



Caparo Financial Solutions Limited

FAIR PRACTICE CODE

The Fair Practice Code is aimed to provide to the customers affective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. This Fair Practice Code has been prepared taking into account the "Guidelines on Fair Practices Code for NBFCs" issued by the Reserve Bank of India and aims to enable customers to take informed decisions in respect of the facilities and services offered by the Company.

OBJECTIVES OF THE CODE

This code has been draw to:

- a. Provide to the customers effective overview of practices followed by the Company in respect of financial facilities and services offered by the Company to its customers;
- b. Enable customers to take informed decisions about the financial facilities and services offered by the Company;
- c. Promote good, fair, transparent and trustworthy practices in dealing with the customers;
- d. Enable customers to have better understanding of what they can reasonable expect of the services offered by the Company;
- e. Foster fair and cordial relationship between the customers and the Company

APPLICATIONS FOR LOANS AND THEIR PROCESSING

- a. All communications to the borrower shall be made in vernacular language or a language as understood by the borrower.
- b. Loan application forms issued by the Company shall include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and conditions offered by the other NBFCs can be made and an informed decision can be made by the borrower. The loan application form shall indicate the documents required to be submitted along with the application form.
- c. The Company shall issue an acknowledgement receipt for all loan applications. Subject to receipt of all the requisite documents and information, loan applications shall be disposed of within 21 days from the date of receipt of the form complete in all respects. In any case the Customer will be kept informed by the Relationship Manager with regard to the status of his application from time to time.
- d. If any additional details/ documents are required, the same shall be intimated to the borrowers immediately.





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LOAN APPRAISAL AND TERMS/ CONDITIONS

- a. The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- b. The Borrower would be informed by means of a written sanction letter in vernacular language as understood by the borrower, of the amount of loan sanctioned or otherwise. The said letter shall contain the terms and conditions including the annualized rate of interest and the method of application thereof.
- c. The Company shall obtain an acceptance from the borrower on the said sanction letter with the borrower's signatures under the caption
"I/WE ACCEPT ALL THE TERMS AND CONDITIONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US"
The Company shall maintain a record of such acceptance.
- d. The penal interest that will be charged for late payment shall be mentioned in BOLD letters in Sanction letter/ Loan Document.
- e. The Company shall invariable be bound to furnish a copy of the loan agreement, preferably in the vernacular language as understood by the borrower, 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 shall ensure that the loan agreement and all enclosures furnished to all the borrowers contains the terms and conditions and the rate of interest in the form of a Term Sheet, which shall be annexed to the Loan Agreement.

DISBURSEMENT OF LOANS/ CHANGES IN TERMS AND CONDITIONS

- a. The loan shall be disbursed on execution the necessary documents and completion of the formalities regarding creating a charge over the security offered by the borrower. Any change in the terms and conditions including disbursement schedule, interest rates, services charges, prepayment charges etc. shall be informed to the borrower in the vernacular or a language known to the borrower. Any changes in the interest rates and charges shall be only prospective. A suitable condition in this regard shall be incorporated in the loan document obtained from the borrower.
- b. Decision to recall/ accelerate payment or performance shall be as per the covenants in the loan document.
- c. The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim





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the Company may have against 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.

RATE OF INTEREST

- a. The Company shall frame appropriate internal principles and procedures for determining the interest rates and processing and other charges, if any and also to ensure that they are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and other charges, if any, on the loan and advances are in strict adherence to above referred internal principles and procedures.
- b. The Company shall adopt 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 gradation of risks and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower in the application form and communicated explicitly in the sanction letter.
- c. The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged on the loan.

GRIEVANCE REDRESSAL MECHANISM

a. Grievance Handling and Escalation Process

In case of any complaint or grievance, the applicant/borrower may contact the following officials:

Level 1: Grievance Redressal Officer:

- Name: Prabha
- Designation: Company Secretary
- Telephone No.: 011-43251111
- E-mail: Prabha.rajpoot@caparofinancial.com

If the complaint/grievance is not resolved within **15 days**, or if the complainant is not satisfied with the resolution provided by the Grievance Redressal Officer, the matter may be escalated to:





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Level 2: Escalation Officer

- Name: Prashant Joshi
- Designation: Vice President (Credit)
- Telephone No.: 011-43251111
- E-mail: Prashant.joshi@caparofinancial.com

If the complaint/grievance is not resolved within **7 days** from the date of escalation, or if the complainant is not satisfied with the resolution provided by the Escalation Officer, the matter may be further escalated to:

Level 3: Senior Escalation Officer:

- Name: Dheeraj Vashisht
- Designation: Whole-time Director & CFO
- Telephone No.: 011-43251111
- E-mail: Dheeraj.vashisht@caparofinancial.com

Level 4: Reserve Bank Integrated Ombudsman

The complainant may approach the Reserve Bank of India under the Integrated Ombudsman Scheme if:

- The complaint remains unresolved after approaching the above levels; or
 - No response has been received within 30 days from the date of lodging the complaint.
- RBI Complaint Management System (CMS) Portal: <https://cms.rbi.org.in>
 - Centralized Receipt and Processing Centre (CRPC)
Reserve Bank of India, 4th Floor, Sector 17, Central Vista, Chandigarh-160017
 - E-mail: crpc@rbi.org.in

b. Review of Grievance Redressal Mechanism

The Management shall periodically review compliance with the Fair Practices Code and the effectiveness of the Grievance Redressal Mechanism. A consolidated report on such reviews shall be placed before the Board of Directors at regular intervals for its information and review.





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GENERAL

- a. The Company shall not interfere 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 not resort to undue harassment like bothering the borrowers at odd hours, use of muscle power for recovery of loans, rude behavior from the staff etc. The Company shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- c. The Company will call delinquent customers between 0700 hrs to 2100 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.
- d. The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues and will not be aimed at whimsical deprivation of the Company
- e. The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent.
- f. In case of receipt of a request from the borrower for transfer of the borrower 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.

