

FAIR PRACTICE CODE

RIKALP CAPITAL PRIVATE LIMITED

(FORMERLY KNOWN AS SETHI SECURITIES PRIVATE LIMITED)

CIN NO:

U65993WB1997PTC083506

REGISTERED OFFICE:

**EAST INDIA HOUSE 20B ABDUL HAMID STREET,
5TH FLOOR, ROOM NO. 5A-1, ESPLANADE,
KOLKATA, WEST BENGAL, INDIA 700069**

CORPORATE OFFICE

**PLOT NO. 42, SECOND FLOOR, MONIKA VIHAR,
MANYAWAS, MANSAROVAR, JAIPUR,
RAJASTHAN, INDIA 302020**

INTRODUCTION

The Fair Practices Code is aimed to provide to the customers effective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to every loan that the Company may sanction and disburse. This code is in adherence with directives issued by the Reserve Bank of India (RBI) on Fair Practice Codes for Non-Banking Financial Companies (NBFCs).

OBJECTIVE

Our Company Declares and undertakes that the primary objectives of the Code are as follows:

- a) To provide and promote professional, efficient, diligent and fast services.
- b) Not to discriminate any borrower on the basis of religion, caste or sex.
- c) To be fair & honest in advertisement and marketing of loan products.
- d) To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities regarding loan transactions and to promote cordial relationship between customer & company.
- e) To attempt in good faith to resolve any disputes or differences with customers by setting up complaint resolution process within the organizations.
- f) To comply with all the regulatory requirements in good faith.

APPLICATIONS FOR LOANS AND THEIR PROCESSING

- a) A prospective customer shall be given all the necessary information, in a vernacular language or a language as understood by customer, adequately explaining the range of loan products available with our Company to suit his needs
- b) Loan application forms issued by 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 an informed decision can be taken by

the borrower. The loan application form shall indicate the documents required to be submitted along with the application form.

c) The Company shall issue an acknowledgement receipt for all loan applications. Subject to receipt of all the requisite documentation and information, loan applications shall be disposed of within 15 working days, from the date of receipt of the application form complete in all respects. In any case the Customer will be kept informed by the sales representative / relationship manager with regards to the status of his application form time-to-time. The Customer may also contact Rikalp capital customer service team at the prescribed phone number or email id to obtain an update on the status of application.

d) If any additional details/ documents are required, the same shall be intimated to the borrowers immediately.

LOAN APPRAISAL AND TERMS/CONDITIONS

- a) The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- b) The Company would convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The Company will mention the penal interest charged for late repayment in bold in the loan agreement.
- c) The Company shall obtain an acceptance from the borrower on the said sanction letter with the borrowers' signature under the caption "I/WE ACCEPT FOR ALL THE TERMS AND CONDITIONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US". The Company shall maintain a record of such acceptance.
- d) Company would provide a copy of the loan agreement preferably in the vernacular language 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 sanction / disbursement of loans.

The terms and conditions of the Loan agreement of the Company shall also contain the following provisions;

- Notice period before repossession, circumstances under which the notice period can be waived;
- Procedure for taking possession of the security;

- Provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property/security;
- Procedure for giving repossession to the borrower and
- Procedure for sale/ auction of the property.

DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

(a) The Company would give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Company would also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard would be incorporated in the loan agreement.

(b) Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement.

(c) Company 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 Company may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the conditions under which Company are entitled to retain the securities till the relevant claim is settled/paid.

GENERAL

(a) Company would 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).

(b) In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of the Company, if any, would be conveyed within 15 days from the date of receipt of request. Such transfer will be as per transparent contractual terms in consonance with law.

(c) In the matter of recovery of loans, 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. As complaints from customers also include rude behavior from the staff of the

companies. Company will ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

POLICY FOR DETERMINING INTEREST RATES, PROCESSING AND OTHER CHARGES

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 Policy") and the same has been put up on the Company's website. The changes in the interest rates are also displayed on the website on a regular basis. Further the Board of the Company also undertakes periodical review of the Interest Rate Policy. The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business.

PENAL CHARGES IN LOAN ACCOUNTS

a) 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 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.

b) The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.

c) The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.

d) 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.

e) 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.

f) The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact

Statement (KFS) as applicable, in addition to being displayed on the Company's website under Interest rates and Service Charges.

g) 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.

RESET OF FLOATING INTEREST RATE ON EQUATED MONTHLY INSTALMENTS (EMI) BASED LOANS

At the time of sanction of EMI based floating rate loans, the company is required to take into account the repayment capacity of borrowers 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 interest rates during the tenor of the loan. However, in respect of EMI based floating rate loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the NBFCs are advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

- a) At the time of sanction, the Company 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.
- b) At the time of reset of interest rates, the company shall provide the option to the borrowers to switch over to a fixed rate as per its Board approved policy. The policy, inter alia, specifies the number of times a borrower will be allowed to switch during the tenor of the loan.
- c) 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.
- d) Call 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.

INTEREST RATE AND PENAL / SERVICE CHARGES POLICY

The Board has adopted an Interest Rate and Penal / Service Charges Policy taking into account relevant factors such as cost of funds, margin, risk premium, customer profile, underlying security etc. and determines 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 is disclosed to the borrower and rate of interest is communicated explicitly in the welcome/sanction letter. Risk gradation is determined based on the risk associated with customer profile products, type of loans, value of collateral available, tenor, quantum of loan etc.; The rate of interest mentioned are annualized rates so that the borrower is aware of the exact rates that would be charged to the account. The same is mentioned on the sanction letter/welcome letter also.

RESPONSIBILITY OF BOARD OF DIRECTORS

The Board of Directors of the Company would also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism would 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 would also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

a. Complaints about excessive interest charged by Company

Board of Company would lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

b. Regulation of excessive interest charged by Company

- a) The Board of 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. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers will be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

- b) The rates of interest and the approach for gradation of risks will also be made available on the web-site of the companies in a vernacular language. The information published in the website or otherwise published would be updated whenever there is a change in the rates of interest.
- c) The rate of interest would be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

GRIEVANCE REDRESSAL OFFICER

The Company has displayed the following information prominently, for the benefit of their customers, at their branches / places where business is transacted:

- a) 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 is as below Grievance Redressal Officer:

MR. RAJA RAM SAINI
Contact No.: 9783333180
Email ID: grievance@rikalp.in

- b) 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 DNBS of RBI under whose jurisdiction the registered office of the Company falls or file a complaint with NBFC Ombudsman either through the complaint lodging portal of the Ombudsman at <https://cms.rbi.org.in>

LOAN FACILITIES TO THE PHYSICALLY/VISUALLY CHALLENGED BY THE COMPANY

The Company does not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company render all possible assistance to such persons for availing of the various business facilities. The Company includes a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programs conducted for their employees at all levels. Further, the Company also ensures redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

REVIEW

The Board shall review and amend this Code as and when required. If at any point a conflict of interpretation / information between the Code and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Code shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.