



# Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

## POLICY GUIDELINES ON FAIR PRACTICE CODE

### I. PREAMBLE:

Capfin India Limited (“**Company**”) is a registered non-banking financial company (“**NBFC**”) under the Reserve Bank of India Act, 1934. The Reserve Bank of India (“**RBI**”) has issued directions on adoption of fair practices code by NBFCs having customer interface vide Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**Directions**”).

The purpose of the fair practices code is to cover general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive method for recovery.

The Company in order to comply with the best practices prescribed by RBI from time to time and to provide its products and services fairly to all its customers (“**Customers**”), has adopted this policy guidelines on fair practices code (“**Code**”). The Company shall make appropriate modifications, if necessary, to this Code to conform to the standards as may be prescribed.

It is, and shall be, the policy of the Company to make available to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or physically/ visually challenged, all financial products, either directly or through subsidiaries and / or associates.

The Code shall be available in English language. Upon a specific request by a Customer, the Code shall be made available to such Customer in the language understood by such Customer.

### II. OBJECTIVES OF THE CODE:

The Code has been developed with the objective of:

1. Providing all necessary information, terms, and conditions which helps a prospective customer in making an informed decision before accepting the loan or investment from the Company.
2. Providing transparency in the computation of interest and charges. Also, clearly laying down the events of defaults and their consequences in the form of default interest, liquidated damages, penalties, etc.
3. Promoting fair practices by setting minimum standards in dealing with Customers.
4. Increasing transparency so that Customers can have a better understanding of what type of



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

service level can be expected from the Company.

5. Fostering customer confidence in the Company.
6. Setting up a grievance redressal mechanism as part of this Code.

### III. THE FAIR PRACTICES PRINCIPLES:

#### A. Loans and Advances:

Before offering any kind of fund based or non-fund based non-banking facility, the Company will assess the ability/ credit worthiness of the prospective customer to repay.

#### B. Application for loans and their processing:

1. All communication with the customer/ prospective customer shall be in English/ Hindi or in a vernacular language as understood and confirmed by the Customer/ prospective customer. The Company shall take confirmation from the Customer / prospective customer on the language of communication at the start of the process and preserve the same.
2. At the time of sourcing of a loan product, the Company would provide necessary information about the annual interest rates applicable, as well as the fees/ charges, if any, payable for processing, pre-payment options and charges if any, and any other matter which may be of the interest to the prospective customer, to enable a prospective customer to make a meaningful comparison with those of other companies and make an informed decision.
3. Loan application forms of the Company will include necessary information which are likely to affect the interests of the prospective customer, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made, and an informed decision taken by the prospective customer.
4. The loan application form shall indicate the documents required to be submitted along with the application form. If additional details/ documents are required, the same shall be intimated to the Customer.
5. The Company shall provide the prospective customer with an acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will be mentioned in such acknowledgement.



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

### C. Loan appraisal and terms and conditions:

1. The Company will consider all the documents submitted and the information provided, verify the credit worthiness of a prospective customer, evaluate the proposal at its sole discretion, and communicate approval loan by issuing a sanction letter along with the terms and conditions. The sanction letter shall at the least contain the amount of loan sanctioned, annualized rate of interest and method of application. The Company shall keep the acceptance of the terms and conditions by the Customer on record. The Company shall mention the penalties charged for late repayment in bold in the loan agreement.
2. The Company shall take the lending decision purely on objective commercial considerations based on the Company's credit policy, norms, and procedure without any regard to gender, race, caste, creed, religion, color, marital status, age, or physical disability of the customer.
3. The Company shall provide, in English or Hindi or in a vernacular language as understood and confirmed by the Customer, authenticated copies of all the loan documents executed by the Customer along with a copy of each of all enclosures quoted in the loan documents at the time of sanction/ disbursement of loans.
4. The Company shall provide a Key Fact Statement as per the Annex XXVII of the Directions.

### D. Disbursement of Loan and Post Disbursement:

1. The disbursement will be done immediately upon compliance with all the terms and conditions of the sanction by the Customer.
2. The Company shall give notice to the Customer in English or Hindi or in a vernacular language as understood by the Customer, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc. The Company shall ensure that changes in interest rates and other charges are affected only prospectively. The loan agreement shall contain a specific clause to this effect.
3. Any decision to recall/ accelerate the payment of performance shall align with the loan documents executed with the Customer.
4. Once the Customer has repaid all the amounts due under the definitive agreements and performed all its obligations thereunder, the Company shall, within a reasonable time, issue a letter of satisfaction and release all the security created in its favor.
5. In case any loan amount has been outstanding or unsettled the security interests in respect of



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

such loan shall not be released and the Customer shall be informed of the pending claims and the conditions under which the Company is entitled to retain the security interest until the relevant claim is settled.

6. In the case of individual borrowers, the Company shall not charge foreclosure charges/ prepayment penalties on all floating rate term loans sanctioned for purposes other than business to individual borrowers, with or without co-obligate (s).

### **E. Changes in Terms & Conditions:**

The Company recognizes that there may be changes in circumstances that may warrant modification of certain terms and conditions of the Loan. To the extent possible, the loan documents should specify:

1. these circumstances;
2. the method of informing the same to its customers; and
3. the prospective application of the modifications.

Any change in terms and conditions like change in interest rate, tenure, charges and fees, prepayment charges, disbursement/ repayment schedule, would be communicated to the Customer in writing in English or in a language as understood by the Customer.

### **F. Responsible Lending Conduct – Release of movable/ immovable property documents on repayment/ settlement of personal loans**

The Company shall follow the following instructions with respect to release of movable/ immovable property documents upon receiving full repayment and closure of loan account to avoid any circumstances which may lead to customer grievances and disputes:

1. Release of movable/ immovable property documents
  - a) The Company shall release all the original movable/ immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.
  - b) The Customer shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/ branch where the loan account was serviced or any other office of the Company where the documents are available, as per the



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

Customer's preference.

- c) The timeline and place of return of original movable/ immovable property documents shall be mentioned in the loan sanction letters issued to the Customer.
  - d) The Company shall have a well laid out procedure for return of original movable/ immovable property documents to the legal heir, in case of demise of the sole borrower or joint borrowers. The Company shall display on their website such procedure along with other similar policies and procedures for customer information.
2. Compensation for delay in release of movable/ immovable property documents

- a) The Company shall communicate to the Customer, the reasons for the delay, if the movable/ immovable property documents are not released or the form for satisfaction of charge is not filed, within a period of 30 days from the full repayment/ settlement of loan.
- b) In case of any loss/ damage to the original movable/ immovable property documents, either in full or in part, the Company shall assist the Customer in obtaining duplicate/ certified copies of the movable/ immovable property documents. The Company shall bear all related costs.

Provided that in such an instance, an additional 30 days' time shall be provided to the Company to complete this procedure and delayed penalty shall be calculated thereafter (i.e. after a total period of 60 days from the date of full repayment/ settlement of loan).

- c) The compensation under these Directions shall be without prejudice to the rights of the Customer to get any other compensation as per any applicable law.

### **G. Reset of floating interest rate on Equated Monthly Installments (EMI) based personal loans**

1. At the time of sanction of EMI based floating rate personal loans, the Company is required to take into account the repayment capacity of the Customers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. The Company shall put in place an appropriate policy framework meeting the following requirements and compliance, in order to avoid any potential consumer grievances related to elongation of loan's tenor and/ or increase in EMI amount:
  - a) At the time of sanction, the Company shall clearly communicate to the Customer about the possible impact of a change in benchmark interest rate on the loan leading to changes in



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

EMI and/ or tenor or both. Any such change shall be communicated to the Customer immediately through appropriate channels.

- b) At the time of reset of interest rate, the Company shall provide the option to the Customer to switch over to a fixed rate as per the board approved policy.
  - c) The Company shall provide the Customer with a choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; or (ii) to prepay, either in part or in full, at any point during the tenor of the loan.
  - d) 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 Company from time to time.
  - e) The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortization.
  - f) The Company shall share/ make accessible to the Customers, 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 for the entire tenor of the loan. Such statement shall be simple and easy of understand by the Customer.
2. These instructions shall apply equated installment loans of any other period as well, in addition to equated monthly installment loans.

### **H. General:**

1. Other than for the purposes provided in the terms and conditions of the loan documents, the Company shall not interfere in the day-to-day affairs of the Customer (unless new information, not earlier disclosed by the Customer, has come to the notice of the Company).
2. In case of receipt of a request from the Customer for transfer of borrowal account, the consent or objection, if any should be conveyed within 21 days from the date of receipt of such request.
3. Any such transfer shall be as per contractual terms entered into with the Customer and in consonance with prevailing laws and rules. It will be made clear to the prospective customer



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

that the Company shall always have the right to assign/novate the loan to any third party.

### **I. Collection of Dues:**

1. In the event of delays/ default by the Customer, the Company shall resort only to remedies that are legally and legitimately available to it.
2. The Company SHALL NOT resort to the following means which may cause undue harassment of the Customer:
  - a) use of muscle power for recovery of loans; and
  - b) persistently bothering at odd hours.
3. The Company shall ensure that the staff are adequately trained to deal with the Customers in an appropriate manner.

### **J. Repossession of Hypothecated Assets:**

The Company shall mention a legally enforceable re-possession clause in the loan documents. The process of repossession shall be carried out transparently and the process be followed regarding:

1. issue of a notice before taking possession;
2. circumstances under which the notice period can be waived;
3. procedure for taking possession of the security;
4. a provision regarding the final chance to be given to the Customer for repayment of the loan before the sale/auction of the property;
5. The procedure for giving repossession to the Customer; and
6. The procedure for the sale/auction of the property.

### **K. Confidentiality:**

1. Unless authorized by the Customer, the Company will treat all personal information as private and confidential.
2. The Company will not reveal transaction details to any other entity including within the group



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

other than the following exceptional cases:

- a) if the Company must provide the information by statutory or regulatory laws;
  - b) if there is a duty to the public to reveal this information;
  - c) if its interest requires us to provide this information (e.g. fraud prevention);
3. The Company will not give information about Customers to anyone else (including group companies) for marketing purposes unless the Customer has given consent / concurrence to provide/ share such information to its group / associate / entities or companies for providing other products or services.

### **L. Key Commitments and Declarations:**

The Company shall act efficiently, fairly, and diligently in dealings with all its Customer by:

1. Meeting the commitments and standards in this Code for the financial products and services, the Company offers, and the procedures and practices the Company staff follows;
2. Ensuring that all the financial services meet relevant laws and regulations;
3. Providing professional, courteous, and speedy services;
4. Providing accurate and timely disclosure of terms and conditions, costs, rights, and liabilities as regards financial transactions.

The Company shall help the Customer understand the financial products and services by:

1. Verbally explaining information about the financial schemes in English and/ or in a language as understood by the Customer;
2. Explaining the financial implications of the transactions;
3. Assisting the prospective customer in choosing the financial product;
4. Ensuring that Company marketing and promotional material is clear and is not misleading.

The Company shall deal proactively with mistakes by:



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

1. Correcting mistakes quickly;
2. Attending to Customer complaints quickly;
3. Telling its customers, how to take their complaints forward if the Customers are still not satisfied with the assistance;
4. Reversing any charges that the Company applies due to its mistake.

### **M. Regulation of Excessive Interest Rate:**

1. The Company shall adopt an interest rate model considering 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 gradations of risk 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.
2. The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company. The information published on the website or otherwise published should be updated whenever there is a change in the rates of interest.
3. The rate of interest should be annualized rates so that the Customer is aware of the exact rates that would be charged to the account.
4. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the Customer 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 in the advances. There shall be no capitalization 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.
5. The Company shall not introduce any additional component to the rate of interest and ensure compliance with the Directions in both letter and spirit.
6. The Company shall formulate a board approved policy in penal charges or similar charges on loans. The Company in their policy shall make sure that the quantum of penal charges shall be reasonable and commensurate to the defaults/ non-compliance of material terms and conditions of loan contract beyond a threshold. This threshold is to be determined by the Company and shall not be discriminatory within a particular loan / product category.
7. The penal charges in case of loans sanctioned to individual borrowers, for purposes other than



## Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,  
Bhoslenagar, Shivajinagar, Pune, Maharashtra, India, 411007;  
Email: [compliance@capfinindia.in](mailto:compliance@capfinindia.in) | CIN: L74999PN1992PLC243323  
Contact No.: 9665523806 | Website: [www.capfinindia.in](http://www.capfinindia.in)

business, shall not be higher than the penal charges applicable to non-individual borrowers.

8. The quantum and reason for the penal charges shall be clearly disclosed by the Company to the Customers in the loan agreement and most important terms and conditions/ key facts statement as, in addition to being displayed on website of the Company under interest rates and service charges.
9. Whenever reminders for non-compliance of material terms and conditions of loan are sent to Customers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.
10. The Company shall charge foreclosure and penal charges as per the regulatory directions issued from time to time.

#### **IV. GRIEVANCE REDRESSAL MECHANISM:**

The Company shall also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism shall ensure that all disputes arising out of the decisions of the Company's 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 Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board on an annual basis.

The Company will guide customers who wish to lodge a complaint and provide guidance on process to be followed in case the customer is unhappy with the outcome.

After examining the matter, the Company will send a response as soon as possible; the Company will also guide a customer on how to take the complaint further if the customer is not satisfied.

#### **V. REVIEW:**

A periodical review of this Code and the functioning of the grievance redressal mechanism at various levels of management would be undertaken by the Company.

The Company shall abide by this Code following the spirit of the Code and follow it as may be applicable to its business.

The Code shall be reviewed and amended by the Board as may be necessary from time to time.