

## **CHALLANI CAPITAL LIMITED**

### **FAIR PRACTICE CODE**

#### **Background:**

RBI has issued the guidelines on Fair Practices Code for Non Banking Finance Companies which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice.

In view of this the Company has adopted the code to provide transparency in business dealings with its borrowers.

#### **Application of the code:**

This Fair Practices Code applies to the all categories of products and services offered by the Company whether the products and services are provided across the counter, over the phone, through interactive electronic device, on the internet or by any other method.

#### **Key commitments:**

##### **a) Applications for loans and their processing**

- i. Loan application forms will 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 informed decision can be taken by the borrower. The sanction letter / MITC (Most Important Terms and Conditions) shall be issued to the customer.
- ii. The company will devise a system of giving acknowledgement for receipt of all loan applications. If Company cannot provide the loan to the borrower, the same shall be communicated to the borrower.

- iii. Company will make available its loan products to all qualified borrowers and shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude Company from participating in schemes framed for different sections of the society.

**a) Loan appraisal and terms/conditions**

The company will convey to the borrower by means of sanction letter or otherwise, the amounts of loan sanctioned along with the terms and conditions including annualized rate of interest.

The loan sanction letter and all communications to the borrower shall be in the language understood by the borrower.

**b) Disbursement of loans including changes in terms and conditions**

- i. The Company will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. We will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- ii. The penal interest to be charged by the company for late repayment of loan shall be mentioned in the sanction letter / loan agreement.
- iii. Decision to recall/accelerate payment or performance under the agreement or seek additional securities/collaterals will be in consonance with the loan agreement.

**c) General**

- i. The company will 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).
- ii. In the matter of recovery of loans, the company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.,.
- iii. Company shall inform the borrower in the event of closure/shifting of its branch office