

Fair Practice Code

Spinny Capital Private Limited
FAIR PRACTICE CODE
Version 1.0

A) PREAMBLE / INTRODUCTION

The Fair Practice Code (FPC) has been formulated by Spinny Capital Private Limited (the Company) in response to guidelines issued by Reserve Bank of India vide circular DNBS.CC.PD.No.266 / 03.10.01 / 2011-12 dated 26 March 2012 titled “Guidelines on Fair Practices Code for NBFCs” and amended as per Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 issued by Reserve Bank of India dated October 19, 2023.

B) OBJECTIVES

The objectives of the FPC are as under.

- i. Adopt the best practices in dealing with customers.
- ii. Set challenging benchmarks and strive to achieve high operating standards for ensuring customer satisfaction.
- iii. Follow transparent, fair, ethical, and legally tenable practices while conducting business.
- iv. Provide all necessary information and input to customers / prospective customers and promote a mutually beneficial long-term relationship.
- v. Facilitate a continuously growing base of satisfied customers while scrupulously avoiding acquisition of customers having doubtful credentials or criminal background.

C) APPLICABILITY

The FPC will be applicable to all the offices of the Company including the Head Office and the Branches located across India. The FPC shall be binding on all the employees and officers of the Company. The Company shall ensure that all customers / prospective customers regardless of gender, sex, creed, caste, disability, etc. shall be treated equally and with courtesy.

D) DECLARATIONS & COMMITMENTS

- i. The Company undertakes to abide by all applicable laws, regulations and guidelines passed / issued or may be issued by the Regulators (Reserve Bank of India, SEBI, IRDA etc.) and other competent authorities such as Government, Local Authority etc.
- ii. The Company commits itself to full customer satisfaction through efficient, professional, and courteous services across all its offices.
- iii. The Company shall consistently strive to meet with and improve upon the internally set benchmarks and practices and exceed the standards prevalent in the industry.

- iv. The Company undertakes not to discriminate customers on grounds of religion, caste, gender or language.
- v. The Company will provide clear and full information about its products, services, processes and penalties to its customers / prospective customers and will not resort to any misleading or potentially misguiding advertisement or publicity.
- vi. The Company undertakes to desist from introducing any products / services having elements of 'hidden charges' or lack of transparency.
- vii. The Company will communicate in the English language with the customers and in vernacular language, at the request of the customer.
- viii. The Company undertakes to take all possible and reasonable measures to secure the safe custody of the security/documents pledged by the customer including adequate insurance cover and to compensate the customer for any accidental, inadvertent, or fraudulent loss of the security whilst in the custody of the Company.
- ix. The Company undertakes not to take advantage of any unintentional or clerical error made by the customer while transacting business.
- x. The Company is committed to putting in place a system for promptly addressing complaints and suggestions of the customers supplemented with a structured Grievance Redressal Mechanism having an escalation matrix.
- xi. The Company shall display the FPC on its website and make available to the customer, on request, a copy of the FPC on demand. Any changes/modifications in the FPC shall also be updated on the Company's website.
- xii. The Company shall give at least three months public notice prior to the date of closure of any of its branches/offices in, at least, one leading national newspaper and a leading local (covering the place of branch/ office) vernacular newspaper indicating therein the purpose and arrangements being made to service the depositors, etc.

E) FAIR PRACTICES

(I) Loans, Terms & Conditions, Interest Rate & Charges

- i. The Loan application shall mention the supporting documents to be submitted by the customer. An acknowledgement for receipt of loan proposal will be given to the customer. The indicative time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
- ii. The Company shall disclose all relevant information relating to a loan / product such as eligible loan amount, interest rate, charges, penal charges, interest calculation methodology, rebate on interest etc. before sanction of the loan to enable the customer / prospective customer to take an informed decision. The Company will not be recovering penal interest instead will recover penal charges as at the rates and periods as per policy in place. The customer / prospective customer will also be provided, on request, the detailed terms and conditions of the loan before sanction.
- iii. The Company shall ensure that a loan sanction letter is given to the customer containing all the terms and conditions governing the loan facility in English or vernacular/other language understood by the customer upon request. The Company shall take special care to highlight conditions leading to penalty charges for late repayment in the loan agreement. The Company shall furnish a copy of the loan

agreement to borrower along with a copy of all enclosures and documents in the loan agreement to the borrower at the time of sanction / disbursement of loans. The loan sanction letter will also mention the loan amount, interest rate, charges, loan processing fees, etc. The loan sanction letter will be system generated.

- iv. The Company shall endeavour not to make any changes / modifications in the terms and conditions of the loan, including rate of interest, which could adversely affect the customer financially or otherwise. However, in case of circumstances when such changes / modifications are inevitable, adequate and proper notice shall be given to the customer in the english or vernacular/ language as understood by the borrower upon request about any such change/modification.

(II) MARKETING & PROMOTION

- i. The Company shall not deliberately promote a product with any ulterior / selfish motives or contrary to the customer requirements or expectations as disclosed by the customer. The Company will ensure that its personnel engaged in marketing and operations are suitably trained and instructed so as to preclude selling of its products by misrepresentation to the customer / prospective customer.
- ii. The Board of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. 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 disclosed to the customer and communicated explicitly in the sanction letter.
- iii. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest must be annualised rate so that the customer is aware of the exact rates that would be charged to the account.
- iv. The Company will 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, , 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.
- v. The Company may consider under certain situations a differentiated interest rate structure for its products as part of a framework based on defined parameters with the objective of market penetration or to counter competition as specified in the interest rate policy.
- vi. Full and updated information regarding loan schemes, rate of interest, charges etc. will be displayed on the website of the Company or any other mode of advertisement based on the decisions of the management of the Company from time to time.

(III) RECOVERY OF DUES, EXERCISE OF LIEN & DELIVERY OF SECURITY

- i. The Company will not, as a matter of fair dealing, normally recall the loan before the initially agreed tenure except in special cases where the Company's interests

are adversely affected, due to any regulatory / government directives, misrepresentation or lack of information from the customer etc. In all such, cases proper and reasonable notice shall be given to the customer recalling the loan before expiry of the normal tenure. Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

- ii. 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. The Company does not accept nor will it encourage the use any coercive or hard measures to recover its dues from the customer.
- iii. The Company will exercise only legitimate right of lien over the pledged security or such cash surplus as may arise upon settlement of existing loans at any time. Such right of lien shall arise only if the customer has any other dues, either directly or as guarantor, and will be subject to proper intimation of such right of lien being given to the customer by the Company.
- iv. The Company shall issue receipt for all payments made by the customer immediately. The Company shall accept payments vide cash, cheques, demand drafts, electronic transfers etc. subject to the condition that return of the security will be made only after confirmation of realization.
- v. Even though the loan sanction letter contains all applicable terms and conditions of the loan the Company shall, nevertheless, endeavor, on a best effort basis, to send advices, reminders etc. regarding due date for payment of interest, principal etc. by letter, courier service, telephone, SMS etc.
- vi. The Company shall, on demand, provide the customer or his duly authorized representative with a statement of the loan account at any time during the tenor of the loan or immediately upon closure. However, the Company may, at its discretion, require payment of reasonable processing charges by the customer for providing statement of account.
- vii. The Company will resort to disposal of security only as a last resort and that too after adequate and proper notice is served on the customer to repay the dues. Such notice will be as per the terms contained in the agreement and also in compliance with applicable laws and regulatory guidelines. The disposal of the security will be taken up through public auction when the customer does not positively respond to the communications sent by the Company to close the loan account along with interest and other charges.
- viii. Where the Company proposes to dispose of the security even before the normal tenure of the loan based on the rights conferred on the Company vide loan agreement adequate and proper notice will be served on the customer before such action is initiated for recovery of dues.
- ix. The Company will not interfere in the affairs of the customers except for the purposes mentioned in the terms & conditions of the loan or when constrained to do so due to inadequate or false disclosures made by the customer at the time of putting through the transactions.

(IV) GUARANTORS

When a person intends to be a guarantor for a loan, such person shall be informed about:

- i. His/her liability as guarantor;
- ii. the amount of liability such person will be committing to the Company as guarantor;
- iii. circumstances in which the Company may call on such person to pay up liability;
- iv. whether liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- v. time and circumstances in which liabilities as a guarantor will be discharged as also the manner in which the Company will notify such person about this; the Company shall keep informed of any material adverse change/s.

(V) CUSTOMER SERVICE & GRIEVANCE REDRESSAL

- i. The Company will implement all possible steps to prevent and minimize customer complaints / grievances.
- ii. The No Objection Certificate at the end of tenure or prepayment of the loan shall be sent to the customer upon request and confirmation by the Company.
- iii. The Board of Directors of the Company will put in place an effective customer Grievance Redressal mechanism details of which will be displayed on the website and in all the branches. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level. The mechanism will specify inter alia the names & designations of the officials with whom complaints can be registered, their postal address / telephone numbers/ email address, escalation matrix, time limit for acknowledging receipt of complaint, time limit for dealing with the complaint etc. It will also put in place at all offices where business is transacted, the complete contact details of the Regional Office of RBI, Delhi, within whose jurisdiction the registered office of the company is situated, so that the customers may directly approach the RBI in case their grievances are not redressed within one month of the receipt of complaints by the company.
- iv. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.
- v. The Company will put in place an effective training system to ensure that employees of the Company are customer friendly and do not resort to rude, inappropriate or unethical behavior.
- vi. The Company will have a sympathetic approach to the problems faced by the customer, especially the poor and underprivileged sections.

(VI) REPOSSESSION OF SECURITY

- i. The Company reserves the right to enforce security for recovery of dues on the terms and conditions stipulated in the loan agreement in case of default in payment or on the occurrence of any other event of default. During recovery of loans, the Company

- will not resort to undue harassment like bothering the customers at odd hours or use of force for recovery of loans.
- ii. The Company will refrain from intervening in the affairs of the customers except as provided in the terms and conditions mentioned in the loan agreement, unless new information, not disclosed by the customer, has come to the notice of the Company.
 - iii. In case of receipt of request for transfer of customer account, either from the customer or from a bank/non-banking finance company, which proposes to take over the account, the consent or otherwise i.e. objection of the Company, if any, would be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
 - iv. The Company will have a built-in re-possession clause in the contract/loan agreement with the customer which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:
 - 1. Notice period before taking possession ;
 - 2. Circumstances under which the notice period can be waived ;
 - 3. The procedure for taking possession of the security ;
 - 4. A provision regarding final chance to be given to the customer for repayment of loan before the sale/ auction of the property ;
 - 5. The procedure for giving repossession to the customer; and
 - 6. The procedure for sale/auction of the property.

A copy of such terms and conditions must be made available to the customer. NBFCs shall invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the customers at the time of disbursement of loans, which forms a key component of such contracts/ loan agreements.

- v. Repossession of security is aimed at recovery of dues and not to deprive the customer of the security. The recovery process through repossession of security will involve repossession, valuation of security and realization of security, through appropriate means. All these would be carried out in a fair and transparent manner. Repossession will be done only after issuing proper notices. Due process of law will be followed while taking repossession of the security. The Company will take all reasonable care for ensuring the safety and security of the collateral after taking custody, in the ordinary course of the business.
- vi. An appropriate grievance redressal mechanism would be put in place whereby disputes arising out of the decisions of Company's functionaries would be heard and disposed of.

(VII) Loan facilities to the physically/visually challenged

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 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 grievance redressal mechanism already set up by them.

(VII). Loans Sourced over Digital Lending Platforms: Adherence to Fair Practices Code and Outsourcing Guidelines

The Company shall, irrespective of whether they lend through their own digital lending platform or through an outsourced lending platform, adhere to the Fair Practices Code guidelines in letter and spirit. They must also meticulously follow regulatory instructions on outsourcing of financial services and IT services.

1. It must be noted that the outsourcing of any activity by the Company does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with them. Wherever the Company engage digital lending platforms as their agents to source customers and/ or to recover dues, the Company must 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 sanction letter shall be issued to the customer on the letter head of the Company.
 - iv. a copy of the loan agreement along with a copy of each of all enclosures quoted in the loan agreement shall be furnished to all customers at the time of disbursement of loans.
 - v. effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
 - vi. adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

Any violation in this regard will be viewed seriously.

(F) MISCELLANEOUS

- i. The Company shall display the normal business hours at the respective branches, the list of holidays and notify the changes, if any, by way of a notice displayed in the premises of the branch or through press notification.
- ii. Personal information of the customer will not be shared with unauthorized persons or agencies or third parties by the Company. However, the Company will be bound to honor and comply with legal or regulatory requirements, if any, in this matter obligating it to part with such information even without notice to the customer.