

FAIR PRACTICE CODE

Western Capital Advisors Private Limited	
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TABLE OF CONTENTS

1.	<i>Applications for Loans & their Processing</i>	2
2.	<i>Loan appraisal and terms/conditions</i>	3
3.	<i>Penal charges in loan accounts</i>	3
4.	<i>Disbursement of loans including changes in terms and conditions</i>	3
5.	<i>Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans</i>	4
6.	<i>Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans</i>	4
7.	<i>Other General Provisions</i>	5
8.	<i>Responsibility of Board of Directors</i>	5
9.	<i>Grievance Redressal Mechanism</i>	6
10.	<i>Regulation of excessive interest charged by NBFCs</i>	6
11.	<i>Loan facilities to the physically/visually challenged by NBFCs</i>	6

WESTERN CAPITAL ADVISORS PRIVATE LIMITED**FAIR PRACTICE CODE**

The Reserve Bank of India (RBI) vide its circular dated September 28, 2006, issued guidelines on Fair Practices Code (FPC) for all Non-Banking Finance Companies (NBFCs) to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method. 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. RBI has issued the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ('SBR Master Directions'). The SBR Master Directions has been issued in supersession of the existing Master Directions Systemically Important and Non-Systemically Important NBFCs. Also, RBI has issued Master circulars / circulars amending the Fair Practices Code. To align with the above Master Directions and circulars, modifications are made hereunder in the Code.

The Fair Practices Code ("Code") is aimed to provide to the customers effective overview of practices, which will be followed by Western Capital Advisors Private Limited ("WCAPL"/ "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.

Objective of the Code: The code has been developed with an objective of:

- Ensuring fair practices while dealing with customers
- Greater transparency enabling customers in having a better understanding of the product and taking informed decisions
- Building customer confidence in the company

The Fair Practices code applies to the following areas:

1. Applications for Loans & their Processing:

- 1.1 All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- 1.2 Loan application forms would include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower.
- 1.3 Loan application forms would indicate the documents required to be submitted with the application form.
- 1.4 The Company would devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which the loan application would be disposed off would be made known to the borrower.

2. Loan appraisal and terms/conditions

- 2.1 The Company shall convey in writing to borrower in the vernacular language or a language as understood by the borrower, by means of a sanction/offer letter or otherwise, amount of loan sanctioned along with all the terms and conditions thereof including annualized rate of interest thereon and method of application thereof, and keep the acceptance of these terms and conditions by the borrower on its record.
- 2.2 The Loan Agreement would contain, in bold, details of penal interest charged for loan repayment.
- 2.3 All the borrowers would be provided with a copy of loan agreement along with all enclosures referred in the loan agreement, in vernacular language or a language as understood by the borrowers at the time of sanction/disbursement of loan.

3. Penal charges in loan accounts

- 3.1 The Company may charge Penalty for non-compliance of material terms and conditions of loan contract by the borrower and the same shall be treated as ‘penal charges’ and shall not be levied in the form of ‘penal interest’ that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- 3.2 The Company shall not introduce any additional component to the rate of interest.
- 3.3 The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- 3.4 The penal charges in case of loans sanctioned to ‘individual borrowers, for purposes other than business’, shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.
- 3.5 The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) and in addition the same also be displayed on Company website.
- 3.6 Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

4. Disbursement of loans including changes in terms and conditions

- 4.1 The borrower would be given an advance notice in vernacular language or a language as understood by the borrower as to any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc.
- 4.2 The Company shall also ensure that changes in interest rates and charges are effected only prospectively. A condition to this effect shall be incorporated in the Loan Documents.
- 4.3 Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement.

4.4 The Company would release all securities 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 be having against the said borrower. In case such right of set off is to be exercised, the Company shall give notice to the borrower 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.

5. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

5.1 Release of movable/immovable property documents

- i. The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account;
- ii. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the corporate office/branch where the loan account was serviced or any other office of the Company where the documents are available as per the borrower's preference;
- iii. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters;
- iv. In case of contingent event of demise of the sole borrower or joint borrowers, the Company shall return the original movable/immovable property documents to the legal heirs as per the procedure stated in the loan documents.

5.2 Compensation for delay in release of movable/immovable property documents

- i. In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.
- ii. In case of loss/damage to original movable/immovable property documents, either in part or in full, Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (ii) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- iii. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

6. Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans

6.1 In respect of EMI based floating rate personal loans the following shall be implemented:

- i. At the time of sanction, Company shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.

- ii. At the time of reset of interest rates, Company shall provide the option to the borrowers to switch over to a fixed rate as per the Company policy.
 - iii. The borrowers shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and, (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
 - iv. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.
 - v. The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
 - vi. The Company shall share/ make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest/Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.
- 6.2 Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities.

7. Other General Provisions

- 7.1 The Company would refrain from interference 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 by the borrower, has come to the notice of the Company).
- 7.2 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 of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- 7.3 In the matter of recovery of loans, the Company shall not resort to any harassment - such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- 7.4 The Company could not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

8. Responsibility of Board of Directors

- 8.1 The Company shall have a grievance redressal mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board quarterly.

9. Grievance Redressal Mechanism

- 9.1 The Company would display following information on notice board at office of the company where business is transacted:
- (i) The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
 - (ii) Contact details of 'the Officer-in-Charge of the Regional Office of DNBS of RBI' to whom customers can contact in case they are not satisfied with resolution provided by company or in case issue remains unresolved for 30 days.

10. Regulation of excessive interest charged by NBFCs

- 10.1 The Company shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc for determining 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 borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- 10.2 The rates of interest and the approach for gradation of risks shall also be made available on the website of the Company or published in relevant newspapers and the same shall be updated whenever there is a change in the rates of interest.
- 10.3 The rate of interest shall be annualised rates so that the borrower is aware of the exact rates that would be charged.
- 10.4 The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

11. Loan facilities to the physically/visually challenged by NBFCs

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 Company shall render all possible assistance to such persons for availing of the various business facilities. 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, Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism as set by the Company.