



CAPITALINDIA

Rediscover Business

FAIR PRACTICE CODE

Version	3.0
Owned By	Head - Legal
Approved By	Board of Directors
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1. INTRODUCTION

The Reserve Bank of India (“RBI”) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (“NBFCs”) thereby setting standards for fair business and corporate practices to be adopted by NBFCs while dealing with their customers. In compliance with the guidelines issued by RBI, Capital India Finance Limited, *formerly known as Bhilwara Tex - Fin Limited* (“Company”) has formulated this Fair Practice Code (“Code”) setting out fair practice standards to be followed by the Company while dealing with its customers (“Customers”).

2. PURPOSE

- a) To promote good and fair practices by setting minimum standards in dealing with the Customers;
- b) To increase transparency so that the Customers can have a better understanding of what they can reasonably expect of the services provided by the Company and take informed decisions; and
- c) To promote a fair and cordial relationship between the Customer and the Company.

3. LOANS APPLICATIONS AND PROCESSING THEREOF

- a) The Company offers various financial products, including project finance, working capital term loan, loan against property, lease rental discounting among others.
- b) The loan application form / sanction application letter / appropriate application documents, by whatever name called, for each product offered by the Company is different depending upon the requirement of each product and will include all information that is required to be submitted by the prospective Customer. Necessary information in relation to the relevant product of the Company shall be provided by the Company to each of its prospective Customers to facilitate such Customer in making a meaningful comparison with the terms & conditions offered by other NBFC’s and taking an informed decision based on the aforesaid comparison.
- c) The Company shall dispose all loan / sanction applications within a reasonable time frame.
- d) All communications with the Customers shall be in the language understood by the Customers.

4. LOAN APPRAISAL AND TERMS AND CONDITIONS:

- a) The loan / sanction applications received by the Company shall be assessed and approved or rejected in accordance with the Company’s credit policy.
- b) The approval of the loan shall be communicated to the Customers in writing through a sanction letter. The sanction letter shall contain the amount of limit sanctioned along with the broad terms and conditions governing the loan, including the annualized rate of interest and method of application thereof. Each Customer shall give a written acknowledgement to the Company in token of its acceptance of the terms and conditions governing the loan, which shall form part of the loan documents.
- c) A copy of all the loan documents including loan agreement and annexures thereof shall be made available to the Customer in accordance with the conditions stipulated in the

related RBI guidelines.

- d) Details in relation to any penal interest, by whatever name called, charged for late payment / repayment by the Customers shall be mentioned in bold in the loan agreement.

5. DISBURSEMENT OF LOANS, INCLUDING CHANGES IN TERMS AND CONDITIONS

- a) In case of any change in the terms and conditions of the loan granted to the Customer, including any variation in the disbursement schedule, interest rate, service charges, prepayment charges, etc., the Company shall give a written notice to the Customer. The said changes in the interest rates and/or charges would be with prospective effect. The loan agreement shall include a specific clause in this regard.
- b) Any decision of the Company to recall / accelerate payment or performance of loan shall be in accordance with the terms of the relevant loan documents.
- c) The collaterals lying with the Company shall, subject to any legitimate right or lien and set off for any other claim that the Company might have against the Customer, be released on receipt of full and final repayment of the loan, including interest and all other applicable charges. However, in cases where the Customer has availed a facility from the Company which allows the Customer to borrow/draw monies as and when required within the overall amount sanctioned under the facility, the collaterals may be retained by the Company until the expiry of such facility for operational convenience and to protect the Company's interest from potential default by such Customer.
- d) In case the Company intends to exercise its right to set off, the Company shall give a written notice to the Customer providing complete details in relation the remaining claims and the conditions under which the Company is entitled to retain the collaterals till the relevant claim is settled / paid.

6. RATE OF INTEREST

- a) The Company has adopted an interest rate policy providing internal principles and procedures to be followed by the Company for determining the interest rate to be charged on loans and advances given by the Company, considering relevant factors such as, financial strength, project quality, business model, history, regulatory requirements, cost of funds, margin and risk premium, etc. The rate of interest to be charged to the Customer shall be communicated explicitly in the sanction letter. Any variation in the rate of interest shall be communicated to the Customer in accordance with paragraph 5(a) of this Code.
- b) The rates of interest and the approach for gradation of risks is also available on the website of the Company. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.

7. GRIEVANCE REDRESSAL MECHANISM

- a) The Company has formulated a grievance redressal policy setting out the procedure for receiving, registering and disposing of the complaints and grievances of the Customers with respect to the services provided by the Company.
- b) The Customers who have grievances may refer to the grievance redressal policy of the Company, a copy of which is available on the website of the Company.

8. GENERAL PROVISIONS

- a) The Company shall not interfere in the affairs of the Customers, except as provided in the terms and conditions governing the loan as contained in the loan documents (unless any new information, that was not disclosed earlier by the Customer, comes to the notice of the Company).
- b) In case of receipt of request from the Customer for transfer of its loan account, the Company shall convey its consent or objection within a period of 21 (Twenty One) days from the date of receipt of such request. Such transfer should be in accordance with the terms and conditions of the loan documents entered into with the Customer and the statutes, rules, regulations and guidelines as may be applicable from time to time.
- c) In the case of recovery of loans, the Company shall resort to the usual measures, which are legally and legitimately available to it and shall operate within the legal framework. The Company shall not resort to undue harassment for recovery of loan.
- d) The Company shall conduct training sessions for training its employees and/or representatives to deal with the Customers in an appropriate manner,
- e) The Company shall not charge any foreclosure charges / pre-payment penalties on any floating rate term loans sanctioned to the individual Customers, except in case where charging of foreclosure charges / pre-payment penalties is permitted under applicable laws, rules and regulations.
- f) The Board of Directors of the Company shall annually review the compliance of this Code and the functioning of the grievance redressal mechanism at various levels of management.
- g) The details of various contact points (including the details of the Nodal Officer of the Company) for redressal of complaints shall be published on the website for the information of the Customers.
- h) This Code shall be subject to the applicable laws including but not limited to the rules, regulations, guidelines, directives and instructions issued by the RBI, from time to time and shall supersede the earlier version of the Code.
- i) Notwithstanding anything contained in this Code, the Company shall ensure compliance with any additional requirements as may be prescribed under any laws / regulations either existing or arising out of any amendment to such laws / regulations or otherwise and applicable to the Company from time to time. Any change/amendment in applicable laws with regard to maintenance of fair practice code shall be deemed to be incorporated in this Code by reference and this Code shall be deemed to have been amended and revised accordingly.