

**Fair Practices Code**

**RADAUR HOLDINGS PRIVATE LIMITED**

**FAIR PRACTICES CODE**

## Fair Practices Code

### Summary of Policy

<b>Company Name</b>	Radaur Holdings Private Limited (“ <b>Radaur</b> ” or the “ <b>Company</b> ”)
<b>Company Business</b>	Lending and providing financial support to catalyse inclusive growth and strengthen impact-focussed enterprises across sectors across sectors such as affordable education, affordable healthcare, clean energy, technology for development, financial inclusion, affordable housing, agriculture, water and sanitation (“ <b>Social Enterprises</b> ”) to further outreach, and efforts of such companies, in alleviating poverty.
<b>Policy Name</b>	Fair Practices Code
<b>Policy Type</b>	<b>B – Board</b> B – Board M – Management D – Department
<b>Related policies and regulations</b>	Reserve Bank of India (‘ <b>RBI</b> ’) Master Circular on ‘Fair Practices Code (‘ <b>FPC</b> ’) for NBFCs’, RBI/2014-15/34 DNBS (PD) CC No.388/03.10.042/2014-15, dated July 1, 2014.
<b>Issue date</b>	September 2014
<b>Effective date</b>	September 2014
<b>Review cycle</b>	<b>AN</b> – OT <b>AN</b> – Annually <b>QT</b> – Quarterly <b>MO</b> – Monthly <b>OT</b> – Other, i.e. upon regulatory change, new products/business, etc.
<b>Date of last review</b>	-
<b>Date of next review</b>	-
<b>Owner / Contact</b>	Radaur Holdings Private Limited
<b>Approver</b>	Board of Directors of Radaur Holdings Private Limited
<b>Annexures</b>	None

## Fair Practices Code

### PREAMBLE

- A. This Fair Practices Code ('FPC') has been devised by **Radaur Holdings Private Limited** ('Radaur' or 'the company') with an endeavor to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors in India. Radaur has a responsibility to ensure that all its subsidiaries and Indian affiliates operate in a way that aligns the interests of stakeholders as stated.
- B. Radaur's endeavor towards stakeholders includes a commitment to the communities in which its businesses operate and also includes a responsibility for ensuring that those businesses operate according to the highest legal and ethical standards. The Company will strive to provide valuable inputs to the stakeholders and facilitate effective interaction with the company and ensure utmost transparency.
- C. The Company's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities. Radaur's commitment to the FPC will be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.
- D. The Company'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.
- E. This FPC applies to all categories of products and services offered/to be offered by the Company.

### KEY ASPECTS:

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

- To provide professional, efficient, courteous, diligent and speedy services.
- To not discriminate on the basis of religion, caste, sex, descent in any manner.
- To be fair and honest in any advertisement and marketing of loan products.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- If sought, to provide such assistance or advise to customers seeking loans.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.
- To comply with all the regulatory requirements in good faith.
- To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representation from the Company.

## Fair Practices Code

- Seek to grow and improve the companies to which Radaur lends for long-term sustainability and to benefit multiple stakeholders, including on environmental, social and governance issues.
- Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.
- Remain committed to compliance with applicable national, state, and local labor 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.
- Seek to confirm that the funds do not flow to companies that utilize child or forced labor or generally maintain discriminatory policies against religion or gender.
- Ensure compliances relating to Indian regulations prescribed by the Reserve Bank of India ('RBI') and other laws relating to fair practices as may be prescribed under Grameen group of companies' global policies and practices.

### 1. GUIDELINES ON FAIR PRACTICE CODE FOR RADAUR

#### (a) Loan proposals and their processing

- (i) All communications to the customer by Radaur shall be in English as it is understood by all customers/ borrowers of Radaur. Where required, the communication shall be translated into the local language to ensure full transparency and disclosure to Radaur's borrowers / customers.
- (ii) As part of the loan process, to *inter alia* ensure utmost transparency, Radaur shall provide all necessary information to the customer alongwith the term sheet/application/proposal as the case may be including but not restricted to the interest rate, fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non acceptance of loan proposal, pre-payment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Non Banking Financial Companies ('NBFCs') can be made and informed decision can be taken by the customer. In addition to the above information, the customer shall be given all the necessary information adequately explaining the range of loan products available with Radaur to suit the customer's needs.

#### TIME FRAME FOR DISPOSAL OF APPLICATION

S. No.	Category of Customer and Size of Limit	Time norms for disposal after Submission of all required papers / information sought by the Radaur.
--------	--	---

## Fair Practices Code

i.	For all categories of customers and for any amount of Loans	Time period upto 15 days or such time as mutually agreed upon with customer.
----	---	--

- (iii) The customer will be given the relevant information about the loan product of its choice, upon request.
- (iv) The customer will be explained the processes involved till sanction and disbursement of loan and will be notified of timeframe within which all the processes will be completed ordinarily.
- (v) The customer will be informed of the names and phone numbers of office and the persons whom he can contact for the purpose of loan to suit his needs.
- (vi) The customer will be informed of the procedure involved in servicing and closure of the loan taken. When a proposal / loan request is submitted by the customer and having complied with the requisite documentation and other formalities, Radaur shall advise the time frame within which the proposal is likely to be disposed off. Radaur shall ensure that the customer is supplied with sufficient information to enable them to make informed decisions.

(b) **Loan appraisal terms and conditions**

Radaur shall scrutinize the information submitted by the customer and additional data, if any, required shall be promptly requested from the customer to facilitate expeditious disposal of the loan. A customer's participation into, adoption of activities which are harmful to the environment, public health, safety, non committed to compliance with applicable national, state, and local labor laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and healthy workplace in conformance with national and local laws; utilisation of funds for child or forced labor, shall be adequate grounds for rejection of the loan request / proposal.

**Radaur 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:**

- the amount of loan sanctioned along with the terms and conditions including annualized rate of interest,
- 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 for late repayment of loan shall be mentioned in bold in the loan agreement)

## Fair Practices Code

- terms and conditions and other caveats governing the credit given by Radaur arrived at after negotiation
- all other information which is relevant from the point of view of the transaction and all the parties involved.
- a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to the customer.
- Ensuring the disbursement of the loan sanctioned within 15 days from the date of compliance with all terms and conditions governing such sanction.
- wherever possible, reasons for rejection of the loan will be conveyed to the customers.

All the above information shall be part of the loan agreement expressed in writing and shall be duly approved by the customer and countersigned by the authorised officials of Radaur.

### (c) **Types of Fees/Charges**

- (i) All the fees / charges / interest will be payable as per mutual agreement.
- (ii) Syndication fees for cases where Radaur acts as arranger for loan shall be set out in the individual engagement letters.

### (d) **Disbursement of loans including changes in terms and conditions**

- (i) Radaur shall give notice to the customer of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. within [●] days of such change.
- (ii) Any changes in the interest rates and charges shall be effected 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 and preserved for a minimum period of 8 years.

### (e) **Interest Rates for loans**

Given that the business model of Radaur focuses on extending the loan only to select Social Enterprises, and given its policy of using only its own equity in the business, the fixed interest rate charged shall be in the range of [10]% to [22]% per annum (excluding upfront or back ended fees and variable redemption / equity upside for structured transactions) based on the evaluation of various risks and factors detailed hereunder:

## Fair Practices Code

(i) **Tenor of the Loan**

The interest rate charge will depend on the term of the loan.

(ii) **Internal and External Costs of Funds**

The rate of interest charged is also affected by the rate at which the funds necessary to provide loan facilities to customers are sourced, normally referred to as internal cost of funds. Radaur prefers not to access “public funds” (as defined under explanation to third proviso of clause 18 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007). Accordingly, all loans or credit facilities shall, at minimum, provide an Internal Rate of Return (**‘IRR’**) or a life to maturity yield of [10]%. From an external cost of funds perspective, the benchmark interest rate that may be used by Radaur could be either the Base Rate of Bank of Baroda or the average interest rate paid by Radaur on its own borrowing, whichever is higher.

(iii) **Internal cost loading**

The interest rate charged will also take into account costs of doing business. Factors such as the complexity of the transaction, the size of the transaction and other factors that affect the costs associated with a particular transaction shall be taken into account before arriving at the final interest rate quoted to a customer.

(iv) **Credit Risk**

In order to comply with prudential norms, bad debt provision cost shall be factored into all transactions. This cost is then reflected in the final interest rate quoted to a customer. The amount of the bad debt provision applicable to a particular transaction depends on the credit strength of the customer.

(v) **Fixed versus floating**

The applicable interest rate shall also be commensurate from the perspective of the fixed versus floating interest rate requirements of the customers and shall have to be decided in view of the benchmarks deliberated in point (ii) above.

The interest rates shall be displayed on the company website, if any, as per the RBI directions.

(f) **Post disbursement supervision**

- (i) Post disbursement supervision is constructive and the genuine difficulties which the customer may face is given due consideration.

## Fair Practices Code

- (ii) Intervention into the customers business affairs shall be in accordance with terms of sanction of loan, loan agreement or when new information comes to Radaur's knowledge especially if the information relates to developments that may be detrimental to Radaur's interests with respect to any exposure on the customer.
- (iii) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- (iv) Before taking any decisions pertaining to recall / acceleration of payment or performance under the agreement or seeking additional securities, Radaur shall give notice to customers in consonance with the loan agreement.
- (v) Radaur shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim Radaur may have against any 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 Radaur is entitled to retain the securities till the relevant claim is settled /paid.
- (vi) Subsequent to disbursal or investment, identification of any customer's participation into, adoption of into activities which are harmful to the environment, public health, safety, non committed to compliance with applicable national, state, and local labor laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and healthy workplace in conformance with national and local laws; utilisation of funds for child or forced labor are considered adequate grounds for Radaur to unilaterally recall the loan.

### (g) **Financial Difficulties**

Radaur will consider cases of financial difficulty sympathetically and positively. The customer will usually identify problems first and shall let Radaur know as soon as possible.

The following shall be a few broad indications of a customer's financial difficulty or instability that shall be taken note of by Radaur:

- (i) delay in commencement of commercial production and there is cost overrun etc.
- (ii) Excess over agreed sanctioned limits frequently.
- (iii) Large increases or decreases in business turnover without appropriate justifications.
- (iv) Stoppage/ suspension of work for an unreasonably long time.
- (v) Sudden loss of a business partner or co - promoter or a key customer or employee.



## Fair Practices Code

- (vi) sale of a large part of its business by the customer or any group company.
- (vii) Use of sanctioned facilities for purposes other than those agreed with Radaur or diversion of funds from the borrower company.
- (viii) Failure to service interest at prescribed intervals and adherence to the repayment schedule.
- (ix) Frequent dishonor of bills drawn by the customer's suppliers.
- (x) significant and unexplained increase in book debts/debtors without commensurate corresponding increase in turnover in the account.
- (xi) Non compliance with conditions set out in the loan agreement.
- (xii) Non-furnishing agreed information on time.
- (xiii) Winding-up petition or other legal action is initiated against the customer.

Radaur shall undertake reasonable steps to assist the customer in his endeavor including helping to develop a plan for dealing with the financial difficulties.

Radaur may request for additional financial information /commitments in order to understand the customer problems.

### (h) **Restructuring**

- (i) Radaur will consider a nursing/ debt restructuring programme in case the account remains substandard for over six months, or the unit of the customer is considered to be sick. If Radaur is of the opinion that the rehabilitation plan will not succeed, Radaur shall explain the reasons of the same to the customer.
- (ii) If Radaur cannot reach an agreement with regards to the rehabilitation plan, it will make it clear that it is unable to continue to support and shall advise the customer as to when it will withdraw the support.

### (i) **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 and/ or repossession of security, if any. In case of default, Radaur may refer the case to the recovery agent and will inform the customer of the recovery proceedings being initiated.

Radaur will investigate all (if any) the grievances / complaints about unfair practices by its representatives/ recovery agents (if appointed). Radaur collection policy is built on courtesy, fair treatment and persuasion. Radaur believes in fostering customer confidence and building long-term relationship and will put in best efforts to achieve them. Radaur staff deputed for collection of dues or/and security repossession will identify

## Fair Practices Code

himself/ herself. Any person authorised to represent Radaur for these purposes will identify himself/herself and also display the authority letter issued by Radaur.

All the members of the staff or any person authorised to represent Radaur in collection or/and security repossession will be subjected to due diligence and will follow the guidelines set out below:

- (i) Customer shall 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 authorised representative's choice.
- (ii) Identity and authority to represent Radaur will be made known at the first instance by such authorized person.
- (iii) Customer privacy and dignity will be respected at all times.
- (iv) Interactions shall be in a civil manner.
- (v) Normally Radaur representatives will contact customers in this regard between 0700 hrs and 1900 hrs, unless special circumstances of the customer business or occupation require otherwise.
- (vi) Customer's requests to avoid calls at a particular time or at a particular place will be honored to the extent considered reasonable.
- (vii) Time and number of calls and key contents of conversation may be documented.
- (viii) All assistance will be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

(j) **Prepayment options for the customer**

Pre-payment options available to the customer and the penalty payable shall be mutually agreed as a case to case basis and the customer shall be duly notified of any change in the same.

(k) **Information Secrecy**

- (i) All personal information of the customer will be confidential and shall not be disclosed to any third party 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 body.
- (ii) Customer information will be revealed only under the following circumstances, namely;
  - If Radaur is compelled by law,

## Fair Practices Code

- If it is in the Public Interest to reveal the information.

### (l) **General**

- (i) Radaur shall ensure that its processes of recovery will not involve any manner of harassment to the Customer. Appropriate instructions will be provided by Radaur to its staff for handling customer queries and grievances cordially.
- (ii) In case of receipt of request for transfer of customer or customer account, either from the customer or from a lender which proposes to take-over the account, the consent or otherwise i.e. objection of the Radaur, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.

### (m) **Advertising, Marketing and Sales**

- (i) Radaur will make sure that all advertising and promotional material is clear, transparent and in accordance with this FPC.
- (ii) In any advertising in any media and promotional literature that draws attention to any service or product and includes a reference to an interest rate, Radaur will also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions will be available on request.
- (iii) If Radaur avails of the services of third parties for providing support services, Radaur 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 Radaur.
- (iv) Radaur may, from time to time, communicate to customer's new features of products availed by them. Information about other products or promotional offers in respect of Radaur products/services, shall be conveyed only if the customer has given consent to receive such information/ service.
- (v) Radaur does not envisage engaging any Direct Selling Agencies (DSAs) to market its products/ services.
- (vi) In the event of receipt of any complaint from the customer that Radaur representative has engaged in any improper conduct or acted in violation of this FPC, Radaur shall take appropriate steps to investigate and to handle the complaint to closure.

### (n) **Grievance Redressal Mechanism (GRM)**

The Board of Directors of Radaur have laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a

## Fair Practices Code

mechanism ensures that all disputes arising out of the decisions of the company are heard and disposed off at least at the next higher level. The customer shall be informed of the customer complaint process / GRM followed by Radaur. The customer shall be entitled to approach the Risk Head, India, who shall ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within a period of 7 working days or is not capable of being resolved then the customer shall be informed appropriately at the earliest opportunity. All communication in relation to the GRM shall be in writing.

In this regard, Radaur has also set up a dedicated e-mail address (info@grameencapital.in) where customers and other stakeholders including vendors can submit their grievances, complaints and suggestions. All complaints received by Radaur 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.

Radaur shall display the following information prominently at its places where 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 for resolution of complaints against Radaur.
- 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 of the Officer-in-Charge), under whose jurisdiction the registered office of the Radaur falls.

The Board of Directors 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 every year.

***This FPC shall be available on Radaur website (if any) or that of an affiliate for the information of various stakeholders.***