



Fair Practices Code

2024

Enterprise wide–applicable to the entire Company

This document provides the customers an effective overview of the practices followed by Capfloat Financial Services Private Limited in respect of the financial facilities and services offered to customers.

axio is the brand name of CapFloat Financial Services Private Limited, an NBFC registered with RBI

1	Version No.	V.1.9
2	Validity Period	1 Year
3	Document Owner (Head of Department)	Vivian P Josey- Chief of Operations and Customer Success B S Yasaswi - Principal Nodal Officer

Approval Log		
	Name and Designation	Date
Approved by	Board of Directors	30-06-2024
Approved by (Committee name)	Risk Management Committee	
Reviewed & Recommended by	B S Yasaswi (PNO)	24-06-2024
Modified by	Alisha Bhatia (Asst. Manager - Compliance)	24-06-2024

Change Log from the last version Versions		
Version No	Brief Details of the Changes Made (also highlight the sections where changes are made)	Date
V 1.0		
V1.1	Minor changes in syntax.	
V 1.2	Minor changes in syntax.	
V 1.3	Revision of Policy	
V 1.4	Change in RBI Address	
V 1.5	Change in Nodal Officer	
V 1.6	Change in Nodal officer. Changes made in Sec 6, 7, 8, 10.	
V1.7	Addition of Clause: Loan sourced by NBFCs over Digital Lending Platforms and minor changes	Jan 25, 2023
V1.8	Addition of Clause: Penal charges in Loan Account and minor changes	Dec 21, 2023
V1.9	Change in Principal Nodal officer	June 24, 2024

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1. Introduction:

Pursuant to RBI vide Circular DNBR {PD} CC.No.054/03.10.119/2015-16 dated 1st July 2015 and RBI/DoR/2023-24/105 Master Direction - Reserve Bank of India {Non-Banking Financial Company - Scale Based Regulation} Directions, 2023 ("**Guidelines**"), issued to Non-Banking Financial Companies {NBFCs}, the Board of Directors have adopted a Fair Practices Code for the conduct of business of CapFloat Financial Services Private Limited (hereinafter "axio"/ "the Company"). The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs issued and updated from time to time by RBI. The Board has approved this policy in Feb 2024.

The Company's business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles. In addition, the Company will adhere to this Fair Practices Code in its functioning, the key elements of which are as follows:

2. Objectives:

- To ensure Fair Practice while dealing with the customers;
- To enable customers to avail our financial products and services basis informed decisions; and
- To ensure customer satisfaction.

3. Application for Loan and Processing:

- Loan application forms issued to prospective customers includes necessary information without paving way for ambiguity, (so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and the borrower can make a voluntary and free decision). Loan application form clearly indicates the necessary documents to be submitted to avail the financial facility
- The Company has adopted a system of acknowledging receipt of all loan applications.

4. Loan Appraisal and Terms & Conditions:

- Loan applications will be considered and appraised as per company's appraisal norms and accordingly financial facility will be provided. An official communique would be issued to the customer conveying in writing by means of a Sanction Letter, containing the details of the amount of loan approved along with the terms and conditions set therein, which includes the annualized rate of interest and its application thereof. In addition to which the penal Interest on late repayment, Cheque/Nach dishonor charges, Costs Processing fee, Prepayment charges is mentioned in explicit terms in the sanctioned letter and the loan agreement. The Company shall keep record of customer's acceptance of all these terms and conditions.
- Company shall, at the time of disbursement of the loan, furnish a copy of loan agreements and related enclosures to the customer.

5. Loans Sourced by NBFCs over Digital Lending Platforms:

- Company shall, at all times disclosing the name of the NBFC on the Digital platform, as a consequence of which, customers will have access to grievance redressal avenues available under the regulatory framework.
- Company shall adhere to laid down guidelines Fair Practices Code and Outsourcing Guidelines
- Company when engaged in digital lending platforms as their agents to source borrowers and/ or to recover' dues, shall follow the following instructions:
 - i. Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
 - ii. Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
 - iii. Immediately after sanction but before execution of the loan agreement, the Key Fact Statement shall be made available to the borrower and shall be subsequently shared along with Sanction Letter and Loan Agreement on the letter head of the Company. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.

- iv. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.

6. Disbursement of Loans and changes in Terms & Conditions:

- The Company shall give notice to all its borrowers of any change in the terms and conditions - including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively unless directed by the regulatory authority to the contrary. A suitable provision in this regard is incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.
- The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against its borrowers. 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.

7. General:

- The Company will refrain from interference in the affairs of the customer except for the purposes provided for in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customer, has come to the notice of the Company).
- The Company will not discriminate loan applications based on grounds of gender, race, caste, creed, community and religion. The company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability.
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise - i.e., objection of the Company, if any shall be conveyed to the borrower within 21 days from the date oreceipt of any request. Such transfer shall be as per transparent contractual terms in consonance with applicable law.

- With respect to recovery of dues, the same shall be carried out in accordance with the guide lines laid down by the regulatory authority. The Company shall not resort to undue harassment of the Customer viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. and ensure that its staff are adequately trained to deal with the customers in an appropriate manner.
- The company shall not charge foreclosure fees on floating rate term loans for non-business purposes to individual borrowers, ensuring consistent policies with banks and NBFCs for customer protection.
- The Company shall make available the rates of interest and the approach for gradation of risks on the website of the company.

8. Grievance Redressal Mechanism:

The Company has approved Grievance Redressal Policy and the same is placed in the website of the Company and is updated from time to time. The internal procedure on Compliant management and mode available to the Complainant are duly updated in the Grievance Redressal Policy.

The Company has designated Principal Nodal Officer as Level 4 escalation for receiving and resolving complaints from customers. The contact details of the Nodal Officer is as follows:

Mr. BS Yasaswi, Principal Nodal Officer
CAPFLOAT FINANCIAL SERVICES PRIVATE LIMITED,
Gokaldas Platinum, New No. 3 (Old No. 211),
Upper Palace Orchards, Bellary Road,
Sadashivanagar, Bengaluru, Karnataka -
560080
Mail Id: yasaswi.bs@axio.co.in Phone: 080-68075001

The customers having grievance/ complaint about the company's services/ product may inform in writing to Nodal Officer for immediate resolution of the same. Nodal Officer will provide the highlights of the complaints received and redressal to the Board of Directors for their review and compliance at each subsequent meeting.

In case customers are not satisfied with the resolution provided by the company, they may further approach:

The Officer In-charge, Regional Office, Consumer Education and Protection Cell, Reserve Bank of India, 10/3/8,
Nrupthunga Road, Bengaluru, Karnataka 560001

Telephone: 080-22180397 Email: cms.cepcbengaluru@rbi.org.in

Telephone No: 080-2218 0501

Or

The Ombudsman-NBFC, Officer In-charge,
Reserve Bank of India Fort Glacis, Chennai 600 001

Telephone No: 044 - 25395964 Email: cms.nbfcochennai@rbi.org.in

9. Penal Charges 1n Loan account.

- The company shall treat penalties for borrower non-compliance as 'penal charges,' not adding them as 'penal interest.' No interest will be computed on these charges, and regular interest compounding procedures in the loan account remain unaffected.
- The company will not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- The company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- The company will ensure to maintain reasonable and fair penal charges, proportionate to non-compliance with loan contract terms, ensuring no discrimination within a specific loan/product category.
- The company shall set penal charges for individual borrowers not engaged in business, ensuring they do not surpass charges for non-individual borrowers facing similar non-compliance.
- With respect to penal charges, the company shall transparently disclose details in the loan agreement, key terms, and on its website under Interest Rates and Service Charges.

10. Regulation of Interest Rates charged by the Company:

- The Company has laid down appropriate internal principles and procedure in determining interest rates, processing fees and other charges. The Company has adopted an interest rate model taking into

account relevant factors such as, cost of funds, margin and risk premium, etc. and has determined the rate of interest to be charged for loans and advances which is in line with regulatory guide lines. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of customers shall be communicated explicitly in the sanction letter.

- The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company. The information published in the website shall be updated whenever there is a change in the rates of interest
- The rate of interest communicated shall always be annualised rate so that the Customer is aware of the exact rates that would be charged to the account.

11. Repossession of Hypothecated Assets Financed by the Company:

Company has a built in re-possession clause in the loan agreement with the customer which is legally enforceable. To ensure more transparency, the terms and conditions of the loan agreement contains provisions regarding:

- notice period before taking possession
- circumstances under which the notice period can be waived;
- the procedure for taking possession of the security;
- a provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the security;
- the procedure for giving repossession to the borrower and the procedure for sale/ auction of the property.

12. Responsibility of Board of Directors

The Board of Directors shall establish an effective grievance redressal mechanism within the company, ensuring resolution of disputes at higher levels. They will also oversee periodic reviews of Fair Practices Code compliance and the redressal mechanism across management levels, submitting consolidated reports at prescribed intervals.

13. Language and Communication of Fair Practice Code:

The Fair practice code shall be reviewed and updated periodically and the same shall be placed before the Board for its approval. The approved policy shall be placed in the website of the Company and the same shall be made available in various vernacular languages for the information of stakeholders.