Connect Equipment Leasing Private Limited

Fair Practices Code

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1. Introduction

The Reserve Bank of India, vide its Master Direction Non-Banking Financial Company –Non-Systemically Important Scale Based Resulations, 2023 dated 19th October 2023, has prescribed the broad guidelines on Fair Practices that are to be framed and approved by the Board of Directors of applicable Non-Banking Financial Companies (NBFCs).

Connect Equipment Leasing Private Limited (hereinafter referred to as "The Company") is a private limited company incorporated under the provisions of the Companies Act, 2013 and falls under the category of base-layer in terms of RBI's Scale Based Regulations.

The Fair Practices Code (FPC) is aimed to 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. The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse or any other financial products which it may distribute.

As per the RBI directives, the Company has adopted this Code and the code has been duly approved by the Board of Directors of the Company for implementation.

2. Objective of the Code

This Code has been developed to:

- Promote good, fair and trustworthy practices by setting minimum standards in dealings with the customers;
- Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.
- Promote a fair and cordial relationship between the customers and the Company.

3. Our Key Commitments and Declarations

- The Company shall act efficiently, fairly and diligently in our dealings with all our customers by:
- Meeting the commitments and standards in this Fair Practices Code for the financial products and services we offer, and the procedures and practices our staff follow;
- Ensuring that all the financial services meet relevant laws and regulation;
- Providing professional, courteous and speedy services;
- Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transaction.

The Company shall help the customer understand how our financial products and services work by:

- Ensuring that our advertising & promotional literature is clear and is not misleading;
- Giving verbal information that is consistent with the literature shared with customer;
- Explaining financial implications of the transactions.

The Company shall deal quickly and proactively with things that go wrong by:

- Correcting mistakes quickly;
- Attending customer complaints quickly;
- Telling our customers how to take their complaint forward if the customers are still not satisfied with our assistance;
- Reversing any charges that we apply due to our mistake.

4. Non-Discrimination Policy

The Company will not discriminate between our customers on the basis of gender, race or religion.

5. Application for loans and their processing

- The Company's official language for all communications within the Company or with third parties shall be English.
- A declaration from the third parties for conduct of communications in English shall be obtained beforehand
- All communications to the borrower shall be in English or in vernacular language / the language as understood and confirmed by the borrower. Confirmation for the same is to be obtained in writing.
- The Company will take a confirmation from the prospective borrower that all communications with the borrower shall be in English or in vernacular language / the language as understood by the borrower.
- Loan application forms issued by the Company shall include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and condition offered by other NBFCs can be made and an informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted along with the application form.
- The company shall issue an acknowledgement receipt for all loan applications. The acknowledgement shall specify the time frame within which loan applications will be disposed off.
- If any additional details/documents are required, the same shall be intimated to the borrower in reasonable time.
- The company will conduct contact point verification through its employees or through an agency appointed by it, by contacting the customer at their residence/business telephone numbers/or physically visit residence/business address mentioned on the loan application.

6. Key Facts Statement ('KFS')

Reserve Bank of India vide its circular dated April 15, 2024, requires regulated entities to disclose key facts of the loan proposal to the borrowers before entering into loan agreement which shall include all charges, interest rate and other key facts of the agreement so that a person can understand the material terms and take an informed decision before entering into loan agreement. The Company shall follow the guidelines on KFS as below.

Definitions

a) **Key Facts Statement (KFS)** is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.

b) **Annual Percentage Rate (APR):** is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.

c) **Equated Periodic Instalment (EPI):** is an equated or fixed amount of repayments, consisting of both the principal and interest components, to be paid by a borrower towards repayment of a loan at periodic intervals for a fixed number of such intervals; and which result in complete amortisation of the loan. EPIs at monthly intervals are called EMIs.

Mandatory KFS Issuance

a) KFS shall be **provided to all prospective borrowers** before loan execution.
b) It must be issued in **a language understood** by the borrower and **explained clearly**.
c) Acknowledgment of understanding must be **obtained in writing or digitally**.

Validity Period

a) **At least 3 working days** – for loans with tenure ≥ 7 days.
b) **At least 1 working day** – for loans with tenure < 7 days.

Contents of KFS

The KFS must include, but not be limited to:

a) Loan amount, tenure, and disbursement schedule.
b) Type and number of EPIs, EPI amount.
c) Interest rate type and applicable rate (fixed, floating, hybrid).
d) APR calculation (inclusive of all RE and third-party charges).
e) Amortization schedule.
f) Contingent and penalty charges.
g) Recovery agent details (if applicable).
h) Grievance redressal details.
i) Disclosures on co-lending and digital lending arrangements.

Computation and Disclosure of APR

a) A separate **APR computation sheet** must be annexed to the KFS.
b) All **charges** recovered by [Name of Institution] on behalf of third parties must be:
   - **Included in the APR**
   - **Disclosed separately**, with documentary proof provided on request.

Prohibition on Hidden Charges

No fees or charges outside of the KFS may be levied unless explicitly agreed by the borrower in writing post-sanction.

Integration with Loan Agreement

The KFS must be included as a **summary box** within the loan agreement document.

7. Loan appraisal and terms/conditions

- The company shall conduct a due diligence on the creditworthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the company's credit policies, norms and procedures in respect thereof.

- The Company shall convey in writing to the borrower in English or in vernacular language / the language as understood and confirmed by the borrower by means of a written sanction letter of the amount of loan sanctioned or otherwise. The said letter shall contain the terms and conditions including the annualized rates of interest and method of application thereof.
- The terms and conditions shall mention penal charges for late payment in bold in the loan agreement.
- The company shall obtain an acceptance from the borrower on the said sanction letter with the borrower's signature under the caption "**I /WE ACCEPT ALL THE TERMS AND CONDITIONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US."** The company shall maintain a record of such acceptance.
- The company shall invariably furnish a copy of loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loans in the language as understood by the borrower. The company shall ensure that the loan agreements and enclosures furnished to all borrowers contain the terms and conditions and the rate of interest in the form of a term sheet, which shall be annexed to the loan agreement.

8. Disbursement of loans including changes in terms and conditions

- The company shall frame appropriate internal principles and procedures for determining the interest rates, processing and other charges. The company shall at the time of disbursal, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedures.
- The disbursement will be done immediately upon compliance of all terms and conditions of the sanction by the borrower.
- The Company shall give notice to the borrower in English or in vernacular language / the language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, services charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are affected only prospectively. This clause will be covered in the loan agreement as well.

9. Release of Securities

- All securities shall be released on repayment of all dues by the client on the loan facility, and, where the client has offered the same security on other facilities extended to or guaranteed by the client, on repayment of all dues on all such facilities.
- For loan against dematerialized shares, the shares shall be released within seven working days to the credit of client's demat account. For all other security and related documents, intimation shall be sent to the client within seven working days after repayment of all dues requesting the client to collect the same.
- In other cases, the Company shall release the property charged against the loan within 30 days of repayment/ settlement.
- Besides, the timeline and place of return of the property charges shall be mentioned in the loan sanction letter.
- Upon handover of the property, the Company shall obtain an undertaking that there is no property left in the custody of the Company.
- Any set-off of dues against the security may be made only after due notice of the same is provided to the client along with the particulars of the claims and the terms and conditions under which the Company is entitled to such set-off. The same will be in consonance with the terms of the Loan agreements.

10. Post Disbursal Supervision

- Any decision to recall/accelerate payment or performance under the loan agreement shall be in consonance with the Loan Agreement.
- All securities offered by the borrower shall be released 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 the Company 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.

11. General

- The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Agreement unless new information not earlier disclosed by the Borrower has come to the notice of the Company.
- In the matter of recovery of loans, the Company shall only resort to remedies which are legally and legitimately available to it and to strictly not resort to undue harassment like bothering the borrowers at odd hours/ use of muscle power for recovery of loans etc.
- The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof is fair and transparent.
- The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- In case of receipt of a request from the borrower for transfer of the borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.
- The Company shall not charge interest rate beyond a certain level which may be seen as excessive or not sustainable or not conforming to normal financial practices.
- The interest rate and processing and other charges shall be based on appropriate internal principles and procedures laid down in the policy on 'Interest Rate and other charges' for determining interest rates and processing and other charges.

12. Confidentiality

Unless authorized by the customer, the Company will treat all personal information as private and confidential. The Company 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 the Company has 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.

13. Complaint Redressal Mechanism

- Email address and telephone number for receiving the grievances of the customers will also be intimated in Loan Sanction Form.
- The complaints can be forwarded to Ms. Monika Jain, Company Secretary on Email id: secretarial@connectelpl.com. Telephone No. 02269527600. In case the complaints remains unsolved, it may be further escalated to Mr. M.S Karthik, Grievance Redressal Officer on Email id: karthik@connectelpl.com. Telephone No. 02269527603.
- 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 (complete contact details), under whose jurisdiction the registered office of the NBFC is situated.
    i. Address: Department of Non-Banking Supervision,
    Reserve Bank of India,
    Mumbai Regional Office,
    Opp. Mumbai Central Station,
    Byculla (West), Mumbai 400 008
    ii. Telephone No.: 022-23084121 Fax: 022-23022011
    iii. Email Address: dnbsmro@rbi.org.in
- After examining the matter, the Company will endeavor to send the customer its response within 4 weeks and intimate the customer how to escalate the complaint to higher level, if he is not satisfied with the response from lower level.
- A periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management would be undertaken by the Company and a consolidated report of such reviews shall be submitted to the Board of Directors of the Company at regular intervals.

The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business.

This Fair Practices Code has been adopted by the Company vide the authority of the Board Resolution dated 09th September 2016. The Board has to regularly revise the Fair Practices Code upon issue of amendments/new Directions by the Reserve Bank of India on this subject.

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