

FAIR PRACTICES CODE

Introduction

Arth Padarth Factors and Finance Private Limited (APFFPL) is a Non-Banking Finance Company providing working capital solutions of Factoring & Supply Chain Financing. APFFPL is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations and meets the highest ethical standards.

The Fair Practices Code ('FPC') has been devised by APFFPL with an endeavour to achieve synchronization of high ethical standards in its dealings with all its stakeholders such as shareholders, customers, employees, vendors, the community in which it operates etc.

This Code shall apply across all aspects of APFFPL's operations including marketing, loan origination, processing, servicing, collection, and other activities.

The key commitments which the Company 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 meet the commitments and standards in this FPC.
 - Its products and services meet relevant laws and regulations in letter and spirit as applicable
 - Its dealings with its customers will rest on ethical principles of honesty, integrity, and transparency.
- b. The Company will assist customers in understanding how its financial products and services work by:
 - Providing information about them in simple and understandable manner & language.
 - Explaining their financial implications and
 - Helping the customer choose the one that meets his / her needs
- c. The Company 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, the Company will deal with the same quickly and sympathetically:
 - Mistakes will be corrected quickly.
 - Complaints will be handled quickly.
 - In case a customer is not satisfied with the way a complaint is handled, the Company will guide the customer on how to take the complaint forward.
 - The Company will reverse any charges including interest applied to a customer's account due to an error or oversight on its part.

Key Guidelines

a) Loan proposals and their processing

- i. Our customers are mainly Corporate Customers. All our communication to customers would be in English/language understood by the customer.

- ii. In the event of loan applications being received from potential customers, the same would be duly acknowledged and an indicative time given to the customer for processing of the loan request subject to timely availability of information.
- iii. The customer shall be given all the necessary information adequately explaining the range of loan products and services available with APFFPL to suit his needs.
- iv. As part of the loan process, to inter-alia ensure utmost transparency, APFFPL shall provide all necessary information to the customer along with the term sheet/application/proposal as the case may be including but not restricted to fees/charges (if any) payable for processing, the non-refundable nature of fees in the case of non-acceptance of loan proposal, interest rates, repayment schedule, pre-payment options, foreclosure charges, etc.
- v. APFFPL shall provide information to the customers for papers / documents / inputs required for considering loan application.
- vi. APFFPL shall provide all such information as may be necessary for the customers to make a meaningful comparison with the terms and conditions offered by other lenders / Service provider and to take an informed decision.
- vii. Copies of executed documents would be provided to customers for their reference and records.

b) Loan appraisal and terms/conditions

APFFPL shall scrutinize the information submitted by the customer and additional data, if any, required shall be called promptly to facilitate expeditious consideration of the loan request. APFFPL reserves the right to reject the loan request in the event of the applicant's participation into / adoption of activities which are harmful to the environment, public health, safety, non-committed to compliance with applicable National, State, and local labour laws; non supportive to the payment of competitive wages and benefits to employees and not providing a safe and healthy workplace in conformance with National and local laws etc.

Once the loan application is approved, APFFPL shall convey in writing to the customer by means of sanction letter or term sheet or any other form of written communication key terms and conditions of the proposed exposure including:

- i. 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 customer on its record.
- ii. Details of the default interest / penal interest rates (expressed in percentage per month / annum as the case may be) for late repayment and the charges payable by the customers in relation to their loan account / services provided and method of application thereof.
- iii. Terms and conditions and other requirements governing the credit given by APFFPL arrived at after negotiation.
- iv. All other information which is relevant from the point of view of the transaction and all the parties involved.
- v. A copy of the Loan / Services agreement along with a copy of all enclosures quoted in the agreement would be furnished to the customer.
- vi. Ensure disbursement of the loan / service delivery is in line with the agreed terms.
- vii. Wherever possible, reasons for rejection of loan would be conveyed to the customers.

c) Disbursement of loans including changes in terms and conditions

- i. APFFPL shall give notice to the customer of any change/s proposed in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- ii. Changes in the interest rates, other than pre-agreed changes with the customers, would be made effective prospectively. A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- iii. All communication like acceptances (including for amendments or addendum) with the customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing

d) General

- i. In case of receipt of request for transfer of loan from the customer to another lender, the consent or otherwise i.e., objection of the APFFPL, if any, shall be conveyed within reasonable time from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- ii. If APFFPL avails of the services of third parties for providing support services, APFFPL will require that such third parties handle customer's personal and business information (if any available to such third parties) with the same degree of confidentiality and security as it would on its own.
- iii. APFFPL may, from time to time, communicate to customer's new features of products made available to them. Information about other products or promotional offers in respect of APFFPL products/services, shall be conveyed only if the customer has given consent to receive such information/ service
- iv. APFFPL will release securities if any 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 NBFCs may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which NBFCs are entitled to retain the securities till the relevant claim is settled/ paid.
- v. In the matter of recovery of loans, the Company 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, undue harassment, use of muscle power for recovery of loans. APFFPL shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner
- vi. In the event of receipt of any complaint from the customer that APFFPL representative has engaged in any improper conduct or acted in violation of this FPC, APFFPL shall take appropriate steps to investigate and take appropriate action in a time bound manner.

e) Grievance Redressal Mechanism (GRM)

In the event of any grievances / complaints by any customers, the same would be reviewed by the Grievance Redressal Officer / designated officer. In the event, the customer is not satisfied with the response, the customer would have the option of raising the issue with the Senior Management and / or with the Officer in Charge of the Regional Office of DNBS of RBI. All communication in relation to the GRM shall be in writing.

In this regard, APFFPL need to set up a dedicated e-mail address where customers and other stakeholders including vendors can submit their grievances, complaints, and suggestions. All complaints received by APFFPL shall be tabled at the meeting of the Board of Directors at regular interval.

In line with prevailing regulations, APFFPL will display the following information at places where its business is transacted and on its website:

- 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 APFFPL.
- 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 (along with complete contact details of the Officer-in-Charge), under whose jurisdiction the registered office of the APFFPL falls.