

FAIR PRACTICE CODE

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| 1.0 | Kunal Mehta, Executive Director | 29.06.2019 | Version 1 |
| 1.1 | Yash Panchal, Company Secretary | 17.06.2020 | Annual Review |
| 1.2 | Yash Panchal, Company Secretary | 18.02.2021 | Amendment to clause F |
| 1.3 | Yash Panchal, Company Secretary | 03.06.2022 | Amendment |
| 1.4 | Yash Panchal, Company Secretary | 10.04.2023 | Amendment |



FAIR PRACTICES CODE
(Version 1.4)

Introduction

Arthan Finance Private Limited (hereinafter referred to as “Arthan Finance” or “the Company”) is a private limited company incorporated under the provisions of the Companies Act, 2013 and has received approval from the Reserve Bank of India (RBI) to become a Non-Deposit Accepting Holding Non-Banking Financial Company.

Arthan Finance is engaged in the business of extending loans to micro, small and medium enterprises with limited access to formal financial services.

Arthan Finance has formulated this Fair Practices Code in conformity with the Master Circular issued by the Reserve Bank of India vide Circular No. RBI/201516/DNBR(PD) CC.No.054/03.10.119/2015-16 Dated July 01, 2015 and amendments communicated from time to time. This sets minimum Fair Practice standards for the Company to follow when dealing with its customers. It provides information to customers and explains how the Company is expected to deal with them on a day-to-day basis.

This Fair Practices Code shall apply to all categories of products and services offered by the Company. This policy applies to all customers including those with any complaints/inquiries as posted on social / any other media and we encourage all customers to reach out to the below platforms as required.

This Policy is displayed on the website of the Company for information to the public

Objective of the Code

The code has been developed with the following main objectives:

- a. Ensuring fair practices while dealing with customers
- b. Ensuring transparency to enable customers to have a better understanding of the products for taking informed decisions
- c. Building customer confidence

Operating Guidelines

A. Applications for Loans and their processing

- a. Company's official language for all communications within the Company or with third parties and customers shall be English.
- b. All communication to the customer shall be in English and/or in vernacular language as understood and confirmed by the customer. The Company shall take vernacular language declaration wherever its necessary.
- c. The loan application form shall indicate the documents required to be submitted with the application form.
- d. The 'Application Form/appropriate documents' of the Company shall include the necessary information to facilitate the customer in making an informed decision.
- e. The 'Application Form/ appropriate documents' of the Company may also indicate the list of documents required to be submitted by the customers along with the Application form.
- f. System of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
- g. The Company gives an acknowledgment for receipt of Application to its customer for availing loans. The Company will inform the customer about its decision within a reasonable time frame.

b. Loan appraisal and terms/conditions

- a. The Company shall convey to the customer in writing, in English language customer, by way of a sanction letter, Key Fact Statement (KFS) or otherwise, the amount of loan/limit sanctioned along with all 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 the Company's record.
- b. Any clause relating to penal interest charged for late payment will be specified in bold in the Sanction Letter or Loan Agreement.
- c. The Company at the time of sanction/disbursement of loans will furnish a copy of the loan agreement along with all enclosures quoted in the loan agreement to the customer.
- d. The Company upon the request of the customers will ensure to convey and explain in detail all the terms and conditions of the Sanction letter, Agreement etc., in the language preferred by the customer.

c. Disbursement of loans including changes in terms and conditions

- a. Through its published website or as appropriate if specific to a customer, the Company will give Notice to its Customer(s), in English and/or in vernacular language, if required as understood by the customer, of any change in the terms and conditions of the sanction. The Company will also ensure that changes in interest rates and charges are affected only prospectively.
- b. Decision to recall/ accelerate payment or performance under the Agreement will be in consonance with the respective loan Agreement.

- c. The Company will release all securities of its customer only on repayment of all dues by such Customer, or only on realization of the outstanding amount of the Customer's availed limit, subject to any legitimate right or lien for any other claim which the Company may have against its Customer. If such right of set off is to be exercised, the Customer will be given notice about the same with full particulars about the remaining claims and conditions under which the Company will be entitled to retain the securities till the relevant claim is settled or paid by the Customer. Upon request of the customers, No-Due certificate will be issued to the customer on fulfilment of said terms within 15 working days of completion of formalities.

d. General

- a. The Company will refrain from interference in the affairs of its Customer except for the purposes provided in the terms and conditions of the respective loan agreement (unless new information, not earlier disclosed by the Customer, which may come to the notice of the Company).
- b. In case of receipt of request from the Customer for transfer of Customer loan account, the consent or otherwise i.e. objection of the Company, if any, will generally be conveyed to such Customer within 21 days from the date of receipt of the Customer's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- c. In the matter of recovery of outstanding dues of its Customer, the Company shall not resort to undue harassment viz. persistently bothering the customers at odd hours, use of muscle power for recovery of loans/dues, etc. Training will be imparted to ensure that staff is adequately trained to deal with customers in an appropriate manner.
- d. The Company will not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned to individual customers.
- e. There shall be a no-prepayment penalty on an unsecured loan issued to a customer with a household income less than Rs. 3 lakhs.
- f. The Company will provide a KFS in English language to the Customer which shall include; (i) Information which adequately identifies the customer; (ii) a Simplified factsheet on pricing; (iii) terms and conditions attached to the loan; (iv) Acknowledgements by the RE of all repayments including installments received and the final discharge; and (v) Details of the grievance redressal system, including the name and contact number of the nodal officer of the RE.
- g. Non-credit products issued by the Company shall be with full consent of the customers and fee structure for such products shall be explicitly communicated to the customer in the loan card itself.

e. Interest Rate and Other Charges

- a. The Company has devised policy and procedures for determining interest rates and

processing and other relevant charges.

- b. Interest cost and other relevant charges applied to the Customer shall be based Interest Rate policy and schedule of charges of the company. The Company adopted an Interest rate model taking into account relevant factors such as cost of funds, margin and risk premium etc and determine the rate of interest to be charged for the facility extended to the Customers. The rate of interest and approach for gradation of risk and rationale for charging the Interest rate shall be communicated explicitly in the sanction letter/KFS.
- c. The rate of interest will be annualized so that the customer is aware of the exact rates that would be charged to his/her/it's account.
- d. The Company shall display the minimum, maximum and average interest rates charged on loan products in its branch office and website.

F. Grievance Redressal Mechanism

In the present competitive scenario, an excellent customer service is an important tool for sustained business growth. The customer complaints are part of the business life in any corporate entity. At Arthan Finance, customer service and satisfaction are our prime focus. We believe that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. In order to make the Company's redressal mechanism more meaningful and effective, a structured grievance redressal system is in place. This system would ensure that the redressal sought is just and fair and is within the given frame- work of rules and regulations.

Grievance redressal framework for handling customer complaints/grievances

Stage 1 – Grievance Redressal at Branch level or through the customer app (whenever launch).

The customer may register his/her query/complaint to the Company via calls to customer care or through the customer mobile application or shall be addressed to the Branch Manager by request email or through phone. The customer can also personally visit the branch office and make the complaint in writing to the Branch Manager in the complaint register available in the branch. On registering the complaint customer shall be provided a Reference number for the complaint lodged for future correspondence.

Stage 2 - Grievance redressal framework at Head Office

If the customer is not satisfied with resolution provided by the local branch office or customer care, the customer may provide feedback or send their complaint using the following channels between **9:30 am and 5.00 pm, from Monday to Friday (except on national holidays)**

- Call our Customer Care Helpline on +91 **18003133525**
- Email us at hello@arthan.finance
- Write to us at the below mentioned address:

**CUSTOMER CARE DEPARTMENT
ARTHAN FINANCE PRIVATE
LIMITED**

**302, 3rd floor, Building
No. 2, Star Hub, Sahar
Airport Road, Andheri
East, Mumbai 400059**

Stage 3 – Escalation

In case the complaint is not resolved within the given time or if the customer is not satisfied with the solution provided, the customer can approach the Grievance Redressal Officer. The name and contact details of the Grievance Redressal Officer is as follows:

Mr. Rupesh Narayan Kalokhe

**(Principal Nodal Grievance Redressal
officer) ARTHAN FINANCE PRIVATE
LIMITED**

**# 302, 3rd floor, Building No.
2, Star Hub, Sahar Airport
Road, Andheri East, Mumbai
400059 Email id –
gro@arthan.finance**

We assure a response to letters/emails received through this channel within 5 working days at every stage. If the complaint/dispute is not redressed within a period of one month or the customer is not satisfy with the resolution, the customer may appeal to the RBI integrated ombudsman portal (<https://cms.rbi.org.in>). or physical mode in form A to the Centralised Receipt and Processing Centre, The details of the RBI ombudsman Centralised Receipt and Processing Centre, 4th Floor, Reserve Bank of India, Sector -17, Central Vista, Chandigarh - 160017 or customer can sent an email to crpc@rbi.org.in with required details.

A. Information on the Fair Practices Code

This Code and any enhancement(s) or change(s) in the scope of this code will be uploaded in the website in English. System of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement

B. Mandatory Display Requirements

The Company shall ensure that the following details are displayed prominently in its offices including branch offices:

- a. Fair Practices Code
- b. Appropriate arrangement for receiving complaints and suggestions.
- c. Display Name, address, contact number and e-mail address of the Principal Grievance redressal officer, who can be approached for redressal of the complaint across all products.
- d. Time frame for resolving customer complaints together with escalation matrix for escalating the complaint, in case the complaint is not resolved to the satisfaction of the customer within the specified time period.
- e. Salient Features of the Integrated Ombudsman Scheme, 2021

G. Timeframe

To register complaints, the customers may use any of the channels mentioned above (refer point (a) on the grievance redressal mechanism to handle the customer complaints). If the complaint has been received in writing, the Company will endeavour to send an acknowledgment/response within a week over email or sms/whatsapp or other communication details available with the Company. Once the matter is examined, the Company endeavours to either send a final response to the customer or an intimation seeking more time within one month upon receipt of the complaint.

Complaints that are received at our end will be seen in the right perspective and would be analyzed from all possible angles. The communication of the Company stand on any issue will be provided to the customers. The complaints that require some time for examination of issues involved will be acknowledged promptly. The aforesaid code will be reviewed periodically /revised as and when there are any new changes in the policy or process in handling complaints/grievances of the customer which includes the introduction of new grievance channels if any.

H. Review of Fair Practice Code

The Managing Director and CEO shall be authorized to approve any modifications to the Fair Practice Code from time to time and shall be placed annually for Board review.