

## **Fair Practice Code**

### ***Introduction***

Pursuant to RBI vide Circular DNBS.CC.PD.No.266/03.10.01/2010-11 dated March 26, 2012 and vide Circular DNBS.CC.PD.No.320/03.10.01 /2012-13 dated February 18, 2013 ("**Guidelines**"), issued to Non-Banking Financial Companies (NBFCs), the Board of Directors have adopted a Fair Practices Code for Yunus Social Business Fund Bengaluru Private Limited ("**Company**").

The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular.

The Company's business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles. In addition, the Company will adhere to the Fair Practices Code in its functioning, the key elements of which are as follows:

### ***Objectives***

- To ensure Fair Practice while dealing with the customers;
- To enable customers to take informed decisions about our financial products and services; and
- To ensure customer satisfaction.

### ***Loan and Processing***

- There are two ways in which the Company sources borrowers: 1) Referrals from other funds, NBFCs, local networks; 2) Active outreach through pinpointing target sectors and sub-sectors that we want to invest in.
- During the diligence process, the Company requests borrowers to submit required information through proposals describing their business models, financial models and other credit information.
- The borrowers are evaluated through risk-rating frameworks and 2 rounds of an Investment Committee, which ultimately approves each investment.

### ***Loan Appraisal and Terms & Conditions***

- In accordance with the Company's appraisal norms, loan application will be considered and loan amount will be approved after applying internal credit appraisal norms. The Company shall convey in writing to the borrower by means of approval letter or otherwise, the amount of loan approved along with the terms and conditions, including the annualized rate of interest and method of application thereof. Additionally, Penal Interest on late repayment is clearly highlighted in written offer letter and loan agreement. The Company shall keep record of customer's acceptance of all these terms and conditions.
- Company shall at the time of sanction / disbursement of the loan, furnish a copy of loan agreements and related enclosures to the customer.

### ***Changes in Terms & Conditions and Disbursement of Loans***

- The Company shall give notice to all its borrowers of any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable provision in this regard is incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.
- The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against its borrowers. 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.

### ***General***

The Company will refrain from interference in the affairs of the customer except for the purposes provided for in the terms and conditions of the loan agreement (unless additional information, not earlier disclosed by the customer, has come to the notice of the Company).

The Company will not discriminate loan applications based on grounds of sex, caste, color, creed and religion.

In the matter of recovery of loans, our Company staffs are adequately trained to deal with customers and shall not resort to any harassment – such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

### ***Regulation of Interest Rates charged by the Company***

The Company has laid down appropriate internal principles and procedure in determining interest rates, processing fees and other charges. The Company has adopted an interest rate model considering relevant factors such as, cost of funds, margin and risk premium, etc. and determines 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 distinct categories of customers shall be communicated explicitly in the sanction letter.

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

The Board of Directors of YSBFB has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes. Such a mechanism ensures that all disputes arising out of the decisions of the company are heard and disposed of at least at the next higher level. The customer shall be informed of the customer complaint process / GRM followed by YSBFB. The customer shall be entitled to approach the Managing Director, 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, YSBFB has also set up a dedicated e-mail address ([info-india@yunussb.com](mailto:info-india@yunussb.com)) where customers and other stakeholders including vendors can submit their grievances, complaints and suggestions. All complaints received by YSBFB 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.

YSBFB 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 YSBFB.
- 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 YSBFB 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 to be put up on YSBFB web-site (if any) by way of reference for various stakeholders

