

KOVALAM INVESTMENT AND TRADING COMPANY LIMITED

Regd. Office: Premises Oswal Woollen Mills Limited, G.T. Road, Sherpur, Ludhiana-141003

RBI Regd. No. N-06.00576

Fair Practices Code

I. PREAMBLE

Kovalam Investment and Trading Company Limited is a NBFC (Non systematically important not accepting public deposit) but it is, and shall be, the policy of the Company to make available to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap all financial products, either directly or through subsidiaries and/or associates.

Its policy is to treat all the clients consistently and fairly. The employees of Kovalam Investment and Trading Company Limited will offer assistance, encouragement and service in a fair, equitable and consistent manner.

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

The Company's Board of Directors and the management team are responsible for implementing the fair practice hereinafter detailed, and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products including lending and that all employees are aware of this commitment.

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. The Company 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, guarantees and other products in the nature of financial assets.
2. Financial Consultancy Products offered by the Company.

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

KEY COMMITMENTS

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 will meet the commitments and standards in this FPC.
 - Its products with its customers will meet relevant laws and regulations 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 Hindi and/or English and /or the local language.
 - Explaining their financial implication 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 & omissions,

The Company will deal with the same quickly and sympathetically.

- Mistakes will be corrected quickly.
- Compliance 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.

II.SALES ORIGINATION

Kovalam Investment and Trading Company Limited will guide its customers in choosing products and services which meets his/her requirements.

- a. Before the customer relationship is established, Company 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 the Company require to collect from the customer to fulfill its 'Know Your Customer' norms and to comply with legal and regulatory requirement 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. Once a customer has chosen a product, the Company will tell the customer how it works.
- c. The Company 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. Before offering any kind of fund based or non fund based non-banking facility, the Company will assess the ability of the customer (prospective borrower) to repay.
- b. Loan application forms of the Company will include necessary information, which are likely to affect the interests of the prospective borrower, 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 borrower.
- c. The loan application forms shall indicate the documents required to be submitted along with the application form.
- d. The Company shall provide to the prospective borrower an acknowledgment for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be mentioned in such acknowledgment.
- e. The Company shall convey in writing to the prospective borrower 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 annualized rate of interest which shall be determined /framed keeping in view the internal principles and procedures and Fair Practices Code, in determining interest rates and procuring and other charges and method of application thereof. Further, the Company shall mention the penal interest for late repayment in bold in the loan agreement. The acceptance of the terms and conditions communicated by the borrower shall be preserved by the Company in its records.
- f. The Company shall furnish a copy of the loan agreement preferably in the vernacular language 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.
- g. The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company 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 the Company to recall/accelerate payment or performance shall be in consonance with the terms of loan agreement. The Company 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

borrower. The borrower shall be given due notice with full particulars about the outstanding claims in case such right of set off is to be exercised.

- i. The Company will refrain from interfering 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 deliberately or otherwise by the borrower, has come to its notice.
- j. In case of receipt of request from the borrower for transfer of a borrower account to other NBFC, bank or financial institution, the consent or otherwise 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 borrower and in consonance with the statutes, rules, regulations and guidelines as may be applicable from time to time.
- k. 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 or use of muscle power for recovery of loans etc.

IV. TERMS AND CONDITIONS

- a. When a customer accepts a product or service for the first time, the Company will provide the customer with the Rules and Regulations that are relevant to the product/service.
- b. All terms and conditions will be fair and will set the customer's rights and responsibilities clearly and in plain language. The Company will use legal or technical language only where necessary.
- c. The Company will make available any charges applicable to products and services applicable at the time a customer signs up for the same.
- d. If the Company increases any charges or introduces a new charge, it will notify the same to the customers.
- e. The Company 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. It will ensure that all advertising and promotional material is clear, fair, reasonable and not misleading.
- b. It 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 other may be the products of the group or associate companies and also companies with which the Company may have arrangements with.
- c. It will be the endeavour of the Company 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 the Company will treat all personal information as private and confidential
- b. It will not reveal transaction details to any other entity including within the group other than the following exceptional cases.

- If the Company 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). The Company will not use this reason for giving information about customers to anyone else (including group companies) for marketing purpose.
- If the Company 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. It shall ensure that the staff is adequately trained to deal with the customers/borrowers in an appropriate manner.
- b. It will guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome.
- c. After examining the matter, the Company will send a response as soon as possible; it will also guide a customer on how to take the complaint further if the customer is not satisfied.
- d. An officer of the company will look after the redressal of grievances of the customer including the borrowers, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery.

VIII.FORCE MAJEURE

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