

## FAIR PRACTICE CODE

Approved by the Board of Directors at its meeting held on  
April 22, 2024



Arise Investments and Capital Private Limited ('the Company') is a private Limited Company incorporated under the Companies Act, 1956, and regulated by the directives of the Reserve Bank of India. This Code has been formulated pursuant to Chapter VII (Fair Practices Code for applicable NBFC) of the Master Direction, "Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (RBI/DoR/2023-24/106 Master Direction DoR.FIN.REC.NO.45/03.10.119/2023-24 October 19, 2023) and as amended from time to time.

## **I Objective**

Arise Investments and Capital Private Limited is extending loans to urban and rural women with small loans without any collateral requirements. We are sourcing the women with our dedicated staff with complete CIC (Credit Information Companies) reports, gathering passed-out clients as Joint Liability Group (JLG), and lending the loans up to 60K from 20K and recovering dues weekly. Also, we are elevating the JLG customers with lending SME loans, those ready to upgrade their business with monthly loans up to 2L with monthly repayment and without any collateral.

The objective of the code is primarily to ensure fair and transparent transactions with all our customers. This will also facilitate the customers to have a better understanding of the products and the various charges levied by the Company. The below-mentioned Fair Practices Code shall be followed by the Company. The main objectives of the code are:

- Promotion of Good and Fair Practices by setting minimum standards for customer relationships;
- Increased transparency so that the customer fully comprehends what he/she can reasonably expect of the services;
- Promotion of a Fair and Cordial Relationship between the customer and the Company; and
- Fostering confidence in the customers.

## **II APPLICATION OF THE CODE**

This code applies to all products and services the Company offers under normal operating environments except in any event of force conditions. The code is based on ethical principles of integrity and transparency and all actions and dealings will follow the spirit of the Code.

A. The Company will, to the best of its ability, act fairly and reasonably in all dealings with the customer, meeting ethical principles of integrity and transparency and always following the relevant laws and regulations in letter and in spirit.

B. It will make sure that all its products and services are explained to its customers fully and ensure complete understanding.



C. It will have literature in multiple languages (English and local language) and also make every effort to ensure that the terms are clear and not misleading and are well understood by the customer.

D. For any of the customer's queries, the Branch in charge will be the point of first contact.

E. The Officers/Branch in charge shall be helpful for customers to understand the terms and conditions, applicable interest rate, service charges, penal charges / interest, and also the benefits that can be availed along with their financial implications.

F. The Company will treat all customer information as private and confidential unless required by law or if waivers have been signed by the customer.

### **III ADVERTISING, MARKETING AND SALES:**

- The Company shall ensure clarity in the promotional and advertising material and avoid misleading information.
- None of the customer service functions of the Company are outsourced. However, in case of outsourcing some of the functions to provide better services to customers which may necessitate information sharing with such third parties, the Company will inform and require them to handle customer's personal information (if any is made available to such third parties) with the same degree of confidentiality and security as it would.

### **IV LOANS**

#### **i) Applications for loans and their processing**

a. The Loan application forms will contain all necessary information that affects the interest of the borrower so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrower. The list of documents required to be submitted with the application form will also be mentioned.

b. An acknowledgment for receipt of all loan applications shall be given. The time frame within which loan applications would be disposed of shall also be in the acknowledgement.

#### **ii) Loan appraisal and terms/conditions**

a. Normally all particulars required for processing the loan application would be collected by the Company within a reasonable period of receipt of application. If additional details/documents are required; it would inform the applicants/borrower immediately thereafter.

b. The Company shall carry out proper due diligence on the creditworthiness of applicants notwithstanding the stipulation of any security and margin made by it.



- c. The Company will pass the customer's information/account details to Credit Information Agencies / Third Party Agencies/others for this purpose.
- d. The Company will convey in writing to the borrower using a sanction letter along with Terms and Conditions, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, prepayment charges and keep the written acceptance of these terms and conditions by the borrower on the record.
- e. The Company will also issue MITC (Most important Terms and Conditions) agreed upon at the time of sanction/disbursement of the loan to the borrower and obtain his/her acknowledgment in the duplicate copy of MITC as per RBI guidelines.
- f. A copy of the loan agreement (in vernacular language) along with a copy of each of all enclosures quoted in the loan agreement would be provided to every borrower at the time of sanction/disbursement of loans.

### **iii) Communication of rejection of Loan Application**

A communication in writing as regards the reason(s) for rejection of a loan application will be furnished by the Company, whenever any loan application is rejected.

### **iv) Disbursement of loans including changes in Terms and conditions**

- a. The timely disbursement will be ensured to coincide with the terms and conditions of the sanction letter and compliance with such terms and conditions by the borrower/s/guarantors.
- b. We will convey in writing to the borrower in the vernacular language as understood by the borrower using sanction letter or otherwise, 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 borrower on its record.
- c. The Company shall release all securities on repayment of all dues or on the realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim that the Company may have against the borrower. If such right of set-off is to be exercised, the borrower shall 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/paid.

### **v) Collection Process**

- a. The customers are required to make prompt repayment of EMIs/EWIs on or before the due date, as communicated to them, without any reminders from the Company.
- b. The collection process will commence once there is a default of an EMI/EWI by the customer.



- c. The Officer and the Branch Manager Or any other authorised official will connect with the customer in case of any default in repayment beyond the due date and try to understand the reasons for the delay.
- d. In cases where the delay is because of genuine reasons, the Branch Manager engages with the customer on a constructive basis to arrive at a mutually acceptable revised repayment date.
- e. If the customer still stays in default and does not keep up the commitment given for the revised repayment date, the Officer and the Branch Manager will connect with the customer on a repetitive basis by way of calls/visits to their residence or business places / SMS, to request the customer to pay the defaulted amount at the earliest, which will also reduce the penal interests / penal charges for the applicable products.
- f. If the default continues and crosses a month, the next level of Supervisory follow-up will commence. As part of the collection process, a written commitment may be insisted upon and obtained from the customer.
- g. As always, the Company has the right to proceed with the legal course of action at any point in time during the default, beyond 30 days from the due date.
- h. At all points of time, the interactions with the customer will be conducted with courtesy, right decorum, and discipline. If the customer misbehaves with the staff of the Company, the customer can be suitably warned. The same shall be reported to the Head Office.
- i. If any staff member misbehaves with the customer or not follow the right collection procedure set by the Company, the customer has the right to escalate the same to the branch Manager/ Supervisory layers/ Customer Care or the Grievance Redressal Officer. In the event of non-resolution of the complaint, the customer can write/ speak to the Principal Nodal Officer. Any complaints still unresolved beyond the stipulated time can further be escalated to the Reserve Bank of India. The contact details of all these touchpoints shall be made available at every branch.

## **V General**

1. Any changes to the loan terms and conditions post the disbursal of the loan will be duly communicated to the Borrower(s). Further, all the changes will be effective only on a prospective basis.
2. The Company will publish salient features of all loan products on its website <http://www.arisecapital.in>.
3. The Company will store loan papers/ property documents at centralized locations after completing the current financial year (fireproof environment), either on its premises or at one of the Outsourced premises.



4. The Company 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 earlier disclosed by the borrower, has come to the notice of the Company).
5. The Company will not discriminate on grounds of sex, caste, and religion in the matter of lending. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of society.
6. In the matter of recovery of loans, the Company shall not resort to undue harassment viz, persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. However, the Company will not be precluded from taking necessary legal or other collection-related activities on the Borrower(s) in the event of a delay or default in payment of dues by the Borrower(s).
7. At the time of sanction or any time thereafter, the Company would inform the customer by way of sanction communication indicating the amount of the loan, tenure, periodicity of the repayment process, etc. However, if the borrower does not adhere to the repayment schedule, the Company shall follow normal legitimate recovery procedures including but not limited to sending SMS alerts, telephone calls, emails, visiting the customer's residence/office, re-possession, publicizing the company's mortgage on the property, etc. without resorting to undue coercion.
8. In case of receipt of a request from the borrower for transfer of borrowing account, the consent or otherwise i.e. the Company's objection, if any, shall be conveyed within 21 days from the date of receipt of the request. Such transfer shall be as per transparent contractual terms in consonance with law.

## **VI Responsibility of Board of Directors**

A. The Company has formulated the Grievance Redressal Policy whereby a Grievance Redressal Mechanism has been established to ensure that all disputes arising out of the decisions of the Company are heard and disposed of appropriately.

## **Grievances & Grievances Redressal Mechanism**

If the customers have any grievance, they can make a complaint in writing addressed to the concerned Branch Manager or they can email/call the customer care department at [customercare@arisecapital.in](mailto:customercare@arisecapital.in) / 0422-2492840 /1800 103 8416/ WhatsApp 7397251555, quoting the loan account number and gist of the complaint. In case the grievance is not resolved within 10 days, a copy of the complaint with acknowledgment may be forwarded to Mr.K Alagusundaram, The Grievance Redressal Officer, Arise Investments and Capital Pvt Ltd, Daisy Plaza, 355-359, 6<sup>th</sup> Street, Gandhipuram, Coimbatore-641012 or by e-mail to [alagusundaram.k@arisecapital.in](mailto:alagusundaram.k@arisecapital.in) or call can be made at Ph: 0422-2492840.



Upon examination of the complaint, the Grievance Redressal Officer will send the customer the response or explain why it needs more time to respond and shall endeavor to do so within 10 working days.

In the event of non-resolution of the complaint within the above stipulated time frame, the complainant can write to Mr. A R Ramachandran, General Manager, who is also the Principal Nodal Officer of the Company at the address Arise Investments and Capital Pvt Ltd, Daisy Plaza, 355-359, 6<sup>th</sup> Street, Gandhipuram, Coimbatore-641012 or by e-mail to arramu@arisecapital.in or call can be made at Ph: 0422-2492840.

Upon examination of the complaint, the Principal Nodal Officer will send the customer the final response or explain why it needs more time to respond and shall endeavor to do so within 10 working days.

If the complaint/dispute is not redressed within the above period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Supervision, Reserve Bank of India, Fort Glacis, 16 Rajaji Salai, Chennai 600 001, Tamil Nadu, under whose jurisdiction the registered office of the Company falls.

B. The Company shall conduct an Annual Review of the compliance of the Fair Practice Code and the functioning of the Grievance Redressal Mechanism and place a consolidated report of such reviews before the Board of Directors.

## **VII Rate of Interest & Computation Methodology**

- a. The rate of interest for all loans will be decided from time to time. The rate of interest shall be fixed for the entire tenure of the loan.
- b. The rate of interest is dependent on the loan tenure since the Company's cost of funds is also dependent on the tenure of such funding. However, the Company reserves the right to charge a differential rate of interest depending on the risk profile of the borrowers.
- c. Interest is charged on daily products of the loan under the Daily Diminishing Balances (DDB) Method only and compounded monthly.
- d. Interest is debited to all loan accounts at monthly intervals and at the time of closure, if the loan is closed before the end of the month.
- e. For NPA accounts, interest is chargeable as per Income Recognition & Asset Classification (IRAC) norms advised by the Reserve Bank of India from time to time/policy of the Company.



### VIII Schedule of Charges

Sr.No.	Details of Charges	Applicable Charges
1	Processing fee	3% +18% of GST
2	Cheque/ ECS / NACH Bounce charges	250 Inclusive of GST
3	Penal Interest / Charges for delayed payment	Applicable rate
4	Stamp Duty	N/A
5	Insurance Premium	Applicable rate
6	MOD registration expenses and other related expenses	N/A
7	Pre-closure charges	N/A

\* Item 2 to 7 not applicable for JLG loans

