

FAIR PRACTICE CODE

Version 4

1. PREAMBLE

Falcon Trading Private Limited (“**Company**” / “**FTPL**”) offers a range of financial products, including Personal Loans, Business Loans, Loans Against Property, Equipment Loans, Channel Finance, and Loans to Corporate Customers.

This **Fair Practice Code** (“**FPC**”) has been formulated in strict adherence to the Reserve Bank of India (“**RBI**”) *Master Direction – Non-Banking Financial Company – Scale Based Regulation Directions, 2023*, as amended on **November 10, 2023**.

The Board of Directors has duly approved and adopted this FPC.

2. OBJECTIVES

The objectives of this FPC are to:

- a. Ensure customers receive complete and accurate information, including all terms and conditions, prior to entering into any loan or investment arrangement.
- b. Provide transparent computation of interest and charges, and disclose events of default along with applicable consequences.
- c. Establish minimum standards of fair business practices in dealings with customers.
- d. Maintain transparency to ensure customers clearly understand the service levels offered.
- e. Foster customer trust and confidence in the Company’s operations.
- f. Establish and maintain an effective **Grievance Redressal Mechanism**.

3. NON-DISCRIMINATION

The Company shall not discriminate against any applicant or borrower on the basis of age, race, caste, gender, marital status, religion, or disability.

4. PRINCIPLES OF FAIR PRACTICES

A. Loan Applications and Processing

1. Loan application forms shall contain all relevant information to enable borrowers to compare terms with those offered by other NBFCs.
2. The application form shall list all required supporting documents.
3. All loan applications shall be acknowledged, with an indicative timeline for processing.
4. All communications shall be in the borrower's vernacular language or a language clearly understood by the borrower.

B. Loan Appraisal, Terms, and Key Fact Statement (KFS)

1. Sanction letters shall clearly specify the sanctioned amount, annualised interest rate, applicable charges, and penalties, in writing, in a language understood by the borrower. Borrower acceptance shall be duly recorded.
2. The Company shall maintain documented procedures for determining interest rates and charges.
3. A copy of the executed loan agreement, along with all enclosures, shall be provided to the borrower at the time of sanction/disbursement.
4. The Company shall comply with RBI's KFS circular dated April 15, 2024, as amended from time to time.

C. Penal Charges

1. Non-compliance with material loan terms shall attract **penal charges** (not penal interest). Penal charges shall not be capitalised.
2. No additional component shall be added to the interest rate.
3. The penal charges policy shall be Board-approved and periodically reviewed.
4. Penal charges shall be reasonable, proportionate, and non-discriminatory.
5. Penal charges on loans to individuals (for non-business purposes) shall not exceed those applicable to non-individual borrowers.
6. Penal charges and their rationale shall be disclosed in loan agreements, sanction terms, KFS, and on the Company's website.
7. All reminders and levy notices shall specify the penal charges and reasons for imposition.
8. These provisions shall apply to all fresh/renewed loans from April 1, 2024, and to existing loans by June 30, 2024.

D. Loan Disbursement and Changes in Terms

1. Borrowers shall be informed in writing, in a language understood by them, of any changes in terms (e.g., disbursement schedule, interest rate, service charges). Such changes shall be applied prospectively only.
2. Loan recall or acceleration shall be strictly in accordance with the loan agreement.
3. Securities shall be released upon full repayment, subject to lawful set-off rights. Borrowers shall be notified of such claims prior to retention of securities.

E. Release of Property Documents

i) Release

- All original property documents and registered charges shall be released within **30 days** of full repayment.
- Borrowers may choose the location for collection of documents.
- Loan sanction letters shall specify the timeline and place of return.
- In the event of the borrower's death, procedures for release to legal heirs shall be followed and displayed on the Company's website.

ii) Compensation for Delay

- Delays beyond 30 days (attributable to the Company) shall attract compensation of ₹5,000 per day.
- In case of loss/damage to documents, the Company shall assist in obtaining certified copies at its own cost and compensate the borrower. An additional 30 days shall be allowed before penalties apply (total 60 days).
- This is without prejudice to the borrower's other legal rights.

F. Floating Interest Rate Reset (Personal Loans on EMI Basis)

1. At sanction, the impact of rate changes on EMI/tenor shall be explained to the borrower.
2. Borrowers shall be offered the option to switch to a fixed rate at reset points.
3. Borrowers shall be allowed to:
 - Choose between EMI increase, tenor extension, or a combination of both.
 - Prepay part or full loan without penalty, subject to RBI guidelines.
4. All charges shall be transparently disclosed at sanction and upon revision.
5. Tenor extensions shall not result in negative amortisation.
6. Quarterly statements shall detail principal, interest, EMI, balance EMIs, and APR.
7. These provisions apply to all instalment-based loans.
8. Compliance for existing and new loans shall be ensured by December 31, 2023.

G. General Conduct

1. The Company shall not interfere in the borrower's affairs except as per the loan agreement or in cases of material non-disclosure.
2. Requests for account transfer shall be processed within 21 days.
3. Recovery practices shall be lawful, non-harassing, and non-coercive. Staff shall be trained in appropriate conduct.
4. No foreclosure charges/prepayment penalties shall be levied on floating-rate term loans to individuals (non-business purposes).
5. The FPC shall be available in vernacular languages.
6. Copies of this Code shall be provided on request and published on the Company's website.
7. The Code shall be periodically reviewed.

H. Repossession of Assets

Loan documents shall include repossession clauses covering: notice requirements, waiver conditions, repossession process, borrower's final repayment opportunity, return of repossessed assets, and sale/auction procedures.

I. Grievance Redressal Mechanism

1. A toll-free helpline number and dedicated grievance email shall be provided.
2. Complaints shall be acknowledged and resolved within 15 working days.
3. Loan-product-specific turnaround times (TATs) shall be defined and adhered to.
4. Contact details of grievance officers and RBI's DNBS regional officer shall be prominently displayed.
5. The grievance mechanism and FPC shall be periodically reviewed and reported to the Board.

J. Interest Rate and Charges Policy

The Company shall adopt a Board-approved Interest Rate Policy to ensure fair pricing. The Policy shall be published on the Company's website and periodically reviewed.

K. Physically/Visually Challenged Applicants

The Company shall not discriminate against applicants with disabilities. All branches shall provide necessary assistance. Staff training modules shall cover disability rights. Grievances from such customers shall be addressed under the Grievance Redressal Mechanism.

L. Key Commitments

The Company shall:

- Act efficiently, fairly, and diligently.
- Comply with all applicable laws.
- Provide courteous, professional, and timely services.
- Clearly disclose terms, costs, rights, and liabilities.
- Explain schemes verbally in Hindi, English, or the local language.
- Ensure marketing material is clear, accurate, and non-misleading.
- Promptly correct errors, address complaints, reverse wrongful charges, and explain escalation procedures.

M. Digital Lending

When engaging digital lending platforms:

- The names of such platforms shall be disclosed on the Company's website.
- Platforms shall identify the Company upfront to customers.
- Sanction letters shall be issued on Company letterhead prior to loan execution.
- Borrowers shall receive copies of agreements and enclosures.
- Adequate oversight and monitoring shall be ensured.
- Customers shall be informed about grievance redressal mechanisms.

N. Miscellaneous

This Code shall be reviewed and revised by the Board as necessary. A copy shall be published on the Company's website.