidential and would not be disclosed to any third party unless required under prevailing regulations or unless agreed to by the customer in writing. The term "THIRD PARTY" excludes all law enforcement agencies, Credit Information Bureau, RBI, other Banks and Financial Institutions and any other State, Central or other regulatory bodies.
- (ii) Customer information would be revealed only under the following circumstance, namely:
 - If **ABREPOSE** is compelled by law
 - If it is in the public interest to reveal the information
 - It is in the interest of **ABREPOE** to require disclosure.

i) General:

- (i) In case of receipt of request for transfer of loan from the customer to another lender, the consent or otherwise i.e. Objection of the **ABREPOSE**, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- (ii) If **ABREPOSE** avails of the services of third parties for providing support services, **ABREPOSE** will require that such third parties handle customer's personal and business information (if any available to such third parties) with the same degree of confidentiality and security as it would on its own.
- (iii) **ABREPOSE** may, from time to time, communicate to customers new features of products made available to them. Information about other products or promotional offers in respect of **ABREPOSE** products/services, shall be conveyed only if the customer has given consent to receive such information/service.
- (iv) In the event of receipt of any complaint from the customer that **ABREPOSE** representatives has engaged in any improper conduct or acted in violation of the **FPC**, **ABREPOSE** shall take appropriate steps to investigate and take appropriate action in a time bound manner.

j) Digital Lending Platforms:

As of now **ABREPOSE** is not utilizing the digital lending platforms. However, in future the need arises, the following conditions shall be followed while utilizing the facility:

- (i) Names of digital lending platforms engaged as agents shall be disclosed on the website.

- (ii) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of **ABREPOSE** on whose behalf they are interacting with him
- (iii) Immediately after sanction but before executing of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the **ABREPOSE** Concerned
- (iv) A copy of the loan agreement along with a copy of each of all the enclosures quoted in the loan agreement shall be furnished to all borrowers of the time of sanction/ disbursement of loans
- (v) Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by **ABREPOSE**.
- (vi) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism

k) Grievance redressal Mechanism (GRM):

In the event of any grievances/complaints by any customers, the same would be reviewed by the Grievance Redressal Officer who would address the same within 30 days of the receipt of the grievances/complaints. In the event, the customer is not satisfied with the response; the customer would have the option of raising the issue with the Senior Management and/or with the officer in charge of the Regional Office of DNBS of RBI. If the matter is not resolved within a period of 30 days or is not capable of being resolved then, the customer shall be informed appropriately at the earliest opportunity. All communications in relation the GRM shall be in writing.

In this regard, **ABREPOSE** has also set up a dedicated e-mail address (abreposeftservices@gmail.com) where customers and other stakeholders including vendors can submit their grievances, complaints and suggestions. All complaints received by **ABREPOSE** shall be tabled at the meeting of the Board of Directors every quarter. In the event there are no complaints received during

the quarter, a NIL report shall be submitted to the Board of Directors.

In line with prevailing regulations **ABREPOSE** will display the following information at places where its business is transacted:

- ◆ The name and contact details (telephone/mobile Nos. as also email address) of the Grievance redressal Officer who can be approached by the public or resolution of complaints against **ABREPOSE**.
- ◆ 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 (along with complete contact details fo the Officer-in-Charge), under whose jurisdiction the registered office o the **ABREPOSE** falls.

The Board of Diectors shall annually review the compliance of the FPC and the functioning of the GRM. A consolidated report of compliance shall be submitted to the Board ever year.

The FPC shall be put up on **ABREPOSE** web-site for the information of various stake-holder.

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