



**RICHBOND**  
CAPITAL PRIVATE LIMITED

## **Fair Practices Code**

### **Applications for loans and their processing:**

- (a) All communications to the borrower shall be in a language understood by the borrowers.
- (b) Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form to indicate the documents required to be submitted with the application form.

### **Loan appraisal and terms/conditions:**

We shall convey in writing to the borrower in the language understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on record.

### **Disbursement of loans including changes in terms and conditions:**

- (a) We shall give notice to the borrower in the language understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. We shall also ensure that changes in interest rates and charges are affected only prospectively.
- (b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan request and documents.

### **General:**



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(a) We shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).

(b) In the matter of recovery of loans, we shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. We shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

(c) The Board of Directors of Company shall also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

(d) The Board of Company shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer and communicated explicitly in the sanction letter.

(e) The KYC Guidelines of RBI shall be strictly complied with. Due diligence shall be carried out to ensure the repayment capacity of the borrowers.

(f) As specified in the NBFC-MFIs (Reserve Bank of India) Directions, 2011, all sanctioning and disbursement of loans shall be done only at a central location and more than one individual shall be involved in this function. In addition, there shall be close supervision of the disbursement function.

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(g) Adequate steps shall be taken to ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per pre-determined time structure.

**Disclosures in loan agreement / loan card:**

- (a) We shall have a Board approved, standard form of loan documents. The loan documents shall preferably be in a language that is understood by the borrowers.
- (b) In the loan documents the following shall be disclosed.
- i. All the terms and conditions of the loan,
  - ii. That the pricing of the loan involves only four components viz; the interest charge, the processing charge, applicable taxes and the insurance premium, if any (which includes the administrative charges in respect thereof),
  - iii. That there will be penalty charged on delayed payment,
  - iv. That no Security Deposit / Margin shall be collected from the borrower,
  - v. An assurance that the privacy of borrower data will be respected.

**Internal control system:**

The primary responsibility for compliance lies with the Directors of the Company. We shall make necessary organizational arrangements to assign responsibility for compliance to designated individuals within the Company and establish systems of internal control including audit and periodic inspection to ensure the same.