

# Muthoot Mercantile Limited

*(A Unit of Muthoot Ninan Group)*

Regd. Office: 'MUTHOOT FLOORS', 1<sup>st</sup> Floor, North Block, Opp. W&C Hospital,  
Thycaud, Thiruvananthapuram-695 014. ☎ 0471-2774800 CIN: U65921KL1997PLC011260  
e-mail: [info@muthootenterprises.com](mailto:info@muthootenterprises.com), website: [www.muthootenterprises.com](http://www.muthootenterprises.com)

## **FAIR PRACTICE CODE**

Fair Practice Code of Muthoot Mercantile Limited is formulated in accordance with the Reserve Bank of India (RBI) guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers vide it's Circular DNBS.CC.PD.No.266 /03.10.01/2011-12.

### ***I. Applicability***

This Fair Practice Code was reviewed and approved by the Board of Directors at the meeting held on 11.07.2023 This Fair Practice Code applicable with effect from the date of Board Meeting to till the date when it's reviewed or revised in future.

The Reserve Bank of India vide circular DNBS.CC.PD.No.266/ 03.10.01 / 2011-12 dated 26 March 2012 titled "Guidelines on Fair Practices Code for NBFCs, the Board of Directors has reviewed the approved Fair Practice Code vide meeting held on 11.07.2023.

The Fair Practices Code in the English Language (language as commonly understood by the borrowers of the company all over India) will be put in place by the company having customer interface, with the approval of their Boards, The same willl be put up on the company official website, if any, for the information of various stakeholders.

The Fair Practice Code of the Company is as under:

### **I. Applications for Loans and their Processing.**

Loan Applications will contain necessary information relating to the loan schemes which affects the interest of the borrower and the details regarding the KYC and other documents required to be submitted. Loan applications and documents will be in vernacular or a language or a language as understood by the borrower. Borrower will be required to produce necessary documents to comply with the KYC guidelines of RBI.

Also devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

## II. Loan Appraisal and terms/ conditions.

Loan will be sanctioned immediately after the verification of identity/ address proof (KYC Documents) and satisfactory appraisal of the gold ornaments and/or other valuables offered as security on the same day itself. The loan document (Pledge Form/Loan Application Form) in vernacular language or language as understood by the borrower, showing the amount of the loan sanctioned and particulars of the security offered along with the terms and conditions of the loan, including annualised rate of interest and method of application thereof , on its record will be signed by the Customer in token of acceptance of the terms and conditions and acceptance of the proceeds of the loan. Also mention the penal interest charged for late repayment in bold in the (Pledge Form/Loan Application Form/ Pawn Ticket).

The Rates of Interest for various loan schemes offered by the Company is/have been approved by the Board of Directors. The annualized rate of interest as appropriate to the particular scheme opted by the borrower will be available in the respective pledge form/loan document and Pawn Ticket. The Company will be charging interest based on the nature of the product and LTV wherever applicable for each product.

. Disbursement of Loans including changes in Terms and Conditions.

- a. The Company will give due notice to the borrower of any change which shall be applicable prospectively in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc except default interest as already mentioned in the loan document.
- b. Decision to recall/ accelerate repayment or performance under the Agreement will be in consonance with the loan document.
- c. The Company will release all securities on payment of all dues on the date of settlement of the loan itself, subject to any legitimate right or lien for any other claims Muthoot Mercantile Limited may have against the borrower. If such right of set off is to be exercised, the Customer will be given notice about the same with full particulars about

the remaining claims and the conditions under which Muthoot Mercantile Limited is entitled to retain the securities till the relevant claim is settled in full.

## 5. General

1. The Company will not interfere in the affairs of the borrower except for the purposes provided in the in the terms and conditions of the loan document.
2. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the applicable NBFC, 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.
3. The Company will not resort to undue harassment of the borrower for the recovery of the loans.
4. The Company will 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).

## 6. Policy Guidelines on Sale by Auction of Pledged Gold Ornaments:

The following shall be the General Policy Guidelines for the Sale by Auction of Gold Ornaments pledged with the Company by the Customers:

- i. Gold Ornaments pledged with the Company, if not redeemed within tenure of the loan as per the loan agreement or if the loan is defaulted for non-payment of interest or principal, will be disposed of by the Company by sale by public auction. However, the Company will give due intimation to the Customer by Registered Post/ Courier about the auction at least 10 days before the date of auction. Details about the auction will be published in a vernacular newspaper and also in a national daily.
- ii. Auction will be conducted by an Auctioneer approved by the Board of Directors of the Company or as per the law in force in the respective states. The amount due to the Company by the Customer, being the aggregate of the principal and the up to date interest as well as other expenses including expenses for conducting auction, will be adjusted against the sale proceeds. The surplus if any after adjusting the dues from the auction proceeds will be refunded to the customer whereas the deficit if any thereof will be recovered from the borrower. The details about the auction including surplus/deficit will be communicated to the borrower within 30 days of the date of auction and excess refunded.
- iii. If at any time after the loan is granted, the Company has reasons to believe that a Customer has obtained loan through misrepresentation of facts and has failed to repay

the loan with interest on demand, the Company shall not be bound to follow the above procedures but shall be at liberty to sell / auction the Gold Ornaments pledged by him / her in the manner deemed appropriate under the then prevailing circumstances.

The Company has also put in place Board approved Auction Policy dealing exhaustively with the policies and procedures relating to Auctions of pledged gold ornaments.

#### 7. Grievance Redressal Mechanism

The Complaints from the borrowers on any functionaries or his decisions will be heard at higher levels. Borrowers can make the complaints including those at the email ID: info@muthootentrpreirese.com or in writing to the concerned Regional Manager/the Nodal/Principal Nodal Officer or the Nodal officer at Head Office.

The name, address and contact No. of the Officers mentioned above are displayed at all Branches for information of the Customers. If the complaint is not resolved within one month the Customer can approach the General Manager, Reserve Bank of India, Department of Non-Banking Supervision, P B No.6507, Bakery Jct Rd, Nandavanam, Palayam, Thiruvananthapuram, Kerala -695033.

#### 8. Review and reporting

The Board of Directors of the company will be provide a team for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at Quarterly/ such regular intervals as decided by the Board.