

## **Fair Practice Code**

### **1. INTRODUCTION**

SANKALP CAPITAL PRIVATE LIMITED (“**the Company**” or “**Sankalp**”) is a Non-Banking Finance Company (“**NBFC**”) registered with Reserve Bank of India (“**RBI**”). The Company is presently engaged in the business of providing term loans and advances.

The Company has put in place the Fair Practices Code (“**FPC**” or “**Code**”) in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the Reserve Bank of India Directions and Master Circular-Fair Practices Code RBI/2015-16/16 DNBR(PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015 and has been duly approved by the Board of Directors. The FPC sets out the principles for fair practices, transparency & adequate disclosures to be adopted by NBFCs while dealing with its borrowers.

This FPC applies to all categories of products and services offered by the Company.

### **2. OBJECTIVE OF CODE**

The objectives of this FPC are follows:

1. To promote good practices and ensure good practices in dealing with borrowers;
2. To promote a fair relationship between the customer and Company
3. To ensure compliance with legal norms in matters relating to recovery of advances
4. To strengthen mechanisms for redressal of customer grievances

### **3. KEY COMMITMENTS**

The Company’s key commitments to borrowers:

1. Act fairly and reasonably in all their dealings with customers by:
  - Meeting the commitments and standards specified in the Code
  - Ensuring products and services meet relevant laws and regulations
  - Maintaining ethical principles of integrity and transparency
2. Help customers understand how company’s product works by explaining their financial implications
3. Deal quickly and sympathetically with things that go wrong by:
  - Correcting possible errors;
  - Handling borrower’s complaints;
  - Educating borrowers how to take their complaint forward if they are still not satisfied
4. Publicize the Code, display it on the Company’s website and have copies available for customers on request.

### **4. APPLICATIONS FOR LOAN & THEIR PROCESSING**

1. The Company offers financial products in the loan category.
2. The Company shall convey all communications to the borrower in a language as understood by the borrower or the vernacular language of the borrower upon request of the borrower.
3. Loan application agreement (physical or digital) of 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 other NBFCs can be made and informed decisions can be taken by the borrower.

4. The loan application shall indicate the documents required to be submitted / uploaded with the application.
5. The Company shall provide or send, to the prospective borrower an acknowledgement of receipt of loan application after receipt of the complete information as per the standard application format. An indicative time frame within which loan applications shall be disposed of would be mentioned in such acknowledgement.
6. Applications completed in all respects shall be processed within a reasonable time frame. In case the proposal is not approved by the Company, the borrower shall be intimated accordingly.

## **5. LOAN APPRAISAL AND TERMS & CONDITIONS**

1. The Company will ensure that there is a proper assessment of loan applications made by borrowers. The assessment shall be in line with Company's credit policies and procedures.
2. The Company shall convey in writing to the borrower by means of sanction letter and/or loan agreement or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and shall keep the acceptance of these terms and conditions by the borrower on its record. The Company shall make available information related to interest rates on its website also.
3. The Company's digital platform and risk assessment model requires digital acceptance of all terms and conditions of the loan. It includes Digital mode or Clickwrap or clickthrough or OTP acceptance on loan agreement &/or terms & conditions.
4. Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of disbursement of loans.
5. The terms and conditions of the respective financial product of the Company shall be applicable for all borrowers without discrimination.

## **6. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

1. The Company shall give notice to the borrower 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.
2. Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
3. The borrower shall enter into an agreement with the Company by providing consent via click wrap / Digital mode / Electronic signature etc., to all standard and specific terms and conditions before seeking disbursement.
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## **7. GENERAL**

1. The Company will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement or as consented by borrower on the terms and conditions as part of onboarding & disbursement process on digital applications (unless information, not earlier disclosed by the borrower, has come to the notice of the Company).
2. In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. To avoid rude behaviour from the operational personnel engaged in recovery for the Company, Company shall ensure training is provided to the recovery agents and have put in place a code of conduct to deal with the customers in an appropriate manner.

3. The Company shall formulate a comprehensive Code of Conduct for recovery of dues from borrowers, which will serve as a guiding framework for all recovery-related activities. This Code shall be fully aligned with the Recovery Policy issued by the Company and shall outline the principles, standards, and ethical practices to be followed by employees and authorized recovery agents.
4. The Company shall charge interest rate, processing fees or other charges in accordance with the Company's internal policies only.
5. There shall be no discrimination in extending loans and other financial products to the physically / visually challenged applicants on ground of disability subject to the eligibility criteria as per Company's internal credit standards and policies.
6. Fair Practices Code based on the guidelines outlined hereinabove should be put in place by the Company with the approval of the Board.
7. Company shall have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the RBI Fair Practice Code guidelines. The same should be put up on their web-site, if any, for the information of various stakeholders.
8. Company shall obtain borrower consent for data collection, usage, and sharing with third parties. Data shall be handled per the Digital Lending Guidelines, with privacy policy disclosed on the website. Borrowers have the right to data access/correction and to opt-out.

#### **8. GRIEVANCE REDRESSAL MECHANISM**

1. The Company shall lay down the appropriate Grievance Redressal Mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of Company's institutions functionaries are heard and disposed of at least at the next higher level.
2. The Board of Directors should also provide for periodical review of the Fair Practices Code and the Grievances Redressal Mechanism.
3. The Company shall also guide borrowers who wish to lodge a complaint and also provide guidance on what to do in case the Borrower is unhappy with the outcome.
4. The following information / public notice shall be displayed prominently on website, for the benefit of the customers :
  - i. the name and contact details (Telephone / Mobile nos. and also email address) of the Grievance Redressal Officer, who can be approached for resolution of complaints against the Company.
  - ii. Grievance Redressal Mechanism for further grievance redressal process.

#### **9. INTEREST RATE MODEL AND OTHER CHARGES**

1. The Board of the Company shall adopt the interest rate model taking into account relevant factors such as cost of equity, credit risk, opex cost, industry trend, etc. to determine the rate of interest to be charged for loans and advances.
2. The rate of interest and the approach for gradation of risk and rationale for different rates of interest to different categories of borrowers shall be disclosed to the borrower on the website and communicated explicitly in the loan sanction letter / agreement and/or other communication.
3. The Company shall make available information related to interest rates on its website also.
4. The rate of interest should be an annualized rate so as to make the borrower aware of the exact rates that would be charged to the account.
5. The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the RBI guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view

6. The Company shall formulate a Board approved policy on penal charges.
7. The quantum and reason for penal charges shall be clearly disclosed to the borrowers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on website policy.

## 10. CODE OF CONDUCT

This Code of Conduct is applicable to and shall be abided by all the operational personnel engaged in collection of dues for the Company and/or on behalf of Company.

### I. Contact Methods:

1. **Telephonic contact:** Telephonic contact to a customer may normally be limited to between 08.00 am to 19:00 pm unless the special circumstances of the customer's business or occupation demand otherwise. However, it may be ensured that a customer is contacted only when the call is not expected to inconvenience him/her. Personnel shall converse in a decent and civilized manner.
  - Calls earlier or later than the prescribed hours may be placed only when the customer has authorized to do so in writing or orally.
  - Time and number of calls (as per Recovery Policy) and contents of conversation shall be documented.
  - Copies of communications sent to the customers shall be maintained and provided to the Company.
2. Code to be adopted by the operational personnel during the call:
  - The personnel shall identify themselves to the customer and will apprise them of the authority to represent.
  - State the reason for the call.
  - Apprise the customer with all the information regarding dues.
  - Offer to call back, if the customer is busy.
  - Talk in language which is most comfortable to the customer.
  - Keep conversation limited to business.
  - Any demeanor that suggests criminal intimidation or threat of violence is strictly not tolerated.
3. **Messaging Contact:** Written messages to the customer through SMS, emails and WhatsApp may be made to facilitate the recovery process and offer the necessary assistance.
  - Keep conversation limited to business.
  - Message shall be decent and civilized.
  - Any message that suggests criminal intimidation or threat of violence is strictly not tolerated.

### II. Secrecy regarding Customer's Loan Arrangement:

Personnel should maintain the customer's secrecy. However, the customer may be contacted via the reference numbers provided, if the customer is unresponsive and/or the response of the customer is unsatisfactory.

### III. Gifts or Bribes:

Personnel should not accept any gifts from customers or bribes of any kind. Any Personnel offered a bribe or payment of any kind by customer must report the same to the Company.

**IV. Personnel Undertaking:**

Personnel shall resort only to legally permissible activities during the course of recovery. They shall not resort to intimidation or coercion of any kind either verbal or physical against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude the privacy of the customers' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.

**V. Grievance Redressal:**

Personnel must provide the borrower upon request, with the Company's grievance redressal contact information.

**VI. Non-Compliance & Disciplinary Action:**

Violations of this Code will result in:

- Immediate termination of the agency's engagement
- Blacklisting from future Company assignments
- Further action as deemed necessary

The operational personnel authorized to represent the Company for recovery shall be required to adhere to the Code of Conduct and the below mentioned general guidelines provided for collection of dues:

- Privacy of the customers to be of utmost importance and to be safeguarded.
- All written and verbal communication with the customer shall be in simple business language and civil manners shall be adopted for interaction with customers.
- Assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- Identity and authority of persons authorized to represent Company for followup and recovery of dues would be made known to the customers at the first instance.
- No undue harassment and/or discourteous and disrespectful demeanor towards the customers.

**11. REVIEW**

The Board of Directors reserves the right to review the Fair Practice Code from time to time, annually at minimum, and to carry out necessary changes, accordingly as and when required.

The Company will abide by all guidelines, directive, instructions and advice of Reserve Bank of India as will be in force from time to time. The content in this document shall be read in conjunction with these guidelines, directives, instructions and advice. The Company will apply better practice so long as such practice does not conflict with or violate Reserve Bank of India regulations.