

**KUSHAL FINNOVATION CAPITAL PRIVATE
LIMITED**

FAIR PRACTICES CODE

Fair Practices Code

Summary of Policy

Policy Name	Fair Practices Code
Policy Type	D – Department B – Board M – Management D – Department
Related policies and regulations	RBI Guidelines on Fair Practice Code.
Review cycle	AN – OT AN – Annually QT – Quarterly MO – Monthly OT – Other, i.e. upon regulatory change, new products/business, etc.
Date of last review	First time release. The policy has been approved by the Board on 7 th February 2023.
Owner / Contact	Kushal Finnovation Capital Private Limited
Approver	Board of Directors of Kushal Finnovation Capital Private Limited
Annexures	None
Appendices	Appendix A – Policy Review History
Circular	DNBS (PD) CC No.340 / 03.10.042 / 2013-14 dt. 1st July'13. and such other relevant RBI circulars.

Fair Practices Code

TABLE OF CONTENTS

Sr. No.	Section	Particulars
1.0		Introduction
2.0		Guidelines On Fair Practice Code for Kushal Finnovation Capital Private Limited
	2.1	Applications for loans and their processing
	2.2	Loan appraisal and terms/conditions
	2.3	Types of Fees/Charges levied
	2.4	Disbursement of loans including changes in terms and conditions
	2.5	Post disbursement supervision
	2.6	Financial Difficulties
	2.7	Restructuring
	2.8	Collection of Dues
	2.9	Prepayment options for the customer
	2.10	Data Security
	2.11	General
	2.12	Advertising, Marketing and Sales
	2.13	Grievance Redressal Mechanism (GRM)

Fair Practices Code

1.0 INTRODUCTION

PREAMBLE

This document shall be titled as the FAIR PRACTICES CODE (“FPC”), and it has been devised by Kushal Finnovation Capital Private Limited (“KFCPL”) with an endeavor to achieve synchronization of best practices when the company is dealing with all the stakeholders viz Customers, employees, vendors in India.

Kushal Finnovation Capital Private Limited has a responsibility to ensure that its affiliates operate in a way that aligns the interests of stakeholders as stated. Their endeavor towards stakeholders includes a commitment to the communities in which their businesses operate and also includes a responsibility for ensuring that those businesses operate according to the highest legal and ethical standards. Kushal Finnovation Capital Private Limited would strive to provide valuable inputs to the stakeholders and facilitate effective interaction with the company and ensure utmost transparency.

The Company’s Fair lending practices shall apply across all aspects of the operations including marketing, loan origination, processing, servicing and collection activities. KFCPL’s commitment to Fair Practice Code would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company’s Board of Directors and the Business Team is responsible for establishing practices designed to ensure that KFCPL’s operations reflect their strong commitment to fair lending and that all employees are aware of that commitment. KFCPL is committed to providing service of the highest quality to its clients.

This Fair Practices Code applies to all categories of products and services offered/to be offered by us. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method.

Key Aspects:

The essence of FPC lies in the following and KFCPL would strive to follow them:

- To provide professional, efficient, courteous, diligent and speedy services.
 - Not to discriminate on the basis of religion, caste, sex, descent in any manner.
 - To be fair and honest in advertisement and marketing of Loan Products.
 - To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions in a transparent manner.
 - If sought, to provide such assistance or advise to customers applying for loans.
 - To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.
 - To comply with all the regulatory requirements in good faith.
 - To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representation from the company.
- Seek to grow and improve the companies to which KFCPL lends for long-term sustainability and to benefit multiple stakeholders, including on environmental, social and governance issues. To that end, Board of Directors shall work through appropriate governance structures with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.
- Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.

Fair Practices Code

- Remain committed to compliance with applicable national, state, and local labour laws; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.
- Respect the human rights of those affected by the lending activities and seek to confirm that the funds do not flow to companies that utilize child or forced labor or maintain discriminatory policies.
- Ensure compliances relating to Indian laws relating to fair practices as may be prescribed under KFCPL policies and practices.
- To follow the principles of justice, equity and good conscience for resolving the grievances of the stakeholders.

2. GUIDELINES ON FAIR PRACTICE CODE FOR KFCPL

2.1 Applications for loans and their processing

- (i) Proposals should include necessary information which affects the interest of the borrower, so that informed decision can be taken by the borrower. The said proposal shall indicate the documents required to be submitted.

Time Frame for Disposal of Proposal

S. No.	Category of Customer and Size of Limit	Time norms for disposal after Submission of all required papers / information sought by the KFCPL.
i.	For all categories of customers and for any amount of Loans	Time period upto 30 days or such time as mutually agreed upon with customer.

- (ii) On exercise of choice, the customer would be given the relevant information about the loan product of its choice.
- (iii) The Customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily.
- (iv) The Customer would be informed of the names and phone numbers of office and the persons whom he can contact for the purpose of loan to suit his needs.
- (v) The Customer would be informed the procedure involved in servicing and closure of the loan taken. When the proposal is submitted by the Customer having complied with the requisite formalities, they shall be informed of the time frame within which the proposal is likely to be disposed off by KFCPL. KFCPL shall ensure that the Customer is supplied with sufficient information to enable them to make informed decisions.
- (vi) The customer shall be informed in vernacular language (written and oral) about the details of the proposal so enable the customer to

2.2 Loan appraisal and terms/conditions

Fair Practices Code

- (i) KFCPL should convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including monthly/quarterly/annualized rate of interest (depends on each case) and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.
- (ii) Loan Agreements shall be in English language and each customer will be explained all the contents of the loan agreement. A self-undertaking shall be obtained, in regional language, from the borrower that they have understand all the terms and conditions of Loan Agreement. Loan Agreements shall transparently bringing out all Key Fact Statements as required under per RBI regulations.
- (iii) KFCPL shall scrutinize the information submitted by the applicant and additional data, if any, required should be called promptly to facilitate expeditious disposal of the loan.
- (iv) If the customer is found indulging into activities which are harmful to the environment, public health, safety, non committed to compliance with applicable national, state, and local labour laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and healthy workplace in conformance with national and local laws; or funds will be utilized for child or forced labour, the loan application shall be rejected.

KFCPL conveys in writing to the customer by means of sanction letter or otherwise,

- (i) the amount of loan sanctioned along with the terms and conditions including monthly/quarterly/annualized rate of interest (depends on each case),
- (ii) details of the default interest / penal interest rates (36%) and the charges payable by the customers in relation to their loan account and method of application thereof and
- (iii) terms and conditions and other caveats governing the credit given by KFCPL arrived at after negotiation
- (iv) all other information which is relevant from the point of view of the transaction and all the parties involved.
- (v) a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to the customer.
- (vi) ensure disbursal of the loan sanctioned within 7 days from the date of compliance with all terms and conditions governing such sanction.

All the above information shall be in writing and shall be duly approved by the customer and certified by the Authorized Official of KFCPL.

2.3 Types of Fees/Charges being levied and the stage at which the same is levied, refund of process fees in case of Non – Acceptance of Application

- (i) All the fees / charges / interest would be payable as per mutual agreement.
- (ii) Syndication fees for cases where KFCPL acts as arranger for loan shall be set out in the individual engagement letters.

2.4 Disbursement of loans including changes in terms and conditions

- (i) KFCPL shall give notice to the customer of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- (ii) Changes in the interest rates and charges shall be effected prospectively. A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- (iii) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.

Fair Practices Code

- (iv) KFCPL should 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 KFCPL 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 KFCPL are entitled to retain the securities till the relevant claim is settled/paid.
- (v) All communication like acceptances (including for amendments or addendums) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of 8 years.

2.5 Post disbursement supervision

- (i) KFCPL assures that Post disbursement supervision is constructive and the genuine difficulties which the customer may face is given due consideration.
- (ii) Refrain from interference into the customers business affairs except on what is in terms of sanction of loan, loan agreement or when new information comes to KFCPL's knowledge.
- (iii) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (iv) Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, KFCPL shall give notice to customers in consonance with the loan agreement.
- (v) KFCPL 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 KFCPL may have against customer. If such right of set off is to be exercised, the customer shall be given notice about the same with full particulars about the remaining claims and the conditions under which KFCPL is entitled to retain the securities till the relevant claim is settled /paid.
- (vi) Provided further that if the customer is found indulging into activities which are harmful to the environment, public health, safety, non committed to compliance with applicable national, state, and local labor laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, or finds that funds are being utilized for child or forced labor, are considered adequate grounds for KFCPL to unilaterally recall the loan.

2.6 Restructuring

- (i) KFCPL will consider a nursing/ debt restructuring program in case the account remains substandard for over six months, or the unit of the customer is considered to be sick.
- (ii) If KFCPL cannot reach an agreement, it will make it clear that it is unable to continue to support and advise when it will withdraw the support.

2.7 Collection of Dues

If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by doing the continuous follow up.

KFCPL collection policy is built on courtesy, fair treatment and persuasion. It believes in fostering customer confidence and building long-term relationship and would put in best efforts to achieve them. The Collection of Dues shall happen in compliance with regulatory guidelines and under the applicable laws for Dues Collection from Defaulters.

Fair Practices Code

Any person authorized to represent KFCPL in collection or/and security repossession would be subjected to due diligence and they would follow the guidelines set out below:

- (i) Customer would be contacted ordinarily at the place of business/occupation and if unavailable, at the place of residence or in the absence of any specified place, at the place of authorized representative's choice.
- (ii) Identity and authority to represent would be made known at the first instance.
- (iii) Customer privacy and dignity would be respected.
- (iv) Interactions would be in a civil manner.
- (v) Normally KFCPL representatives will contact during business hours, unless the special circumstances of customer business or occupation require otherwise.
- (vi) Customer's requests to avoid calls at a particular time or at a particular place would be honored to the extent it is considered reasonable.
- (vii) Time and number of calls and contents of conversation would be documented.
- (viii) All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

2.9 Prepayment options for the customer

Pre-payment options available to the customer and shall be as per terms & conditions of loan agreement.

2.10 Data Security

All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. The term 'Third Party' excludes all Law enforcement agencies, Credit Information Bureau, Reserve Bank of India, other banks and financial institutions and any other state, central or other regulatory body.

Customer information would be revealed only under the following circumstances, namely;

- (i) If KFCPL is compelled by law
- (ii) If it is in the Public Interest to reveal the information
- (iii) If the interest of KFCPL to require disclosure.

2.11 General

- (i) KFCPL should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- (ii) In the matter of recovery of loans, the KFCPL should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies. KFCPL shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- (iii) In case of receipt of request for transfer of customer or customer account, either from the customer or from a lender which proposes to take-over the account, the consent or otherwise i.e. objection of the KFCPL, if any, should be conveyed within 30 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

2.12 Advertising, Marketing and Sales

- (i) KFCPL will make sure that all advertising and promotional material is clear.

Fair Practices Code

- (ii) In any advertising in any media and promotional literature that draws attention to any service or product and includes a reference to an interest rate, KFCPL will also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request.
- (iii) If KFCPL avails of the services of third parties for providing support services, KFCPL will require that such third parties handle customer's personal and business information (if any available to such third parties) with the same degree of confidentiality and security as it would.
- (iv) KFCPL may, from time to time, communicate to customer's new features of products availed by them. Information about other products or promotional offers in respect of KFCPL products/services, shall be conveyed only if the customer has given consent to receive such information/ service.
- (v) Direct Selling Agencies (DSAs) whose services KFCPL may avail to market its products/ services will require them to identify themselves when they approach the customer for selling KFCPL products.
 - a. In the event of receipt of any complaint from the customer that KFCPL representative/courier or DSA has engaged in any improper conduct or acted in violation of this Code, KFCPL shall take appropriate steps to investigate and to handle the complaint and to make good the loss.

2.13 Grievance Redressal Mechanism (GRM)

The Board of Directors of KFCPL has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the company are heard and disposed off at least at the next higher level. The Customer shall be informed of the GRM followed by KFCPL. The Customer shall be entitled to approach the Local Compliance Officer at any time during the term of the loan. The Local Compliance Officer 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.

The details of the GRM shall also be necessarily captured under the KFS and uploaded on the website of KFCPL and updated from time to time.

The Board of Directors also provide for periodical review of the compliance of this Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews is submitted to the Board at regular intervals, as may be prescribed by it.

The contact details for Grievance Redressal are as follows:-

- Email id – compliance@kfcpl.co.in
- Contact Number - +91 62647 60778

The above-mentioned contact details can be updated by Executive Director / Company Secretary for administrative convenience, without going to the Board of Directors again and without amending / revising the policy.

Fair Practices Code

Appendix A – Policy Revision History

Include a revision history in the following table or you may direct the audience to a repository where this information is stored. The items below this point are for record-keeping purposes. Whether some or all of them are shown in the published document is at the discretion of the applicable Owner.

Version	Effective Date	Revision Date	Author	Approved By	Date Approved	Revision History	Review History (Legal, Compliance, other parties)
1.0	7 th February 2023	Not Applicable	Mr. Jayesh Modi	Board of Directors	7 th February 2023	Not Applicable	Reviewed by Compliance
1.1							
1.2							
1.3							
1.4							
1.5							