



Rupeek Capital Private Limited

Fair Practice Code and Grievance
Redressal Mechanism

March 2026

Approving Authority	Board of Directors of the Company
Reviewing Authority	Board of Directors of the Company
Policy Making Body	Board of Directors of the Company
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1. Introduction

This Fair Practices Code ('Code') has been formulated by Rupeek Capital Private Limited ("**Company**") pursuant to the Guidelines on Responsible Business Conduct) Directions, 2025 for Non-Banking Financial Companies (NBFCs) issued by the Reserve Bank of India (RBI), which forms part of the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 issued on 28th November, 2025 . The Company shall make appropriate modifications to the Fair Practices Code and its grievance redressal mechanism to conform to the standards that may be prescribed by RBI from time to time.

2. Objective

- 2.1. Follow good, fair and transparent business practices by setting reasonable standards in dealing with customers;
- 2.2. Encourage market forces, through fair competition, to achieve higher operating standards;
- 2.3. Relate to the customer in such manner so as to promote a fair and cordial relationships between the customers and the Company and foster customer confidence in the Company;
- 2.4. Conduct recovery and enforcement, where necessary, following due process of law; To ensure compliance with regulatory requirements with regard to the customer interface;
- 2.5. 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;
- 2.6. To strengthen mechanisms for redressal of customer grievances.

3. Definitions

Unless otherwise defined or apparent from context, the following terms shall have the meaning as assigned herein below, and cognate expressions shall be construed accordingly:

Board/BoD	Shall mean Board of Directors of the Company
Code	Shall mean this Fair Practices Code formulated by the Company
Company	Shall mean Rupeek Capital Private Limited
Grievance Redressal Machinery	Shall mean the Grievance Redressal Machinery constituted by the Company

Grievance Redressal Officer	Shall mean the officer appointed by the Company to ensure redressal of the grievances of the customers
Loan-to-Value ratio (LTV)	Shall mean the ratio of loan sanctioned to the value of security pledged
Nodal Officer (NO)	Shall mean the officer appointed in terms with Ombudsman scheme issued by the RBI
Principal Nodal Officer (PNO)	Shall mean the Nodal Officer designated by the Company as Principal Nodal Officer

4. Applicability

- 4.1. The Code is applicable to all persons offering the products and services of the Company or interacting with the customers as an employee or otherwise on behalf of the Company.
- 4.2. The Code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the Code.
- 4.3. The Code will continue to apply to any loan product that is developed and provided by the Company to its customers.

5. Responsibilities of the Company

- 5.1. The Company shall at all times do its best to act fairly, reasonably and meet the standard practices prevalent in the industry.
- 5.2. The Company shall abide by all the relevant laws, regulations and meet the ethical principles of integrity and transparency during its interaction with customers.
- 5.3. The Company shall provide a copy of this Code, at request, to the customer.
- 5.4. The Code will also be made available on its website and at every branch / office.

While interacting with customers, the Company shall provide clear documentation and transparent information either in English or Hindi or the appropriate vernacular language

- 5.5. As mandated by RBI Company shall provide a Key Fact Statement (KFS) to customer which shall include APR, applicable fees etc
- 5.6. The Company shall not discriminate on the grounds of sex, caste and religion in the matter of lending. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society.
- 5.7. The Company shall treat the information relating to customers as strictly confidential and shall not share any information, unless required under law or waived or permitted by the customer.
- 5.8. The Company shall take necessary steps to inform its customers of their right to information regarding their account and the facilities available to them.
- 5.9. The Company shall not indulge in any act which is discriminatory among equals.
- 5.10. The Board of Directors of the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- 5.11. The Company in the normal course of its business shall endeavor at all times to guide its customers about the process and procedure to be followed for availing a loan.
- 5.12. In the matter of recovery of loans, consistent with its policy over the years, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall adequately train the collection executives and other staff to deal with the borrowers in polite and appropriate manner.

6. Communications with the Customers/Borrowers

- 6.1. While interacting with customers, the Company shall provide documentation either in English or Hindi or the appropriate vernacular language. The Company shall be transparent and not misleading in any of its advertising and promotional materials.
- 6.2. The Company shall endeavor to keep its customers informed of any changes in the terms and conditions of the loan. For this purpose, the Company shall give minimum 30 days notice to the borrower through letters or any other form of communication, in English or vernacular language or any language understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- 6.3. The Company shall also ensure that changes in interest rates and charges are affected only prospectively and insert a suitable condition in this regard in the loan agreement.
- 6.4. The Company shall communicate to the borrowers, at periodic intervals, through SMS, emails or any other mode of communication, the amount outstanding and

the date of repayments.

- 6.5. The Company shall, on its website, if any, disclose the names of digital platforms that offer Company's products.
- 6.6. Further, the Company shall also ensure that the digital platforms, through which the Company's products are offered, also disclose the name of the Company upfront (before entering into an account-based relationship) to the Customer.
- 6.7. The Company shall ensure the appointment of such digital platforms is in accordance with the Outsourcing Policy of the Company. Further, such digital platforms must abide by the Code of Conduct for DSAs/DMA/Recovery Agents. It shall be the responsibility of the Company to oversee their operations and ensure compliance with relevant policies, codes and applicable laws.
- 6.8. The Company shall ensure that all outbound calls to customers/borrowers (including for service, collections, and grievance handling) are made only from the Company's designated '1600' telephone number(s) (or any other number(s) specifically approved and communicated by the Company from time to time). The Company shall not contact customers/borrowers from personal mobile numbers or any unregistered numbers, except where required for business continuity and with appropriate approvals and controls, and in such cases the customer/borrower shall be informed of the purpose of the call and the caller's identity.
- 6.9. The Company shall maintain an auditable record of communications with customers/borrowers, including (i) inbound and outbound call logs (date, time, number used, and call outcome), and (ii) digital communication logs (such as SMS, e-mail, in-app notifications and other electronic communications) including content/template reference, time-stamps and delivery status, as applicable. Such logs/records (and call recordings, where undertaken) shall be retained for the period prescribed under applicable laws/regulations and the Company's internal record retention policy, and shall be stored securely with appropriate access controls and made available for audit, complaint handling and regulatory requirements, as applicable.

7. Loan Terms and Related Documentation

- 7.1. The Company shall ensure that the loan application forms shall include necessary information such as interest rates, loan tenure, nature of security/collateral required, if any, etc. The loan application form shall specifically indicate the documents required to be submitted with the application form.
- 7.2. Each application shall be considered independently on merit, upon scrutiny of all the information, documents required for verifying the title of the property, identity of the person and/or entity and the security to be offered, including guarantees.
- 7.3. The Company shall give an acknowledgement for receipt of all loan applications. The

likely time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

7.4. The Company shall carry out due diligence on the borrower to ascertain the credit worthiness of the borrower, which will be an important parameter in making a decision on the application before sanctioning or rejecting any loan application. For this purpose, the Company shall consider various parameters in accordance with the Loan/Credit Policy of the Company, inter alia, the following:

- Loan-To-Value (LTV): for determining the adequacy of the value of security/collateral
 - Debt to Income Ratio or Installment to Income Ratio: for determining the repayment capacity of the borrower (if needed)

7.5. The Company shall disclose, by such mode and in such manner as deemed fit, to ensure transparency, for all information affecting the interest of the borrower including but not be limited to:

- fees/charges payable for processing the loan application;
- annualized rate of interest & method of application thereof
- the amount of fee refundable, if any, if the loan amount is not sanctioned;
- prepayment options and charges, if any;
- penalty for delayed repayment, in bold, if any;
- conversion charges, if any (switching loan from fixed to floating rate or vice-versa);
- existence of interest re-set clause, if any;
- Auction procedure in case of non- payment
- Name of the digital lending platform engaged by the Company as agent
- Grievance redressal mechanism available in the Company
- Any other matter which affects the interest of the borrowers

7.6. The disclosure shall be done so as to ensure that the borrowers are aware of all interest, charges and fees involved in processing and sanctioning of the loan. 7.7. The

Company shall convey in writing to the borrower in English or any other vernacular language as understood by the borrower by means of a KFS, sanction letter, loan agreement 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.

7.8. Such KFS, sanction letter or other mode of communication of the terms shall be on the letterhead of the Company or shall clearly display the details usually contained in the letterhead of the Company.

7.9. The Company shall mention the penal interest charged, if any, for late repayment in bold in the loan agreement and KFS.

7.10. The Company shall ensure that changes in interest rates and charges are effective

from a prospective date. The loan agreement shall also carry an express stipulation in this regard.

- 7.11. The Company shall furnish a copy of the loan agreement 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 KFS shall also be included as a summary box to be exhibited as part of the loan agreement.
- 7.12. The Company shall adopt an interest rate model taking into account relevant factors and determine the rate of interest to be charged for loans and advances. 7.13. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter and shall also be made available on the website of the Company or published in the relevant newspapers, as the Company may decide. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- 7.14. The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- 7.15. The decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- 7.16. In case of lending against gold jewellery, the Company shall obtain copy of PAN cards of customers for all transactions above Rs. 5 (five) lakhs.
- 7.17. The Company where applicable shall at the time of sanction, clearly communicate to the borrowers about the possible impact of change in benchmark 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. 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 their Board approved interest rate policy.
- 7.18. The borrowers in applicable scenarios shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and, (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ prepayment penalty shall be subject to extant instructions.
- 7.19. All 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 KFS, sanction letter and also at the time of revision of such charges/ costs by the Company from time to time. 7.20. The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- 7.21. The Company shall share/ make accessible to the borrowers, through appropriate

channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest/Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower. Apart from the equated monthly instalment loans, these instructions would also apply, *mutatis mutandis*, to all equated instalment based loans of different periodicities.

8. Guarantee and Security/Collaterals

- 8.1. The Company shall, before sanctioning a loan, satisfy itself regarding the ownership of the gold jewellery or any other security/collaterals and undertake adequate steps to ensure that the KYC guidelines stipulated by the Reserve Bank are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.
- 8.2. For the purpose of determining the ownership of gold, the Company may obtain any of the following evidences:
 - Proof of purchase of the jewellery, such as purchase bills, receipts etc.;
 - Proof of inheritance, including wills;
 - Proof of receipt of gift, including gift deeds;
 - Proof in forms of wedding photographs or other authentic pictures; ● In case the customer has a home insurance that covers gold along with other valuables, a copy of the policy and related documents;
 - In case the gifted/inherited jewellery is redesigned or remade, a proof to that respect;
- 8.3. In case it is not feasible to obtain the above-mentioned evidences or the evidences furnished by the customer are not satisfactory, a self-declaration of ownership of the gold jewellery may be obtained.
- 8.4. In case of letter of guarantees executed by the guarantors, the Company shall ensure that the said letter covers their obligations, liabilities and circumstances in which they can be called upon to pay the dues of the principal customer/borrower.
- 8.5. The Company shall appropriately insure the gold jewellery received as collateral.
- 8.6. The Company shall adhere and have in place a proper procedure for assaying the jewellery received.
- 8.7. The Company shall ensure adequate systems and undertakes all possible and reasonable measures to secure the safe custody of gold pledged by the Customers.
- 8.8. The Company shall generate a loan pledge card once the gold is handed over by the Customer. The Pledge card will bear the signature of the authorized official of the company and would also serve as a receipt for the security (gold) pledged by the customer.
- 8.9. The Company shall ensure that the staff is adequately trained to keep the jewellery

received in safe custody.

- 8.10. The Company shall review the storage facility/systems on an on-going basis and periodic inspection shall also be carried out either by internal or external auditors to enable strict adherence to the guidelines relating to the systems in place.
- 8.11. The 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 they may have against the 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 the Company is entitled to retain the securities till the relevant claim is settled/ paid.
- 8.12. The Company has an in-built re-possession clause in the contract with the borrower which is legally enforceable. To ensure transparency, the terms and conditions of the contract will contain provisions regarding: (a) Notice period before taking possession; (b) Circumstances under which the notice period can be waived; (c) The procedure of taking possession of the security; (d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the security; (e) The procedure for giving repossession to the borrower and (f) The procedure for sale / auction of security. A copy of such terms and conditions will be made available to the borrowers in the loan agreement along with a copy of each of all enclosures quoted in the loan agreement at the time of disbursement of loan.

9. Collection of Dues

- 9.1. The Company shall provide the customers with all the information regarding their dues and provide reasonable time for payment of the same.
- 9.2. The Company shall, while protecting its interest, adopt reasonable and lawful measures to recover its dues from defaulting customers, including use of persuasive methods for the purpose of collection of its dues.
- 9.3. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- 9.4. Prior to initiating any recovery action beyond routine reminders, the Company shall issue a written demand notice to the borrower (through physical and/or electronic mode), specifying the amount due, the reason for such demand, the period within which payment is required to be made, and the consequences of non-payment.
- 9.5. The Company shall adopt recovery practices consistent with the applicable RBI Fair Practices Code and regulatory directions, and shall ensure that recovery efforts follow due process of law.
- 9.6. Where the Company appoints a recovery agent or an agency for collection/recovery, the Company shall notify the borrower of such appointment and the agent/agency details through appropriate communication channels.

- 9.7. Every recovery agent engaged on behalf of the Company shall carry a valid authorization letter issued by the Company/agency, and shall disclose their identity (including name and employee/agency identification) at the start of each interaction. The Company shall ensure that such agents produce the authorization letter and identity proof when required by the borrower.
- 9.8. The Company shall restrict calling hours for recovery-related communications to between 08:00 hours and 19:00 hours, unless otherwise expressly permitted under applicable regulations or specifically requested by the borrower.
- 9.9. The Company shall maintain a monitoring and disciplinary framework for any misconduct by employees, DSAs/DMAAs, or recovery agents, including escalation and closure of complaints relating to recovery conduct under the Company's grievance redressal mechanism.
- 9.10. The Company shall ensure that the employees of the Company or recovery agents or any other person engaged in collection of dues on behalf of the Company do not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc for the purpose of such collection and comply with the code of conduct for recovery agents formulated by the Company.

10. Process of Recovery

- 10.1. The Company will not, as a matter of fair dealing, normally recall the loan before the initially agreed tenure except in unanticipated or abnormal circumstances where the Company's interests are adversely affected e.g. when the security value diminishes substantially, when the quality of gold is not found to be acceptable, due to any regulatory / government directives etc. In all such cases proper and reasonable notice shall be given to the customer recalling the loan before expiry of the normal tenure. The Company will make all possible soft or persuasive efforts to get the customer to repay the dues without resorting to disposal of the security.
- 10.2. The auction/disposal of collateral shall be carried out in accordance with the Company's Board-approved Auction Policy, as amended from time to time, in addition to the requirements set out in this Code and applicable laws and regulatory guidelines.
- 10.3. The Company will deliver the security (gold) to the customer immediately upon settlement of the loan in the same condition as was at the time of sanction of the loan

11. Penal Charges

- 11.1. The Company shall also lay down policy for penal charges (if any). It shall also be made available on website and shall be updated periodically. Considering the

same, Company has formulated a policy on the same. The same has been annexed herewith as **Annexure-1**.

12. General

- 12.1. The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- 12.2. The Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers for purposes other than business with or without co-obligants.
- 12.3. In case of receipt of request from the borrower for transfer of borrowed account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 (twenty-one) days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- 12.4. The Company shall not make untrue claims and release misleading advertisements as to availability of loans.
- 12.5. The Company shall ensure that documentation is uniform across all branches is conducted in a standardized manner.
- 12.6. The Company shall not indulge in profiteering by charging usurious rates of interest on loans or take undue advantage of adverse market conditions. The rates of interest will be based on variables such as cost of funds, risk premium, loan scheme, loan per gram, profit margin etc. and shall be in conformity with the Interest Rate policy of the Company and Regulatory Guidelines from time to time. It shall also, by and large, be in tune with industry practices and benchmarks.

13. Complaints and Grievances

- 13.1. The Board of Directors of the Company shall lay down the appropriate Grievance Redressal Mechanism within the organization.
- 13.2. The Company shall endeavor to address/respond to all complaints and grievances within a reasonable time and keep the customers informed about the status of their complaints.
- 13.3. The Company shall make available facilities at each of its branches, if any, and offices for the customers to lodge and/or submit their complaints or grievances, if any.
- 13.4. The Company will ensure that its grievance redressal procedure is made available on its website. In case where Company's products are offered through to website of any digital platform or any other entity, the copy of the executed agreement provided to the Customer must provide details of the Grievance Redressal Mechanism of the Company.
- 13.5. The Company shall not discriminate in extending products and facilities including

loan facilities to physically / visually challenged applicants on grounds of disability. All branches of the Company (if any) shall render all possible assistance to such persons for availing of the various business facilities. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the existing Grievance Redressal Mechanism provided herein.

14. Grievance Redressal Mechanism

14.1. Lodging of complaint

- 14.1.1. The Company shall ensure its presence at all locations where the Company is having its operations and establish a dedicated set-up to address customer grievances/ complaints to ensure prompt grievance redressal.
- 14.1.2. All grievances made by the borrowers will be electronically recorded and maintained by the Company in each of its offices/branches.
- 14.1.3. The Company shall ensure that the customers quote their application number/sanction number/loan account number in all their correspondence with the Company. Anonymous complaints shall not be addressed under this mechanism.
- 14.1.4. Certain types of cases might need additional time due to the nature of the activities involved; for e.g. retrieval of documents. The Company shall inform the customers of such delay and provide expected timelines for resolution of the complaint.
- 14.1.5. The Company shall endeavour to resolve complaints within 30 (thirty) days from the date of receipt. Where a complaint requires additional time, the Company shall record reasons for delay, inform the complainant of the expected timeline for resolution, and keep the complainant updated on status.
- 14.1.6. The Company shall provide complaint lodging and tracking through multiple channels including branch/office, customer care phone, e-mail, the Company's website, and the Company's mobile application (where applicable). Complaint intake and communications shall be available in English/Hindi and/or an appropriate vernacular language, as feasible.
- 14.1.7. The Company shall facilitate escalation to RBI's Ombudsman/Integrated Ombudsman Scheme through the RBI Complaint Management System (CMS) portal, as applicable, and shall display/communicate relevant escalation information on its website and at customer touchpoints.
- 14.1.8. The Company shall place periodic reports to the Board/Board Committee, as per

its governance processes, covering complaint volumes, turnaround times, root-cause themes, recovery-conduct complaints, escalations, and corrective/preventive actions.

14.2. Grievance Redressal Officer (GRO)

14.2.1. The Board of Directors of the Company shall nominate an employee of the Company as the Grievance Redressal Officer ('GRO') of the Company who will be entrusted with the job of redressing the grievances raised by the customers.

14.2.2. The GRO will be available during office hours to receive the grievance of all borrowers. In the event of the GRO not being available, the immediate senior officer in the Company shall attend the borrower.

14.2.3. Following are the contact details of the GRO:

Plot #45/B, Subham Complex, 1st A

Main, Ground Floor, Front Wing(B),

Sarakki Industrial Layout, J.P. Nagar,

Bangalore, Karnataka 560078 India

Phone: 18004198000,

Timings: 9:00 am to 6:00 pm

(Monday to Friday, excluding government holiday and Sunday)

E-mail: grievance@rupeek.com

14.3. Display of resolution process and time frame

14.3.1. The Company shall put on display, the following details, at every branch or places where the business of the Company is transacted as well as at a prominent place on the website of the Company –

(i) The contact details of the customer service centre (toll free number as well as email channel shall be provided) that can be approached by the public for first time resolution of complaints against the Company.

(ii) The name and contact details of the GRO who can be approached by the public for resolution of complaints against the Company, in case the same has not been settled by the customer service centre.

14.3.2. We In case the complaint/ dispute is not redressed within a period of 1 (one) month by the customer service centre or the GRO, the customer may appeal to the Office of RBI NBFCto NBFC Ombudsman - NBFC at:

Centralised receipt and Processing Centre 4th Floor, Reserve Bank of

India Sector – 17, Central Vista, Chandigarh - 160017 Telephone No.:

0172-2721109, 0172-2721011 Fax No: 0172-2721880

Email: <https://cms.rbi.org.in>

14.4. Nodal Officer/Principal Nodal Officer

The Company has appointed a Nodal Officer (NO) at a pan-India level. The NO is responsible to handle all escalations and represent the Company with the respective regulatory and appellate authorities for complaints filed against the Company. The Company shall display the name and contact details of the NO at its branches/offices or places where the business of the Company is transacted.

15. Confidentiality

The Company shall collect personal information that it believes to be relevant and required to understand the customer's profiles and conduct its business. The Company shall treat all personal information of customers as private and confidential and shall not divulge any information to a third person unless required by any law or Government authorities including regulators or credit agencies or where the sharing of information is permitted by the customer or prior consent of customer shall be obtained. If company shall avail services of any third party for providing support services, Company shall require that such third parties handle customers' personal information with the same degree of confidentiality.

The Company shall retain customer KYC records and related documentation (including identification, address verification, and supporting records), whether in physical or electronic form, for the period of five years and shall maintain such records in a secure manner with appropriate access controls. Upon expiry of the retention period, disposal/destruction of records shall be carried out in a secure and auditable manner in accordance with the Company's internal record retention and data disposal procedures.

16. Review of the Code

The Board of Directors shall conduct periodical review of the compliance of the Fair Practices Code and the functioning of the Grievance Redressal Mechanism at various levels of management. The GRO shall periodically review the compliance of this Code and a consolidated report of such review may be submitted to the Board.

ANNEXURE-1

Policy for Penal Charges

The "Policy for Penal Charges" outlines the approach a company will adopt when imposing penalties on borrowers for non-compliance with material terms and conditions of a loan agreement.

- a. Penalty, if charged, for non-compliance of material terms and conditions of loan

agreement 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.

Material terms and conditions solely for the purpose specified above, shall mean all provisions in the financing documents requiring the borrower(s) to repay outstanding dues in respect of the facility(ies) availed by the borrower(s) within the specified due date.

- b. 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 interest in the loan account.
- c. 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.
- d. 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.
- e. 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, in addition to being displayed on the Company's website under Interest Rates and Service Charges.
- f. 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 therefore shall also be communicated.