GRANTECH CAPITAL INDIA PRIVATE LIMITED

FAIR PRACTICE CODE

A. Loan Origination, Appraisal and Key Fact Statement (KFS)

(i) Applications for Loans and their Processing

(a) All communications to the borrower shall be in the vernacular language or a language

understood by the borrower.

(b) Loan application forms shall include all necessary information that may affect the borrower's

decision, enabling a meaningful comparison with the terms and conditions offered by other NBFCs

and facilitating an informed decision. The form shall also indicate the documents required to be

submitted along with the application.

(c) The Company shall have a system for acknowledging receipt of all loan applications. The

acknowledgement shall indicate the time frame within which the loan application will be

processed.

(ii) Loan Appraisal and Terms and Conditions

(a) The Company shall convey in writing to the borrower, in the vernacular language or a language

understood by the borrower, the loan amount sanctioned along with all terms and conditions,

including the annualised rate of interest and the method of its application. The Company shall

retain on record the borrower's acceptance of these terms and conditions. Penal charges for late

repayment shall be clearly specified in bold in the loan agreement.

(b) The Company shall provide the borrower with a copy of the loan agreement, in the vernacular

language or a language understood by the borrower, along with copies of all enclosures referred to

in the loan agreement, at the time of sanction or disbursement.

(c) The Company shall provide a Key Fact Statement (KFS) to the borrower, in a simple and easy-

to-understand language and in a standardised format, prior to execution of the loan agreement. The

KFS shall include the Annual Percentage Rate (APR), EMI, and the amortisation schedule of the

loan over its tenure. The Company shall explain the KFS to the borrower and obtain an

acknowledgement confirming that its contents have been understood.

(d) The KFS shall also include a detailed computation of the APR and clearly disclose all charges

levied by the Company.

(e) Charges recovered by the Company on behalf of third-party service providers, such as

insurance or legal charges, shall be included in the APR and disclosed separately. Wherever such

charges are collected, the Company shall provide the borrower with relevant receipts and

supporting documents within a reasonable time.

(f) Any fees or charges not disclosed in the KFS shall not be levied on the borrower at any stage

during the loan tenure without prior explicit consent of the borrower.

(g) The KFS shall be incorporated as a summary box forming part of the loan agreement.

(h) The Company shall be bound by the terms of the loan as specified in the KFS, if accepted by

the borrower during its validity period.

(i) The KFS shall bear a unique proposal number and specify a validity period of:

At least three working days for loans with a tenure of seven days or more; and

At least one working day for loans with a tenure of less than seven days.

B. Penal Charges in Loan Accounts

(i) The Company shall ensure that any charges levied for non-compliance with material terms and

conditions of the loan contract are treated as 'penal charges' and not as 'penal interest' added to the

applicable rate of interest. The Company shall further ensure that such penal charges are not

capitalised, i.e., no further interest shall be computed on such charges. This shall, however, not

affect the normal compounding of interest in the loan account.

(ii) The Company may charge interest at the contracted rate on unpaid interest (including unpaid

EMIs) until the date of regularisation, and not at any penal rate of interest.

(iii) The Company shall not introduce any additional component to the rate of interest and shall

ensure compliance with these guidelines.

(iv) The Company shall formulate a Board-approved policy on penal charges or similar charges, by

whatever name called.

(v) The Company shall ensure that the quantum of penal charges is reasonable and commensurate

with the non-compliance of material terms and conditions of the loan contract, and is non-

discriminatory within a particular loan/product category.

(vi) The Company shall clearly disclose the quantum and reasons for penal charges in the loan

agreement, the most important terms and conditions, and the Key Fact Statement (KFS). These shall

also be displayed on the Company's website under "Interest Rates and Service Charges".

(vii) The Company shall ensure that penal charges are communicated to the borrower in all

reminders issued for non-compliance with material terms and conditions. Additionally, any levy of

penal charges, along with the reasons, shall be communicated to the borrower.

(viii) The Company shall ensure that penal charges applicable to individual borrowers for purposes

other than business are not higher than those applicable to non-individual borrowers for similar non-

compliance.

(ix) Material terms and conditions shall be defined in the Company's credit policy, if not already

defined, and may vary across loan categories based on the Company's assessment.

(x) Default in repayment shall be treated as a form of non-compliance with the material terms of the

loan contract. Any charges levied for such default shall be in the form of penal charges only, and not

penal interest. Such charges shall be reasonable, applied only to the amount under default, and

levied in a non-discriminatory manner. The Company shall ensure that such penal charges are not

capitalised, i.e., no further interest is computed on them.

(xi) The Company shall comply with all applicable instructions and clarifications issued by the

Central Board of Indirect Taxes and Customs (CBIC) regarding the applicability of GST on penal

charges.

(xii) The Company may adopt a suitable structure of penal charges based on the loan amount within

a product category, subject to the above stipulations. However, within a given loan/product category,

the structure of penal charges shall be applied uniformly, irrespective of the constitution of the

borrower.

(xiii) While no upper limit on penal charges has been prescribed, the Company shall ensure that

such charges are levied with the primary objective of promoting credit discipline and are not used as

a means of revenue enhancement.

C. Disbursement of Loans, Changes in Terms and Conditions, and Release of Securities

(i) The Company shall give notice to the borrower, in the vernacular language or a language

understood by the borrower, of any changes in the terms and conditions, including disbursement

schedule, interest rates, service charges, prepayment charges, etc. The Company shall ensure that

any changes in interest rates and charges are effected only prospectively. A suitable provision in this

regard shall be incorporated in the loan agreement.

(ii) The Company shall ensure that any decision to recall or accelerate payment or performance

under the agreement is in accordance with the terms of the loan agreement.

(iii) The Company shall release all securities upon repayment of all dues or realisation of the

outstanding loan amount, subject to any legitimate right or lien for any other claim the Company

may have against the borrower. Where such right is exercised, the borrower shall be given prior

notice with full particulars of the remaining claims and the conditions under which the Company is

entitled to retain the securities until such claims are settled.

(iv) The Company shall release all original movable and immovable property documents and

remove charges registered with any registry within 30 days of full repayment or settlement of the

loan account.

(v) The Company shall provide the borrower with the option to collect the original movable or

immovable property documents from the branch where the loan account was serviced or any other

office of the Company where the documents are available, as per the borrower's preference.

(vi) The Company shall specify the timeline and place of return of original movable or immovable

property documents in the loan sanction letter.

(vii) The Company shall establish a clear procedure for the return of original movable or immovable

property documents to legal heirs in the event of the demise of a sole borrower or joint borrowers.

Such procedure shall be displayed on the Company's website along with other relevant policies for

customer information.

(viii) In case of any delay in the release of original movable or immovable property documents or

failure to file the satisfaction of charge with the relevant registry beyond 30 days of full repayment

or settlement, the Company shall communicate the reasons for such delay to the borrower. Where

the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 per

day of delay.

(ix) In case of loss or damage to original movable or immovable property documents, either in part

or in full, the Company shall assist the borrower in obtaining duplicate or certified copies and shall

bear the associated costs. The Company shall also pay compensation as specified in clause (viii)

above, along with any additional compensation as may be applicable under law.

D. Floating Rate Loans, Interest Rate Reset and Prepayment Framework

The Company shall put in place an appropriate policy framework meeting the following requirements:

(i) At the time of sanction, the Company shall clearly communicate to the borrower the possible

impact of changes in the benchmark interest rate, including changes in EMI and/or loan tenure. Any

subsequent increase in EMI or tenure shall be communicated to the borrower promptly through

appropriate channels.

(ii) At the time of interest rate reset, the Company shall provide borrowers with the option to switch

to a fixed rate, in accordance with its Board-approved policy. The policy shall, inter alia, specify the

number of times such switching is permitted during the loan tenure.

(iii) The borrower shall be provided with the following options:

(a) enhancement in EMI, or elongation of tenure, or a combination of both;

(b) prepayment, either in part or in full, at any time during the loan tenure, subject to applicable

RBI guidelines; and

(c) switching to a fixed interest rate for the remaining tenure of the loan, where such option is

offered by the Company.

(iv) All applicable charges for switching from floating to fixed rate, and any related service or

administrative charges, shall be transparently disclosed in the sanction letter and at the time of any

revision. Such charges shall be Board-approved and displayed on the Company's website.

(v) The Company shall ensure that any elongation of tenure in floating rate loans does not result in

negative amortisation.

(vi) The Company shall provide or make accessible to borrowers, through appropriate channels, a

quarterly statement containing, at a minimum: principal and interest recovered to date, current EMI

amount, number of EMIs remaining, and annualised rate of interest / APR for the loan. The

statement shall be simple and easily understandable.

(vii) This policy shall apply, mutatis mutandis, to all equated instalment-based loans of varying

periodicities, irrespective of whether they are linked to an external or internal benchmark. For loans

linked to an external benchmark, the Company shall maintain adequate systems to monitor

transmission of benchmark rate changes to the lending rate.

(viii) The Company shall not levy prepayment charges on floating rate loans granted to individual

borrowers for purposes other than business, with or without co-obligant(s).

(ix) This shall apply irrespective of the source of funds used for prepayment, whether partial or full,

and without any minimum lock-in period.

(x) For dual or special rate loans (combination of fixed and floating rates), applicability shall depend

on whether the loan is on a floating rate at the time of prepayment.

(xi) The Company shall not levy any charges where prepayment is effected at the instance of the

Company.

(xii) The applicability or otherwise of prepayment charges shall be clearly disclosed in the sanction

letter, loan agreement, and KFS. No undisclosed charges shall be levied.

(xiii) The Company shall not levy any charges retrospectively at the time of prepayment if such

charges were previously waived.

E. General Conduct, Customer Protection and Governance

(i) The Company shall refrain from interference in the affairs of the borrower except as provided in

the terms and conditions of the loan agreement, unless new information not previously disclosed by

the borrower comes to the notice of the Company.

(ii) In case of a request from a borrower for transfer of the loan account, the Company shall convey

its consent or objection, if any, within 21 days from the date of receipt of such request. Such transfer

shall be in accordance with transparent contractual terms and applicable law.

(iii) In the matter of loan recovery, the Company shall not resort to undue harassment, including

persistent contact at odd hours or use of coercive methods or muscle power. The Company shall

ensure that its staff are adequately trained to interact with customers in a professional and respectful

manner.

(iv) The contact details and e-mail ID of the Grievance Redressal Officer and details of next higher

level officer for this purpose shall be displayed on the Company's website and at its branches, and

communicated to agents interacting with borrowers, to enable customers to raise complaints or

grievances.

(v) The Board of the Company shall lay down appropriate internal principles and procedures for

determining interest rates and processing and other charges, in line with the transparency guidelines

set out in this Fair Practices Code.

(vi) Regulation of Interest Rates

(a) The Board shall approve and implement principal and procedures in determining interest

rates, processing charges and other charges.

(b) The Board shall adopt an interest rate model taking into account factors such as cost of funds,

margin, and risk premium. The rate of interest, along with the approach for risk-based

gradation and the rationale for differential pricing, shall be disclosed in the application form

and communicated in the sanction letter.

(c) The rates of interest and the approach for risk gradation shall be made available on the

Company's website or published in relevant newspapers and shall be updated as and when

changes occur.

(d) The rate of interest shall be expressed as an annualised rate to ensure transparency to the

borrower.

(vii) The Company shall display the following prominently at its branches or places of business:

(a) Contact details (Telephone/Mobile Numbers and e-mail ID) of the Grievance Redressal

Officer, who can be approached by the public for resolution of complaints against the

Company; and

(b) Contact Details of the Officer-in-Charge of the Regional Office of DNBS of RBI, to whom

the borrower may escalate complaints not resolved within one month.

(viii) In the case of loans against vehicles, the Company shall include a legally enforceable

repossession clause in the loan agreement. The agreement shall clearly specify:

(a) notice period before repossession;

(b) circumstances under which notice may be waived;

(c) procedure for repossession of the asset;

(d) opportunity for the borrower to repay before sale/auction;

(e) procedure for return of repossessed asset; and

(f) procedure for sale or auction of the asset.

(ix) Loan facilities to the physically / visually challenged by the Company

The Company shall not discriminate against physically or visually challenged applicants in

extending loan or other facilities. The Company shall render all possible assistance to such persons

for availing its various offerings. The Company shall include appropriate training modules for

employees regarding the rights of persons with disabilities. Grievances of such persons shall be

addressed under the existing grievance redressal mechanism.

(x) The Company shall provide at least three months' public notice prior to closure of any branch or

office, in one leading national newspaper and one leading local vernacular newspaper, indicating the

reasons and alternative arrangements for servicing borrowers.

(xi) The Company shall also put up the Fair Practice Code, including in vernacular language on its

website for the information of stakeholders.

(xii) The company shall implement guidelines prescribed by Reserve Bank of India for engagement

and code of conduct of recovery agents/ DSA/DMA

(xiii) The Board shall provide for periodical review of the compliance of

the Fair Practice 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 at regular intervals.