



Fair Practice Code

Capri Global Capital Limited (CGCL)

A -1 Preamble:

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) amended from time to time. Capri Global Capital Limited (CGCL/Company) shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards so prescribed.

It is the policy of CGCL to make available to all eligible qualified applicants, without discrimination on the basis of race, caste, color, religion, sex, marital status, age or handicap all financial products.

CGCL's policy is to treat all the clients consistently and fairly. The employees of CGCL will offer assistance, encouragement and service in a fair, equitable and consistent manner. CGCL will also communicate its Fair Practice Code (FPC) to its customers by uploading the FPC on its website.

CGCL will ensure that the implementation of the FPC is the responsibility of the entire organization. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counselling, and monitoring, auditing programs and internal controls, and optimal use of technology.

CGCL's Management team is responsible for implementing the fair practices hereinafter detailed, and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products including lending and that all employees are aware of this commitment.

The Fair Practice Code (FPC) is intended to cover the following areas:

- Applications for loans and their processing
- Loan appraisal and terms/conditions
- Disbursement of loans including changes in terms and conditions
- General Provisions
- Grievance redressal mechanism
- Interest Charged
- Responsibilities of Board of Directors
- Review

A. Applications for Loans and their Processing:

1. All Communication to the borrower will be in vernacular language or a language as understood by the borrower. All relevant information pertaining to the loan will be made available in the relevant loan application form(s), including the necessary loan information and documents required to be submitted together with the duly completed application form.

2. Loan application forms of CGCL will include necessary information which are likely to affect the interests of the prospective borrower, rate of interest and the approach of CGCL for gradation of risk and rationale for charging different rate of interest to different categories borrower so that a meaningful comparison with the terms and conditions offered by other Non-Banking Finance Companies can be made and an informed decision can be taken by the prospective borrower.
3. CGCL shall provide to the prospective borrower an acknowledgement for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be mentioned in such acknowledgement.

B. Loan appraisal and terms/conditions:

1. Loan applications shall be assessed in accordance with the Company's credit appraisal process.
2. Upon approval of the loan, an agreement/sanction letter indicating the amount of loan sanctioned, annualized rate of interest applicable including method of application thereof along with the terms and conditions shall be conveyed in writing to the loan applicant in vernacular language or a language as understood by the borrower along with penal interest rate for late repayment in bold letters. A written acceptance of such terms and conditions shall be retained by the Company.
3. CGCL shall furnish a copy of the loan agreement as understood by the borrower along with a copy of all enclosures quoted in the loan agreement to the borrower at the time of sanction/disbursement of loans.

C. Penal Charges in Loan Accounts

These penal charges will be applicable wef January 01, 2024 in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or June 30, 2024 whichever is earlier.

1. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
2. CGCL shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
3. CGCL shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called

4. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category
5. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
6. The quantum and reason for penal charges shall be clearly disclosed by CGCL to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as applicable, in addition to being displayed on CGCL website under Interest rates and Service Charges.
7. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

D. Disbursement of loans including charges in terms and conditions:

- 1 The Company will refrain itself from changing the terms & conditions after the same have been settled at the time of initial sanction and disbursement of loan unless receipt of any significant information which were not disclosed earlier by the borrower.
- 2 Any changes to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges, etc. shall be informed individually to the borrowers in case of account specific changes and in case of others, the same shall be available at the registered office /corporate office of the Company. All the communication intimating change in terms & conditions shall be in vernacular language or language as understood by the borrower.
- 3 Changes in the interest rate and charges shall form part of loan agreement and shall be effected only prospectively.
- 4 Decision to recall / accelerate payment or performance under the agreement shall be accordance with the terms and conditions duly acknowledged by the borrower.
- 5 All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate right or lien for any other claim that Company may have against the borrower. If such right to 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 until the relevant claim is settled / paid.

E. Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans

- i. At the time of sanction, CGCL shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both.

- Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
- ii. At the time of reset of interest rates, CGCL shall provide the option to the borrowers to switch over to a fixed rate as per Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
 - iii. The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
 - iv. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the CGCL from time to time.
 - v. CGCL shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
 - vi. CGCL shall share/make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest/Annual Percentage Rate (APR) for the entire tenor of the loan. The CGCL shall ensure that the statements are simple and easily understood by the borrower.
- Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities
 - CGCL shall ensure that the above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

F. General Provisions:

1. The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement (unless information, not earlier disclosed by the borrower, has been noticed).
2. In case of receipt of a request from the borrower for the transfer of the borrower's 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.
3. Customer complaints if any raised shall be resolved within one month (considering working days) from the date of receipt of complaints.
4. In the matter of recovery of loans, CGCL shall follow the usual measures as per the laid down guidelines and existing provisions and would operate within the framework and in compliance with the applicable laws and regulations.

5. The Company would not resort to undue harassment, viz persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. In this regard, CGCL has an established code of conduct for debt collection wherein our staff or any person authorized to represent the Company in collection of dues are extensively trained to deal with customers in an appropriate manner.
6. CGCL will not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned for the purposes other than business to individual borrowers, with or without co applicant(s).
7. The 'Vernacular Declaration' shall be taken from all the customers "in case they are unable to understand the contents in a Language other than the Vernacular Language.
8. At our branches, we display the name and contact details (Telephone / Mobile nos. / Email Address) of the Grievance Redressal Officer, Regional Office of the RBI and Grievance Redressal Mechanism followed by the Company.

G. Responsibilities of Board of Directors:

The Board of Directors of CGCL shall lay down the appropriate grievance redressal mechanism to ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practice Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by them.

H. Grievance Redressal Mechanism:

CGCL aims to provide best customer service and is consistently striving on creating a robust and efficient customer platform. CGCL will guide customers who wish to lodge a complaint and provide guidance on what to do in case the customer is unhappy with the outcome. After examining the matter CGCL will send a response as soon as possible; CGCL will also guide a customer on how to take the complaint further if the customer is not satisfied.

At the operational level, CGCL shall display the following information prominently, for the benefit of their customers, at their branches / places 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 by the public for resolution of complaints against the Company.
2. If the complaint/ dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Supervision of RBI, under whose jurisdiction the registered office of the applicable NBFC falls.

The Company has put up separate Customer Grievance Redressal Policy to the board for approval.

The Principal Nodal Officer shall periodically review the implementation and compliance with this code indicating quarter. A report to this effect shall be provided by the Nodal officer for perusal of the Board every quarter.

I. Ombudsman for NBFCs

Under the Reserve Bank – Integrated Ombudsman Scheme, 2021, the Company has appointed Principal Nodal Officer. Details of the same are available on the website of the Company under Ombudsman Scheme tab.

J. Interest Charged:

1. To ensure that the customers are not charged excessive interest rate and charges on loans and advances by the company, the Board of the Company has adopted a Policy for determining Interest Rates, Processing and Other Charges “Interest Rate Model and Policies & Procedures for determining Interest rates and Other Charges Policy” and the same has been put up on company’s web site.
2. The Company had laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.
3. The Company would adopt an 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.
4. The rate of interest will be annualized rate so that the borrower is aware of the exact rate that would be charged to the account.
5. The rates of interest and the approach for gradation of risks shall also made available on the web site of CGCL or published in the relevant newspapers. Whenever there is a change in the rates of interest CGCL must publish the required changes on the website of CGCL.

K. Lending against collateral of gold jewellery

1. The Company has board approved policy for lending against gold covering the following
 - (a) Adequate steps to ensure that the KYC guidelines are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan
 - (b) Proper assaying procedure for the jewellery received
 - (c) Internal systems to satisfy ownership of the gold jewellery
 - (d) Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans

- not to be extended by branches that do not have appropriate facility for storage of the jewellery,
- (e) The jewellery accepted as collateral to be appropriately insured,
 - (f) Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
 - (g) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper,
 - (h) The Company shall not participate in the auctions held,
 - (i) Gold pledged shall be auctioned only through auctioneers approved by the Board,
 - (j) The policy also covers systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- 2. The loan agreement to disclose details regarding auction procedure.
 - 3. Other Instructions
 - (a) The Company must insist on a copy of the PAN Card of the borrower for all transaction above ₹5 lakh.
 - (b) Documentation across all branches must be standardized.
 - (c) The Company shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

L. Review:

A periodical review of the Fair Practice Code and the functioning of the grievance's redressal mechanism at various level of management would be undertaken by the Company.

The Company Shall abide by this Fair Practice Code following the spirit of the code and in the manner, it may be applicable to its business.

The Company shall put the above Fair Practice Code (which shall preferably be in the vernacular language or a language as understood by the borrower) outlined hereinabove on its website, for the information of various stakeholders. The Company would also review and refine the FPC, as may be required periodically once in every 2 years in accordance with the regulations. Further any updation relating to change in the name of officials will be approved by the MD and CEO. Onus of review of this FPC guidelines lies with the Compliance department