

Fair Practices Code

I. PREAMBLE

It is the policy of Capital First Limited (*formerly known as Future Capital Holdings Limited*) to make available all financial products, either directly or through subsidiaries and/or associates (**CFL/The Company**), to eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status or handicap.

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

CFL will ensure that the implementation of the FPC is the responsibility of the entire organisation. CFL's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of accountability, training, counseling, auditing programs and internal controls, and optimal use of technology.

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. CFL 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.

This Fair Practices Code applies to the following categories of products and services offered by us (currently offered or which may be introduced at a future date)

1. Loans and other products in the nature of financial assets.
2. Third party products offered through a network consisting of the branches of CFL, its subsidiaries and/or associates.

The FPC is applicable to the above irrespective of whether the same is provided physically, over the phone, on the internet or by any other method whatsoever, existing or futuristic.



KEY COMMITMENTS

The key commitments which CFL promises to follow in its dealings with its customers are:

- a. To act fairly and reasonably in all dealings with its customers by ensuring that:
 - Its products, services, procedures and practices will meet the commitments and standards in this FPC.
 - Its products and services will meet relevant laws and regulations as applicable.
 - Its dealings with its customers will rest on ethical principles of honesty, integrity and transparency.
- b. CFL will assist customers in understanding how its financial products and services work by:
 - Providing information about them in English and/or in vernacular language as understood by the customer.
 - Explaining their financial implications; and
 - Helping the customer choose the one that meets his / her needs.
- c. CFL will make every attempt to ensure that its customers have a trouble-free experience in dealing with it; but in the case of errors or commissions and omissions, CFL will deal with the same quickly and sympathetically by ensuring that:
 - Mistakes will be corrected quickly.
 - Complaints will be handled quickly.
 - In case a customer is not satisfied with the way a complaint is handled, CFL will guide the customer on how to take the complaint forward.



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- Reversing any charges including interest applied to a customer's account due to an error or oversight on its part.

II. SALES ORIGINATION

CFL will guide its customers in choosing products and services which meets his / her requirements.

a. Before the customer relationship is established, CFL will:

- Give the customer information explaining the key features of the services and Products the customer has shown interest in.
- Give information on accounts, products and services which may suit the customer's needs.
- Clearly state the information that CFL require to collect from the customer to fulfill its 'Know Your Customer' norms and to comply with legal and regulatory requirements in force from time to time.
- Request for additional information about the customer and his / her family to build a database; but this information may be furnished by the customer only if she / he wishes to do so.

b. CFL will provide information on the various channels that can be used to access its products and services. The customer will also be informed on where further information on this is available.

c. Once a customer has chosen a product, CFL will tell the customer how it works.

d. CFL will guide its customer on rights and responsibilities specific to the mode of operation under which the product is taken.



III. LOANS AND ADVANCES

A. All Loans :

- a. Before offering any kind of fund based or non fund based non-banking facility, CFL will assess the ability of the customer (prospective customer) to repay.
- b. Loan application forms of CFL will specify the following:
 - i. Fees / Charges, if any, payable on processing,
 - ii. The amount of processing fees refundable in case of non acceptance of application,
 - iii. Pre-Payment Option,
 - iv. All – in- cost to the customer and
 - v. all other 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 Non Banking Finance Companies can be made and an informed decision taken by the prospective customer.
- c. All communication to the customer shall be in English and/or in vernacular language as understood by the customer*. The loan application form shall indicate the documents required to be submitted along with the application form.

* Inserted pursuant to the requirements of Circular bearing Reference No. DNBS.CC.PD.No. 266 /03.10.01/2011-12 dated March 26, 2012 , issued by the Reserve Bank of India.
- d. CFL shall provide to the prospective customer 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.
- e. CFL shall convey in writing in English and/or in vernacular language as understood by the prospective customer the fate of the loan application by means of sanction letter or otherwise. In the case of sanction of loan, the sanction letter shall contain the terms and conditions including annualised rate of interest and method of application thereof, risk gradation and rationale for differential interest rate for different customers. The acceptance of the terms and conditions communicated by the customer shall be preserved by CFL in its records and a copy of the same shall



be provided to the customer upon his/her request. The penal interest to be charged to the customer in case of late repayment of the loan should be mentioned in bold in the loan agreement.

- f. CFL shall provide a copy of the loan agreement (along with the enclosures mentioned therein) to the customer in English and/or in vernacular language as understood by him. An acknowledgement for receipt of the loan agreement to be obtained from the customer and kept in our records.
- g. CFL shall give notice to the customer, in English and/or in vernacular language as understood by him, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
CFL shall ensure that changes in interest rates and other charges are effected only prospectively. The loan agreement shall contain a specific clause to this effect.
- h. The decision of CFL to recall / accelerate payment or performance shall be in consonance with the terms of the loan agreement. Before taking a decision to recall/accelerate payment or performance under the loan agreement or seeking additional securities, CFL would give notice to customers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- i. CFL shall release all securities upon repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against the customer. The customer shall be given due notice with full particulars about the outstanding claims in case such right of set off is to be exercised.
- j. CFL will refrain from interfering in the affairs of the customer except for the purposes provided in the terms and conditions of the loan documents, unless new information, not earlier disclosed deliberately or otherwise by the customer, has come to its notice.
- k. In case of receipt of request from the customer for transfer of a customer account to other NBFC, bank or financial institution, the consent or otherwise of CFL shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be in accordance with the contractual terms entered into with the customer and in consonance with the statutes, rules, regulations and guidelines as may be applicable from time to time.



1. In the matter of recovery of loans, CFL shall resort only to remedies which are legally and legitimately available to it and will avoid using recovery measures during odd hours of the day or causing undue harassment. Accordingly CFL shall train the staff in an appropriate manner.

B. Vehicle loan :

- a. A clause for re-possession of vehicles in case of non-repayment of loan shall be incorporated in the loan agreement.
- b. The loan agreement shall contain terms and conditions which shall among other things include provisions for : (i) notice period for taking possession of vehicle; (ii) circumstances under which the notice period can be waived; (iii) procedure for taking possession of the security; (iv) a provision regarding final chance to be given to the customer for loan repayment before sale/ auction of the property; (v) procedure for giving repossession to the customer and (vi) procedure for sale/ auction of the property.

C. Gold loans :

In addition to the general guidelines for loans as enumerated hereinabove, CFL shall follow the below-mentioned guidelines for loan against gold jewellery to customers :

A Board approved policy for loan against gold shall be put in place by CFL which shall interalia, cover the following :

- a. compliance with the KYC guidelines as stipulated by RBI and adequate due diligence of customer before providing any loan.
- b. the assaying procedure for gold jewellery received from the customer.
- c. proper internal systems for satisfying ownership of gold jewellery.
- d. adequate storage system to be in place for storage of gold jewellery and on-going review of the same.



- e. periodic inspection by internal auditors for ensuring adherence of procedures.
- f. Gold jewellery received from customer should be adequately insured.
- g. A Board approved policy with regard to auction of jewellery should be formulated by CFL providing details of auction procedure to be followed.. All transactions entered with group companies and related entities during auction shall be on arm's length basis.
- h. CFL shall announce auction to the public in at least two newspapers of which one shall be in vernacular language and another in national daily newspaper.
- i. List of auctioneers shall be approved by the Board of CFL on a periodic basis. Gold jewellery pledged with CFL shall be auctioned only through Board approved auctioneers.
- j. provide systems and procedures for dealing with fraud.

The auction procedure shall be appropriately disclosed in the loan agreement entered by CFL with the customer.

IV. TERMS AND CONDITIONS

- a. When a customer accepts a product or service for the first time, CFL will provide the customer with the Rules and Regulations, if any, that are relevant to the product / service.
- b. CFL shall lay down appropriate internal principles and procedures followed in determining interest rates, processing and other charges. All Terms and Conditions will set out the customer's rights and responsibilities clearly and in English and/or in vernacular language as understood by the customer . CFL will use legal or technical language only where necessary.
- c. CFL will make available any charges applicable to products and services applicable at the time a customer signs up for the same.

- d. If CFL revises any charges or introduces a new charge, CFL will notify the same to the customers.
- e. CFL will provide the terms and conditions in respect of any product or service whenever a customer requests for the same.

V. MARKETING AND PRODUCT SYNERGY

- a. CFL will ensure that all advertising and promotional material is clear, fair reasonable and not misleading.
- b. CFL will provide the customers with a full range of financial products the customer is eligible for. Some of these products / services will be its own; some others may be the products of the group or associate companies and also companies with which CFL may have arrangements with.
- c. It will be the endeavour of CFL to bring synergy between the various financial services, financial products, by cross selling these products to its clientele.

VI. CONFIDENTIALITY

- a. Unless authorized by the customer, CFL will treat all personal information as private and confidential.
- b. CFL will not reveal transaction details to any other entity including within the group other than the following exceptional cases:
 - If CFL have to provide the information by statutory or regulatory laws.
 - If there is a duty to the public to reveal this information.



- If its interest requires us to provide this information (e.g. fraud prevention) CFL will not use this reason for giving information about customers to anyone else (including group companies) for marketing purposes.
- If CFL have taken the customers permission (for instance at the time of loan sanctioning) to provide such information to its group / associate / entities or companies for providing other products or services.
- Where the customer asks us to reveal such information to its group / associate / Entities or companies for providing other services or products.

VII. GRIEVANCE REDRESSAL MECHANISM

- a. CFL will lay down appropriate grievance redressal mechanism to resolve disputes with the customers. Such mechanism shall ensure that all unresolved disputes are heard and disposed of at the next higher level with the customers. .
- b. After examining the matter, CFL will send a response as soon as possible.
- c. A Grievance Redressal officer has been appointed for the redressal of grievances of the customers in connection with any matter pertaining to business practices, lending decisions, credit management and recovery. The name and contact details (telephone / mobile nos and e-mail address) of the Grievance Redressal officer shall be displayed prominently at head office and all branches of CFL. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to "The General Manager, Reserve Bank of India, DNBS Mumbai Regional Office, 3rd Floor, Garment House, Dr. Annie Besant Road, Worli, Mumbai-400018. Tel-022-24824343 e-mail-helpdnbs@rbi.org.in.
- d. The Board shall review the compliance of the Fair Practice Code and the functioning of the Grievance Redressal Mechanism at various management levels at regular intervals. A consolidated report of such reviews shall be presented at regular intervals to the Board.



VIII. FORCE MAJEURE:

The various commitments outlined and made by CFL are applicable under the normal operating environment. In the event of Force Majeure, CFL will not be able to fulfil the commitments under the FPC to the entire satisfaction of the customer/s, the other stake holders and the public in general.

IX. EFFECTIVE DATE:

This revised FPC shall come into effect from March 18, 2013.

