

Fair Practices Code

Kalptaru Fincap Limited

Policy adopted in the Board Meeting dated September 27th, 2018 and applicable with immediate effect.



Fair Practices Code

1. Introduction

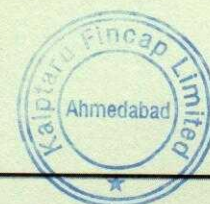
Kalptaru Fincap Limited [the "Company"], is a Non-Deposit Taking Non-Systemically Important Non-Banking Financial Company ["NBFC-ND"] registered with the Reserve Bank of India ["RBI"] under section 45-IA of the Reserve Bank of India Act, 1934 ["RBI Act"].

The Company is engaged in the business of providing various financing/loan products to its various customers, which include Individuals, Partnership firms, Companies and other legal entities.

The Company has framed and adopted a voluntary code, which sets out the principles for fair practice standards when dealing with the customers. As per Chapter V of the Non-Banking Financial Company - Non-Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016, as amended from time to time, the Company has adopted and shall implement this code throughout the organization which has been duly approved by the Board of Directors of the Company. This Fair Practices Code applies to all the categories of products and services offered by the Company (both currently offered and / or which may be offered at a future date).

2. Objectives

This Fair Practices Code (FPC) aims to provide effective overview of practices, which are to be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. This Code would facilitate the existing as well as prospective customers to take informed



decisions in respect of the financial facilities and services to be availed by them or other financial products which they may obtain from the Company.

This Code has been developed with an objective of:

- Ensuring Fair Practices while dealing with the customers;
- Promoting good, fair and trustworthy practices by setting standards in dealings with the customers;
- Increasing transparency to enable the customers to have a better understanding of the product and enabling them to take informed decisions;
- Promote a fair and cordial relationship between the customers and the Company;
- Building Customer confidence in the Company.

3. Key Commitments

The Company's key commitments to its customers / prospective customers (as applicable) are as under:

- a. The Company is to act fairly and reasonably in all its dealings with customers by:
 - Meeting the commitments and standards incorporated in this Fair Practices Code for the financial products and services offered by company ;



- Ensuring that the Company's products and / or services are in compliance with the relevant laws and regulations;
 - Making Company's dealings with customers / prospective customers rest on ethical principles of integrity and transparency;
 - Providing professional, courteous and speedy services;
 - Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transaction.
 - Not engaging in unlawful and / or unethical practices
- b. The Company is to help the customers / prospective customers understand how the financial products and / or services work by:
- Ensuring that its advertising & promotional literature is clear and is not misleading;
 - Giving verbal information that is consistent with the literature shared with customer;
 - Explaining financial implications of the transactions to them.
- c. The Company is to deal quickly and sympathetically with the consumer complaints / queries by:
- Offering channels to route the consumer queries



- Correcting mistakes / errors quickly
 - Attending and handling customer complaints quickly
 - Assisting customers in taking their complaints forward if they are not satisfied with assistance provided by the company;
 - Reversing any charges promptly that the Company has applied erroneously.
- d. The Company is to have copies of this Code available for customers on request.

4. Information

- a. Helping customer choose products and services, which meet their needs and give them clear information explaining the key features of the services and products they are interested in.
- b. Inform customers about the documentary information the Company needs from them to establish customer's true identity and address and other documents to comply with legal and regulatory requirements.
- c. Giving exact idea to the customers that how the selected product or service will be implemented on the company's end and what all compliances need to be done on the customer's end.
- d. The company will inform regarding the charges for any service or product, before the company provides that service or product.

5. Non-Discrimination

The Company is strictly prohibited to engage in any form of discrimination towards the Company's existing as well as potential customers on the basis of gender, race or religion. Any complaints for violation of the same are to be communicated immediately to the designated Grievance Redressal Officer of the Company, whose communication details will be displayed on our Premises.

6. Application for Loans and their Processing

- a. The Company's official language for all communications within the Company or with third parties is to be English;
- b. A declaration from each customer is to be obtained before / alongwith the application to the effect certifying that the customer understands English.
- c. The Company may also use an application kit in language as understood by the borrower if the Customer does not understand English. This, however, may be at the sole discretion of the Company and only on a case by case basis.
- d. The Application Form of the Company for each of the products offered may be different depending upon the requirement of each product and shall include all information that is required to be submitted by the Borrower. Necessary information should also be provided by the Company to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Lending Institutions and taking an informed decision based on the aforesaid comparison.



- e. The Application Form of the Company shall also indicate the list of documents required to be submitted by the Borrowers along with the Application form.
- f. All written communications to the borrower shall be in English. In case the borrower does not understand English, all the communications made orally shall be in the language as understood and confirmed by the borrower. After that the borrower shall be responsible and liable to understand and interpret it accordingly.
- g. The Company has a mechanism of giving acknowledgement for receipt of Loan Applications from its Borrowers / Prospective Borrowers. The Company shall inform the borrower about its decision within reasonable period of time from the date of receipt of all the information required in full.
- h. The Company may conduct contact point verification through its employees or through an agency appointed by it, by contacting the customer at their residence/business telephone numbers and /or physical visit to residence/business address mentioned on the loan application, depending on the risk categorization of the client.

7. Loan Appraisal and Terms & Conditions

- a. The Company shall conduct a due diligence on the creditworthiness of the borrower, which will be an important parameter for taking a decision on the application. The assessment would be in line with the Company's credit policies (if any), client categorization, industry norms and procedures in respect thereof.



- b. The Company will convey in writing to the borrower, in English by means of a written sanction letter of the amount of loan sanctioned or otherwise. The said letter shall contain the terms and conditions including the annualized rates of interest and method of application thereof and keep the acceptance of these terms and conditions in the Company's records.
 - c. The terms and conditions may mention penal interest to be charged for late payment. The same will be disclosed in bold in the Loan Agreement.
 - d. The Company will obtain an acceptance from the borrower on the said sanction letter with the borrower's signature under the caption "**I/WE ACCEPT ALL THE TERMS AND CONDITIONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US.**" The company will maintain a record of such acceptance.
 - e. The Company will furnish a copy of loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loans. The company will ensure that the loan agreements and enclosures furnished to all borrowers contain the terms and conditions and the rate of interest in the form of a term sheet, which shall be annexed to the loan agreement.
8. **Disbursement of Loans (Including changes in Terms & Conditions)**
- a. The Company has framed appropriate internal principles and procedures for determining the interest rates, processing and other charges. The company shall at the time of disbursement, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedures;



- b. The disbursement shall be done immediately upon compliance of all terms and conditions of the sanction by the borrower;
- c. The Company shall give notice in writing to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, services charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. This clause shall be covered in the loan agreement as well;
- d. Decision to recall/ accelerate payment or performance under the Agreement shall be in consonance with the respective loan Agreement.
- e. The Company shall release all securities of its Borrower only on repayment of all dues by such Borrower, or only on realization of the outstanding amount of the Borrower's availed limit, subject to any legitimate right or lien for any other claim which the Company may have against its Borrower. If such right of set off is to be exercised, the Borrower shall be given notice in writing about the same with full particulars about the remaining claims and conditions under which the Company will be entitled to retain the securities till the relevant claim is settled or paid by the Borrower.

9. General

- a. The Company shall strictly refrain from interference in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the Borrower has come to the notice of the Company.
- b. In the matter of recovery of loans, the Company shall strictly resort only to remedies which are legally and legitimately available to it and shall at no



point in time resort to any form of undue harassment like bothering the borrowers at odd hours/ use of muscle power for recovery of loans.

- c. The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof is fair and transparent.
- d. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- e. In case of receipt of a request from the borrower for transfer of the borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.
- f. The Company shall not charge interest rate beyond a certain level which may be seen as excessive or not sustainable or not conforming to normal financial practices.

10. Confidentiality

Unless authorized by the customer, the Company will treat all personal information as private and confidential. The Company will not reveal transaction details to any other entity including within the group other than the following exceptional cases:

- If the Company is required to provide the information by statutory or regulatory laws (eg. furnishing information to FIU-Ind, Central Know Your Customer Registry, etc.)

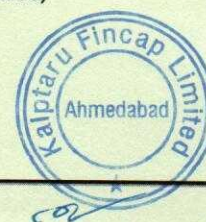


- If there is a duty to the public to reveal this information (Eg. Furnishing Information to Credit Information Companies)
- If the Company has taken the customers permission in writing (for instance at the time of loan sanctioning) to provide such information to its group / associate / entities or companies for providing other products or services
- Where the customer asks us in writing to reveal such information to its group / associate / entities or companies for providing other services or products.

11. Further Assistance

- a. A grievance redressal mechanism within the organisation comprising Business Heads, Heads of Risk and Collections and Heads of Operations has been set up to resolve disputes arising in this regard. This Forum will ensure that all the disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.
- b. The following information shall be displayed prominently, for the benefit of the customers, at all branches / places of the Company where business is transacted:
 1. the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company.

If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Department of Non-Banking Supervision, Reserve Bank of India, Delhi Regional Office,



6, Sansad Marg, New Delhi - 110 001.

12. Regulation of Rate of Interest

- a. The Board of Directors shall adopt an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as, cost of funds, margin and risk premium, etc. 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 in the application form and communicated explicitly in the sanction letter.
- b. The information published in the website or otherwise published, if any, should be updated whenever there is a change in the rates of interest.
- c. The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

13. Complaint Redressal Mechanism

- a. A telephone number for receiving the grievances of the customers shall be intimated in Loan Sanction Form. In addition, a separate e-mail ID shall be created where customer can send their grievances via e-mail. The relevant information will be updated on website as and when there are any changes.
- b. After examining the matter, the Company shall endeavor to send the customer its response within four weeks and intimate the customer how to escalate the complaint to higher level, if he is not satisfied with the response from lower level The complaints can be forwarded to the designated



Grievance Redressal Officer of the Company, whose communication details will be displayed on our Premises.

- c. If the complaint / dispute is not redressed within a period of four weeks, the customer may appeal to the following Officer-in-Charge of the Delhi Regional Office of Department of Non-Banking Supervision of the Reserve Bank of India:

The Officer-In-Charge,
Department of Non-Banking Supervision,
Reserve Bank of India,
Delhi Regional Office,
6, Sansad Marg
New Delhi - 110 001

Telephone No. :+91 1123714456

A periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management would be undertaken by the Company and a consolidated report of such reviews shall be submitted to the Board of Directors of the Company at regular intervals.

14. Adherence to this Fair Practices Code

The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business. Every employee responsible to directly deal with the customers shall be updated of the fair practices code and its amendments / updation at regular intervals.



Commitments outlined in this Code are applicable under normal operating environment. In the event of force majeure, the Company may not be able to fulfil the commitments under this Code.

15. Feedback / Suggestions

We request you to provide us with your valuable feedback on our products / services. The Consumers' suggestions help us improve our services.

16. Adoption of the Fair Practices Code

This Fair Practices Code has been adopted by Company's Board of Directors' and this Fair Practices Code shall stand applicable organization wide with immediate effect.

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