# Rakam Credit Private Limited

*Fair Practice Code -Policy*

**Company overview:**

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| Policy Name | Fair Practices Code (FPC) |
| Entity | Rakam Credit Private Limited ("the Company") |
| CIN | U65929RJ2016PTC055375 |
| Registered Address | C-18, Shop No. 34, Upper Basement Floor, Silver Squar Mall, Bhagwan Das Road, M. I. Road, Near Raj Mandir Cinema, C - Scheme, M.I. Road, Jaipur, Rajasthan, India, 302001 |
| Regulator | Reserve Bank of India (RBI) |
| Website | https://www.rakamcredit.in/ |
| Effective Date | April 2024 |
| Approved By | Board of Directors |
| Review Frequency | At least annually, or earlier upon change in RBI regulations |

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## 1. Introduction and Regulatory Framework

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for the NBFCs (Non-Banking Finance Companies) vide Chapter VII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and amendments thereafter. RAKAM CREDIT PRIVATE LIMITED ("the Company") adopts this Fair Practices Code ("the FPC" / "the Code") in line with those guidelines. The Company shall make appropriate modifications to the FPC from time to time to conform to the standards prescribed by RBI.

In the event of any inconsistency between this Code and the extant RBI directions, the RBI directions shall prevail.

## 2. Key Objectives

The key objectives of the FPC are to:

- Act fairly and reasonably in all dealings with borrowers, on the ethical principles of honesty, integrity and transparency, and in accordance with all applicable laws and regulations.
- Assist borrowers in understanding the key features, benefits and risks of the Company's financial products and services, by providing information in a simple manner and explaining the financial implications of the products.
- Ensure a trouble-free borrowing experience and, in the event of any error or omission, deal with it promptly, redress grievances quickly and efficiently, and provide a clear escalation process.
- Promote transparency in the cost of credit through mandatory disclosures, including the Key Facts Statement and the annualised rate of interest.

## 3. Applicability

Based on its current business, the FPC applies to the following products offered by the Company:

- Loan Against Property
- Business Loans/ Working Loans
- Term Loans
- Financial Institution Lending

The FPC applies to loans sanctioned through physical as well as digital channels, and to the following broad areas: (a) loan applications and processing; (b) loan appraisal, sanction and terms/conditions; (c) disbursement, including changes in terms and conditions; (d) post-disbursement supervision and recovery; (e) release of securities; and (f) grievance redressal.

## 4. Loan Applications and Processing

- Loan application forms shall include the necessary information affecting the interest of the borrower, so that a meaningful comparison with the terms offered by other lenders can be made and an informed decision can be taken. The form shall indicate the documents required to be submitted.
- The Company shall issue an acknowledgement for receipt of every loan application. The indicative time frame within which loan applications will be disposed of shall be conveyed to the applicant.
- All communications to the borrower shall be in the vernacular language or a language understood by the borrower.

- Any notice or communication provided to the borrower during the tenure of the loan shall be dispatched to the registered contact details (comprising physical address, electronic mail, and mobile number) maintained in the Company's database. It shall remain the incumbent duty of the customer to provide timely updates to the Company regarding any modifications to their contact information.
- Upon receiving a loan application, the Company will issue an acknowledgment receipt to the borrower specifying the estimated disposal timeframe. Should any additional information or documentation be required to process the application, the borrower will be promptly notified.

## 5. Loan Appraisal, Sanction and Terms / Conditions

- The Company shall consider loan applications on the basis of risk-based assessment procedures.
- The Company shall convey in writing to the borrower, by way of a sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions, including the **annualised rate of interest**, the method of application thereof, and the **penal charges** for late repayment which shall be mentioned in bold in the loan agreement. The Company shall keep the borrower's written acceptance of these terms and conditions on its record and an accepted copy of the terms & conditions duly signed by the borrower shall be maintained on record.
- A copy of the loan agreement, together with a copy of each enclosure quoted in the loan agreement, shall be furnished to every borrower at the time of sanction / disbursement.
- For all loans, a Key Facts Statement (KFS) shall be provided to the borrower before execution of the loan contract, in the manner set out in Section 6.

## 6. Key Facts Statement (KFS)

In accordance with the RBI circular dated April 15, 2024, and amendments thereafter, the Company shall provide a Key Facts Statement, which serves as a standardized summary summarizing the critical terms of the credit facility in plain, transparent language to all prospective borrowers, in the standardised format prescribed by RBI, before execution of the loan contract. The KFS shall, inter alia:

- carry a unique proposal number and be written in a language understood by the borrower.
- disclose the all-inclusive Annual Percentage Rate (APR), together with a computation sheet of the APR and the amortisation schedule over the loan tenor.
- disclose all fees, charges and, separately, the contingent charges such as penal charges (which shall be stated in bold) and foreclosure charges.
- have a validity period of at least three working days for loans of tenor of seven days or more, and one working day for loans of tenor of less than seven days.
- be explained to the borrower and an acknowledgement shall be obtain confirming that he/she has understood the same before the loan agreement is executed.
- It shall be provided in vernacular language to the borrower.

Any fee or charge that is not mentioned in the KFS shall not be levied by the Company at any stage during the term of the loan without the explicit consent of the borrower.

## 7. Regulation of Interest Rate and Charges

- The Company shall have approved interest rate model that takes into account the cost of funds, margin and risk premium, and shall determine the rate of interest to be charged for loans and advances.

- The rate of interest and the approach for gradation of risk, and the rationale for charging different rates of interest to different categories of borrowers, shall be disclosed to the borrower in the application form and communicated explicitly in the sanction letter.
- Interest rates for individual are evaluated on a case-by-case basis using a risk-adjusted pricing matrix. This model evaluates multiple variables, including the applicant's credit history, financial profiles, and earning capacity, alongside the loan duration, financing ratio, intended asset use, geographic location, remittance channels, collateral quality, and outstanding financial liabilities.
- The rate of interest shall be the annualised rate so that the borrower is aware of the exact rate that would be charged to the account. The rates of interest and the approach for gradation of risk shall also be made available on the Company's website and updated whenever there is a change.
- The interest rate and other charges shall not be excessive and shall be in line with the Company's Board-approved policy.
- The Board shall ensure that the interest rates, processing fees, and other charges levied by the Company are not usurious and are justified based on the underlying risk premium and cost structures.

## 8. Penal Charges

In accordance with the RBI circular on Fair Lending Practice – Penal Charges in Loan Accounts (effective April 1, 2024):

- Any penalty for non-compliance with the material terms and conditions of the loan contract shall be levied as **"penal charges" and shall not be levied as "penal interest"** added to the rate of interest. No further interest shall be computed on such penal charges.
- The scale of penal charges must be fair and proportionate to the specific breach of contractual terms, ensuring uniform application without discrimination within any single loan or product category.
- The Company will ensure that penal charges on personal, other than business loan, given to retail borrowers are not higher than the charges applicable to institutional or corporate accounts for the same contractual violations
- The quantum and reason for penal charges shall be clearly disclosed in the loan agreement, the Key Facts Statement / Most Important Terms and Conditions, and on the Company's website under Interest Rates and Service Charges. Applicable penal charges shall be communicated to the borrower whenever reminders for non-compliance are sent.
- The Company shall formally communicate the applicable penal charges to the borrower whenever reminders for non-compliance are sent and shall explicitly notify the borrower at any instance of an actual levy of penal charges along with the underlying reason.

## 9. Disbursement and Changes in Terms and Conditions

- Disbursement of the sanctioned loan shall be made upon completion of all formalities, including execution of loan documents.
- The Company shall give notice to the borrower, in the vernacular language or a language understood by the borrower, of any change in the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges and other applicable fees. Changes in interest rates and charges shall be affected only prospectively, and a suitable clause to this effect shall be incorporated in the loan agreement.

- Any updates to the fee schedule made after the loan is active will be communicated through our website portal or sent via text notification to the borrower's registered mobile number
- Ongoing monitoring and asset oversight following loan disbursement will align with standard commercial practices, specific sanction stipulations, and prevailing regulatory directives issued by the RBI.
- Any decision to recall / accelerate payment or performance shall be in consonance with the loan agreement, and the Company shall give reasonable notice before such recall / acceleration.
- Post-disbursement tracking for all credit facilities will be conducted in accordance with routine business procedures, contractual loan conditions, and updated RBI compliance circulars.

## 10. Post-Disbursement Supervision

- The Company shall refrain from interfering in the affairs of the borrower except as provided in the terms and conditions of the loan (unless new information, not earlier disclosed by the borrower, has come to the Company's notice).
- The Company shall release all securities on repayment of all dues, subject to any legitimate right or lien for any other claim it may have against the borrower. If such right of set-off is to be exercised, the borrower shall be given notice 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 / paid.

## 11. Release of Movable / Immovable Property Documents

In accordance with the RBI circular dated September 13, 2023, on Responsible Lending Conduct, on full repayment / settlement of the loan account the Company shall:

- release all original movable / immovable property documents and remove charges registered with any registry within 30 days of such full repayment / settlement.
- Borrowers may choose to collect their original property documents directly from the Company's primary office or arrange to have them safely handed over at an alternative authorized location, based on their verified preference.
- Specify, in the loan sanction letter, the timeline and place for the return of the original documents.
- In case of delay in release of original property documents or filing of charge satisfaction with the relevant registry beyond 30 days after full repayment / settlement, the Company shall communicate the reasons for delay to the borrower through call, SMS, email or any other appropriate mode.
- Compensation for delay, loss or damage to original property documents, assistance in obtaining duplicate / certified copies, additional timelines and related procedures shall be handled in accordance with the RBI circular on Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment / Settlement of Personal Loans dated September 13, 2023, as amended from time to time.

## 12. Recovery of Loans

- The Company shall not resort to undue harassment in the matter of recovery of loans – for example, persistently bothering borrowers at odd hours or use of muscle power. Recovery shall be pursued only through measures that are legally and legitimately available, and within the legal framework.

- The Company shall ensure that voice calls, SMS communications and other borrower communications for loan recovery, collection or reminders are made only through registered / authorised communication channels and in compliance with applicable RBI and telecom requirements. Where a TRAI-allocated 1600-series number or registered commercial header is applicable and available to the Company, the Company shall use such number / header for recovery-related communications.
- Contact with the borrower for recovery / collection shall ordinarily be restricted to the hours between 8:00 a.m. and 7:00 p.m., unless the special circumstances of the borrower's business or occupation require otherwise. Furthermore, company representatives may align collection visits with specific operational time slots mutually preferred by and coordinated with the borrower during regular engagements.
- To ensure transparency and compliance, the Company shall systematically log the timestamps and frequency of all recovery communications and ensure that comprehensive recordings of call audio and text content between collection agents and borrowers or guarantors are securely maintained.
- The Company shall ensure that its Directors, designated officers, authorised representatives, service providers and any recovery agents engaged by it are appropriately instructed, sensitised and contractually required to deal with customers in a proper manner, avoid abusive conduct, protect borrower privacy and identify themselves and their authority at the time of contact.
- The Company shall not outsource its core management functions. Any engagement of recovery agents or third-party service providers shall strictly adhere to the RBI's Guidelines on Outsourcing of Financial Services by NBFCs, and the Company shall remain fully accountable for their actions.

## 13. Other General Provisions

- The Company shall convey its consent, or otherwise (i.e., its objection, if any), within 21 days of receipt of a request from the borrower to transfer the loan account to another NBFC, bank or financial institution. Such transfer shall be in accordance with the contractual terms and applicable law.
- The Company shall not discriminate on the grounds of race, caste, colour, religion, sex, gender, marital status, age, disability or any other prohibited ground in its lending policy and activities. This does not preclude the Company from participating in schemes framed for weaker sections of society.
- The Company shall provide the terms and conditions of its lending activities or services related to the borrower whenever the borrower requests the same.
- On a request from the borrower for closure of the loan account, the request shall be executed within 21 days of receipt, subject to clearance of pending dues and completion of all formalities. If it cannot be executed within this period for any reason, the same shall be communicated to the borrower.

## 14. Confidentiality and Data Privacy

- Unless authorised by the borrower, the Company shall treat all personal information of the borrower as private and confidential and shall handle personal data in accordance with the Digital Personal Data Protection Act, 2023 and applicable RBI directions.

The Company may reveal transaction details of a borrower only in the following circumstances:

- where the Company is required to provide the information to any statutory or regulatory body.
- where disclosure arises out of a duty to the public to reveal the information.

- where it is in the interest of the borrower to provide such information (e.g., fraud prevention);
- where the borrower has authorised the Company to provide such information to its group / associate entities or to any specified person / entity, as specifically agreed.
- The Company shall not use or share borrower information with group entities, associates, agents or service providers for marketing purposes unless such sharing is permitted by law and the borrower has provided specific consent where required.

## 15. Grievance Redressal Mechanism

Any complaint or grievance may be conveyed in writing to the Grievance Redressal Officer / designated contact point, who shall make all efforts to redress it promptly. Until employees or branches are appointed / established, borrowers may directly contact the Grievance Redressal Officer or such authorised representative as may be communicated by the Company. The Company has put in place the following grievance redressal mechanism:

| Level | Authority / Details | Turnaround Time |
|---|---|---|
| Level 1 | **Grievance Redressal Officer / Nodal Officer**<br>**Mr. Doulat Kumar**<br>**Address:** C-18, Shop No. 34, Upper Basement Floor, Silver Square Mall, Bhagwan Das Road, M.I. Road, Near Raj Mandir Cinema, C Scheme, Jaipur, Rajasthan, 302001<br>**Email:** account@rakamcredit.com<br>**Contact:** 9828511802<br>Official Calling Number: 1600117004 | Acknowledge promptly; endeavour to resolve at first contact. |
| Level 2 | **Grievance Redressal Officer / Nodal Officer**<br>**Mr. Rajkumar Setia**<br>**Address:** C-18, Shop No. 34, Upper Basement Floor, Silver Square Mall, Bhagwan Das Road, M.I. Road, Near Raj Mandir Cinema, C Scheme, Jaipur, Rajasthan, 302001<br>**Email:** account@rakamcredit.com<br>**Contact:** 9828168068<br>Official Calling Number: 1600117004 | Endeavour to resolve within 7 working days of receipt of the grievance. |
| Level 3 | **RBI Ombudsman**<br>If the complaint is not resolved within 30 days, or the borrower is not satisfied with the resolution, the borrower may escalate to the RBI Ombudsman under the Reserve Bank – Integrated Ombudsman Scheme, 2021.<br>1. Online Complaints on CMS portal of RBI at https://cms.rbi.org.in<br>2. Postal Address: Centralised Receipt and Processing Centre (CRPC), Reserve Bank of India, 4th Floor, Sector 17, Chandigarh – 160017<br>3. Complaints with full details as prescribed by RBI can be sent by email (crpc@rbi.org.in). | As per the Reserve Bank – Integrated Ombudsman Scheme, 2021. |

- The name and contact details of the Grievance Redressal Officer, and of the RBI Ombudsman, shall be displayed prominently at the registered office, on the Company's website / official web page once available, and at any place or channel where business is transacted.

- A consolidated report of complaints received and their disposal, along with compliance with this Code and functioning of the grievance redressal mechanism, shall be periodically reviewed by the Board of Directors or any committee / person authorised by the Board.

## 16. Language and Mode of Communication

The FPC, and all communications with borrowers (including the sanction letter and the KFS), shall be in the vernacular language or a language understood by the borrower. The FPC shall be published on the Company's website / official web page once available and shall also be made available at the registered office or any place / channel where business is transacted.

## 17. Force Majeure

The commitments outlined in this FPC apply under the normal operating environment. In the event of any force majeure circumstance, the Company may not be able to fulfil the objectives of the FPC to the entire satisfaction of the borrowers, the stakeholders and the public in general.

## 18. Review and Publication of the Code

This Code shall be reviewed by the Board of Directors annually, or earlier if required, to incorporate any subsequent regulatory amendments issued by the Reserve Bank of India. The updated Code shall be published on the Company's website and made available at its registered office.

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