

MAS FINANCIAL SERVICES LIMITED



The Power of Distribution

FAIR PRACTICE CODE

ALL PARTS OF THIS CODE APPLY TO ALL THE PRODUCTS AND SERVICES OVER THE PHONE, BY POST, THROUGH INTERACTIVE ELECTRONIC DEVICES, ON THE INTERNET OR BY ANY OTHER METHOD.

1. Introduction

MAS Financial Services Limited (the “Company”) is a listed Non-Deposit taking Non- Banking Financial Company and falls under the Middle Layer category pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and engaged in the business of providing various Loans.

The Fair Practice Code (referred to as '**the Code**') aligns with the guidelines outlined in the Master Direction – ‘Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023’ issued by the Reserve Bank of India on October 19, 2023 - RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 and as updated from time-to-time.

This Code encompasses the fundamental principles and practices adopted by MAS Financial Services Limited (referred to as 'the Company' or 'MAS') in serving our customers. It has been crafted to ensure:

- A. Fair and transparent practices in all interactions with customers.
- B. Equitable relationships with customers.
- C. Compliance with regulatory standards governing customer interactions.
- D. The establishment of a robust mechanism for addressing customer grievances.

The Code is applicable across all categories of products and services offered by the Company, extending to related operations such as customer sourcing, loan processing, loan servicing, and collection activities.

2. Loan Application and their Processing

- a. All communications with the borrower will be conducted in the vernacular language or a language understood by the borrower.
- b. Loan application forms will include necessary information affecting the borrower's interest for meaningful comparison with terms and conditions offered by other NBFCs so that informed decision can be taken by the customers. The required documents will be clearly indicated in the application form.
- c. MAS will provide an acknowledgment upon receiving loan applications. The acknowledgment will include an indicative timeframe within which applications will be processed.

3. Loan appraisal and terms/ conditions and Key Facts Statement for Loans and Advances

- a. MAS will convey in writing to the borrower, in the vernacular language or in a language understood by them by way of sanction letter or otherwise, the sanctioned loan amount, terms, conditions, annualized rate of interest, and method of application thereof. Penalties for late repayment will be prominently mentioned in bold in the loan agreement.
- b. Additionally, along with sanction letter the Company shall issue the Key Fact Sheet (KFS), to all prospective borrowers to help them take an informed view before executing the loan contract/documents in compliance with the RBI guidelines issued on Key Facts Statement (KFS) for Loans & Advances dated April 15, 2024 which shall include unique proposal number, validity period, details of rate and fees/charges (Annual Percentage Rate (APR), processing fee, insurance premium, all other charges forming part of the loan arrangement, Equated Periodic Instalment and shall also contain the other qualitative information (clause concerning recovery agents, clause and details of grievance redressal mechanism, applicability on securitization, cooling period and the detail of lending service provider etc. in line with the RBI direction). Additionally, the KFS shall also include a computation sheet of the annual percentage rate (APR), and the amortisation schedule (loan card) of the loan over the loan tenor.
- c. A copy/ soft copy of the loan agreement, along with all enclosures in the language as understood by the borrower will be provided to the borrower at the time of loan sanction/disbursement.

4. Penal charges in Loan Accounts:

- a. MAS will not introduce any additional components to the rate of interest. A separate Policy on Fair Lending Practice- Penal Charges on Loan accounts has been formulated by the Company and the same has been displayed on the website of the Company.
- b. The quantum of penal charges will be reasonable, disclosed clearly in loan agreements/ KFS and displayed on the company's website.
- c. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated by the Company.

5. Disbursement of loans including changes in terms and conditions

- a. MAS will notify borrowers of any changes in terms and conditions, including disbursement schedule, interest rates, and charges in the vernacular language or a language as understood by the borrowers. Changes will be prospective and suitable condition in this regard will be incorporated in the loan agreement.

- b. Decisions to recall/accelerate payments will align with the loan agreement.
- c. Securities will be released upon repayment of all dues or on realisation of the outstanding amount of loan. subject to any legitimate right or lien for any other claim the Company may have against borrower with prior notice to the borrowers. The notice will provide 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.

6. Loan Account Closure and Property Document Release

(I) Release of Movable/Immovable Property Documents:

- A. MAS will release all original movable/immovable property documents and remove charges registered within 30 days after full repayment/settlement of the loan account.
- B. Borrowers can collect the original documents from the Company's HO office/branch where the loan was serviced or any other MAS office.
- C. The timeline and place for returning original documents will be specified in loan sanction letters issued on or after the effective date.
- D. A well-defined procedure for the return of documents to legal heirs in case of borrower demise is displayed on the Company's website.

(II) Compensation for Delay:

- A. MAS will communicate reasons for any delay in releasing documents beyond 30 days and compensate borrowers at ₹5,000 per day for delays attributable to MAS.
- B. In cases of loss/damage to original documents, MAS will assist borrowers in obtaining duplicate/certified copies, bearing associated costs, and providing compensation as indicated above.
- C. Compensation will be without prejudice to the borrower's rights to seek additional compensation under applicable law.

7. Reset of Floating Interest Rate on EMI-Based Personal Loans:

- A. MAS will communicate the possible impact of changes in the benchmark interest rate on the loan, leading to changes in EMI and/or tenor, at the time of sanction.
- B. Borrowers will be informed immediately of any increase in EMI/tenor due to changes in the benchmark interest rate.
- C. At the time of rate reset, borrowers will have the option to switch to a fixed rate.
- D. Borrowers may choose to (a) enhance EMI or elongate tenor or combination of both options; (b) prepay in part or in full at any point during the tenor of the loan, subject to extant instructions on foreclosure charges/prepayment penalties.
- E. Charges for switching loans, service charges, and administrative costs related to these options will be transparently disclosed in the sanction letter and during any subsequent revisions.
- F. Elongation of tenor in floating-rate loans will not result in negative amortization.

- G. MAS will share quarterly statements, detailing principal and interest recovered, EMI amount, remaining EMIs, and annualized rate of interest, with borrowers through appropriate channels.

MAS will communicate the available options to existing borrowers through appropriate channels.

8. General Guidelines:

- A. MAS shall refrain from interference in the affairs of the borrower, except as provided in the terms and conditions of the loan agreement or if new information affecting the loan is noticed.
- B. Upon receiving a request for the transfer of a Borrower's account, MAS will convey consent or objection within 21 days from the date of the request. The transfer will be based on transparent contractual terms in compliance with the law.
- C. MAS will not engage in undue harassment during loan recovery, such as persistent bothering of borrowers at odd hours or the use of muscle power.
- D. Staff will be adequately trained to deal with customers in a respectful and appropriate manner, addressing customer complaints about rude behaviour promptly.
- E. MAS 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).

9. Regulation of Interest Rates:

- A. Company's Board shall adopt an interest rate model, considering factors such as cost of funds, margin, and risk premium, to determine the rate of interest for loans and advances.
- B. The rate of interest, approach for risk gradations, and rationale for charging different rates will be disclosed in the application form and explicitly communicated in the sanction letter.
- C. Rates of interest and risk gradations will be made available on the Company's website. The information published on the website shall be updated whenever there is a change in interest rates.
- D. The rate of interest will be annualized, ensuring borrowers are aware of the exact rates applicable to their accounts.
- E. Company's Board will establish internal principles and procedures to determine interest rates and processing and other charges, in line with Fair Practices Code guidelines on transparency.
- F. MAS will adhere to the Fair Practices Code's guidelines to maintain transparency in terms and conditions of loans, especially concerning interest rates and charges.

10. Repossession of Financed Vehicles Policy:

MAS shall include a legally enforceable re-possession clause in the contract/loan agreement with the borrower.

(I) Transparency in Terms and Conditions:

The terms and conditions of the contract/loan agreement will explicitly outline the following provisions to ensure transparency:

- A. **Notice Period:** - A specified notice period before taking possession of the vehicle.
- B. **Waiver of Notice Period:** - Circumstances under which the notice period can be waived, with clear criteria.
- C. **Procedure for Taking Possession:** - Clearly defined procedures for taking possession of the financed vehicle.
- D. **Final Chance for Repayment:** - A provision granting the borrower a final chance for loan repayment before initiating the sale/auction of the vehicle.
- E. **Repossession Procedure:** - The procedure for giving repossession to the borrower after possession is taken.
- F. **Sale/Auction Procedure:** - The procedure for the sale/auction of the repossessed vehicle.

(II) Availability of Terms and Conditions:

A copy of the terms and conditions, including the re-possession clause, will be made available to the borrower.

(III) Furnishing Loan Agreement:

MAS will furnish a copy of the loan agreement, including all enclosures quoted in the agreement, to all borrowers at the time of loan sanction/disbursement. This forms a key component of the contract/loan agreement.

(IV) Borrower Communication:

MAS will communicate clearly with the borrower throughout the repossession process, providing necessary notices and information.

(V) Grievance Redressal:

An effective grievance redressal mechanism will be in place to address any disputes or concerns related to the re-possession process.

11.Role of Collection team/DSA/Recovery Agents

MAS will ensure proper training and adherence to a board-approved outsourcing (financial services) policy and internal collections policy to ensure the Code of Conduct for DSA/DMA/Recovery Agents/teams, emphasizing the responsibilities like customer solicitation, calling hours, and privacy, while avoiding actions harmful to the company's integrity, reputation, or customer confidentiality, including intimidation, harassment, public humiliation, and misleading information.

12.Loan Facilities to Physically/Visually Challenged Policy:

- a) MAS will not discriminate in extending products and facilities, including loan facilities, to physically/visually challenged applicants on grounds of disability.
- b) All branches of MAS will provide all possible assistance to such individuals for availing various business facilities.

- c) MAS will include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions in all training programs conducted for employees at all levels.
- d) MAS will ensure the redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by the company.

13. Reserve Bank – Integrated Ombudsman Scheme, 2021

The Company places great importance on cultivating strong relationships with its customers and recognizes the significance of addressing complaints or grievances promptly and effectively. A grievance redressal mechanism has been implemented to handle customer disputes, including those related to services provided by outsourced agencies engaged by the company in compliance with the RBI Integrated Ombudsman Scheme, 2021 dated November 12, 2021 and as amended from time to time.

The salient features of the Scheme shall be displayed prominently in English, Hindi and Regional languages at all the offices and branches in such a manner that a person visiting the office or branch has adequate information on the Scheme.

In accordance with the RBI guidelines on ‘Appointment of Internal Ombudsman by Non-Banking Financial Companies’ dated November 15, 2021, the Company has appointed Internal Ombudsman and shall adhere to the corresponding guidelines.

The Company is committed in resolving the customer disputes within the stipulated timelines as per the regulatory requirements. The Company has established the escalation matrix and outlined the modes for the same in its Consumer Grievance Mechanism which is placed on the website of the Company and can be accessed at www.mas.co.in.

14. Review of Code:

The Fair Practices Code will undergo periodic reviews, as mandated by any regulatory or statutory requirements, and will be subject to approval by the Board of the Company. A comprehensive report of these reviews will be submitted to the Board at regular intervals.

The company will conduct regular assessments of Fair Practices Code compliance and the effectiveness of the grievance redressal mechanism across various management levels. A consolidated report of these reviews will be presented to the Board at prescribed intervals, ensuring transparency and accountability.
