

## **Fair Practices Code**

### **A. Introduction**

ARYAKUBE CAPITAL PRIVATE LIMITED (hereinafter referred to as "ACPL" or "the Company") is registered with the RBI as a Non-Banking Financial Company and is classified as a Base Layer NBFC ("NBFC-BL") under the Scale Based Regulatory Framework issued by RBI.

Aryakube Capital Private Limited issues this Fair Practice Code in conformity with Chapter III – Responsible Lending Conduct of Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 . Aryakube Capital continuously strives to maintain fairness and transparency in rendering the loans to borrowers and has adopted and put in place the following Fair Practice Code

This Fair Practices Code shall apply throughout Aryakube Capital and other persons who are authorized on behalf of the Company to represent it in the course of its business and will apply across all products and services offered, whether they have been provided offline or online or by any other method, through Aryakube Capital.

Aryakube Capital will deal quickly and sympathetically in attending to customer complaints in light of the objectives of this Fair Practices Code. Aryakube Capital shall treat all personal information of customers as private and confidential and shall not divulge any information to an unrelated third party, unless required by any law or Government authorities, including Regulators or Credit agencies or where the sharing of information is permitted by the customer. Aryakube Capital would provide, on request, a copy of this Fair Practice Code to the borrowers. Aryakube Capital shall not discriminate its customers on the basis of race, caste, gender, marital status, religion or disability.

### **B. Applications for loans and their processing**

- The Company shall ensure that all communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- The Loan application forms of the Company will 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. The loan application form will indicate the documents required to be submitted with the application form.
- The Company will have a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will be indicated in the acknowledgement.

If the Company cannot provide the loan to the customer, it shall communicate the same to the customer through its appointed representatives or directly to the customer verbally.

### **C. Loan appraisal and terms/conditions**

- The Company will convey in writing to the borrower in English, as confirmed to be understood by the borrower, by means of sanction letter or otherwise, the amount of loan sanctioned along with 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 borrower on its record. .

- 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 CONDITONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US." The company shall maintain a record of such acceptance.
- For all retail and MSME term loans sanctioned, the Company will provide a Key Facts Statement (KFS) in a standardized format to prospective borrowers before executing the loan contract.
- A copy of the loan agreement, including the KFS and all enclosures, will be furnished to borrowers at the time of sanction/disbursement in a language understood by them.
- Penal charges for late repayment will be mentioned in bold in the loan agreement and disclosed in the KFS.
- No fees or charges not mentioned in the KFS will be levied during the loan term without the borrower's explicit consent. The KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.

Explanation: Validity period refers to the period available to the borrower, after being provided the KFS by the Company, to agree to the terms of the loan. The Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.

- The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the Company.

#### **D. Penal charges in loan accounts**

- Penalty, if charged, shall be treated as 'penal charges'. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. No additional component of interest rate shall be charged as regards borrowers who are in default, and These charges shall be over and above the rate of interest and will not affect the normal procedures for compounding of interest in the loan account.
- 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.
- 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.
- The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement ,Key Fact Statement (KFS) as, in addition to being displayed on websites under Interest rates and Service Charges.

- Whenever reminders for non-compliance of material terms and conditions of loan are sent to Borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason thereof shall also be communicated.

**Penal charges:**

<b>Sr. No.</b>	<b>Nature of non-compliance</b>	<b>Penal charges</b>
<b>1.</b>	<b>Payment default</b>	<b>Upto 3% Per annum on the defaulted amount for the defaulted period</b>
<b>2.</b>	<b>Non-Payment Material Covenant Breaches</b>	<b>Upto 1% Per annum on the total outstanding amount for every such covenant breach with cap of upto 3% Per annum on overall covenant breaches</b>

- GST on such penal charges shall be charged in accordance with applicable laws, and shall be collected from the borrowers.
- Considering the nature of business of borrowers and the credit profile, material non-compliances for which penal charges may be stipulated in financing documents may vary from case-to-case basis, which shall be decided by respective business teams. Appropriate amendments shall be made in case of existing loans in the prescribed timeline.

**E. Disbursement of loans including changes in terms and conditions**

- The Company will give notice to the borrower in in English, as confirmed to be understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges etc. The Company should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- Any decision by the Company to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.
- The Company will release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against the borrower, in case of secured loans. If such right of set off is to be exercised, the borrower will 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.

**F. General**

- The Company will 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).
- In case of receipt of request from the borrower for transfer of the account, the consent or otherwise i.e. objection of the Company, if any, will 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.

- The Company reserves the right to amend /alter /modify the codes as mentioned herein above and provide updates from time to time, not affecting/sacrificing the underlining spirit of the code.
- 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 ensure that any public promotional material is clear and not misleading. This Fair Practice Code shall also apply to sales associates / representatives of the company to the extent of their identification when they approach the customer for selling products personally.

#### **G. Release of Securities:**

- All property documents and securities shall be released and remove charges registered with any registry within 30 days 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, within 30 days on repayment of all dues on all such facilities.
- The timeline and place of return of original movable / immovable property documents shall be mentioned in the loan sanction letters.
- The Company shall communicate to the borrower reasons for 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. 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.
- In case of loss/damage to original movable / immovable property documents, either in part or in full, the 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 in the above paragraph. 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).
- 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.
- 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.

#### **H. Responsibility of Board of Directors**

- The Board of Directors of the Company have laid down an appropriate grievance redressal mechanism within the organization. Such a mechanism ensures 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 has laid down a mechanism for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances 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.

## **I. Regulation of rate of interest**

- The Board of Directors of the Company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and has accordingly determined 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.
- The rates of interest and the approach for gradation of risks will be made available on available on the website of the company. The information published on the website shall be updated whenever there is a change in the rates of interest.
- The rate of interest is the annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

## **J. Interest rate and other charges**

- The Company has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- 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 Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are kept in view.

## **K. Pre-payment charges on floating-rate loans**

- In case of floating rate loans, the Company shall charge pre-payment charges only on loans disbursed for only business purposes. However, no pre-payment charges shall be levied on floating rate loans sanctioned to Micro and Small Enterprises (MSEs) for business purposes with a sanctioned limit of up to ₹50 Lakh

## **L. Repossession of loans and other assets financed**

- The Company will include a built in re-possession clause in the loan agreement with the borrower which will be legally enforceable.
- To ensure transparency, the terms and conditions of the loan agreement, shall also contain provisions regarding:
  - Notice period before taking possession, unless there comes a situation where the LTV ratio breaches RBI Guidelines and immediate action is required to be taken;
  - Circumstances under which the notice period can be waived;
  - The procedure for taking possession of the security;

- A provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the shares/stocks;
- The procedure for giving repossession to the borrower.

A copy of such terms and conditions will be made available to the borrowers.

#### **M. Loan facilities to the physically/visually challenged and acid attack survivors**

The Company shall not discriminate in extending products and facilities including loan facilities to physically / visually challenged or acid-attack-survivor applicants on grounds of disability. The Company shall render all possible assistance to such persons for availing of the various business facilities including making available compatible KYC procedures in consultation with the Company's Board of Directors. The Company shall also train its employees for all the rights of persons with disabilities guaranteed to them by the law and international conventions. Further, the Company shall give special consideration for redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism.

#### **N. Confidentiality**

The Company will treat all personal information of the borrowers as private and confidential (even when the borrower is no longer a customer).

---

#### **O. Credit rating agencies**

ACPL would give information about customers to Credit Rating Agencies as prescribed by RBI on:

- Opening of an account.
- The status of repayments made or not made.
- Whether legal proceedings have been initiated against the customer to recover the dues.

#### **P. Grievance redressal**

The Board of Directors in their meeting held on 17th April, 2023 have appointed Mr. Nagendra Babu Kamavarapu, Company Secretary & Senior Manager - Finance of the company, as the Principal Officer and Grievance Redressal Officer of the company. The customer can approach any of our service touch points given below to register a complaint and expect a response within defined time period from complaint registration.

Grievance Redressal Officer

- **Name & designation:** Nagendra Babu Kamavarapu, Company Secretary & Senior Manager - Finance
- **Telephone:** +91-94403 08360 between 09.00 AM to 08:00 PM, Monday to Friday and 09.00 AM to 04:00 PM on Saturdays, except public holidays

- **E-mail:** [nagendra@aryakubecapital.in](mailto:nagendra@aryakubecapital.in)**Address:** Aryakube Capital Private Limited, 214, Cyber crown, Sec II, 2nd Floor HUDA Techno Enclave, Madhapur Hyderabad Hyderabad TG 500081 IN

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 Department of Non-Banking Supervision of the Bank:

- **Name & designation:** To The Manager, Department of Supervision (NBFC), 6-1-56 Secretarial Road, Saifabad, Hyderabad 500 004
- **E-mail:** doshyderabadic@rbi.org.in
- **Telephone:** 040 23234324, 040 23267473

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. The Grievance Redressal Officer shall provide periodic updates regarding the status of all complaints, including pending and resolved cases, to the Board of Directors and the Risk Management Committee (RMC).

It shall be the endeavor of the company to improve the quality of service and redress complaints and grievances, if any, of the customers as part of Customer Relationship.

## Q. Recovery of Loans

### 1. General Policy and Engagement of Personnel

- **Exclusive Use of Internal Employees:** The Company shall not appoint any third-party agents for promotions, sales, or recovery. All activities related to the collection and recovery of loan dues will be conducted exclusively by the Company's duly trained internal employees.
- **Code of Conduct & Undertaking:** All employees engaged in recovery activities must adhere to the Company's Code of Conduct. The Company shall obtain a written undertaking from its employees that they agree to abide by this Code.
- **Borrower Assistance:** The Company shall put in place a mechanism for the identification of borrowers facing repayment-related difficulties, engage with such borrowers, and provide them with necessary guidance about the recourse available.
- **Demise of Borrower:** The Company shall handle the recovery of loan dues in the event of the demise of a borrower or guarantor with due sensitivity, following a specifically laid out internal operating procedure for engaging with the legal heirs.
- **Legal Action as a Last Resort:** The Company may use written communications, telephonic reminders, or visits as follow-up measures for the collection of dues. However, the Company shall not initiate any legal action or take possession of security as a first resort, and shall only do so by giving due notice in writing as per applicable statutory provisions.
- **Sub-judice Cases:** In cases where the subject matter of the borrower's loan dues is sub-judice, the Company shall exercise utmost caution, as appropriate, before referring the matter to an employee for recovery

- Asset Repossession: In the event that the Company must rely on a possession clause for enforcing its rights, it shall strictly follow the due process of law and the procedures outlined in Section L of this policy.

## 2. Conduct of Employees During Recovery

The Company's employees shall interact with borrowers in a civil manner, maintaining decency and decorum at all times. Employees engaged in collection/recovery adhere to the following:

- Respect for Borrower's Privacy: Employees shall interact only with the borrower or the guarantor and shall strictly not approach any other relatives or contacts of the borrower.
- Maintaining Hours of Contact: Borrowers and guarantors will only be contacted or visited between 08:00 hours and 19:00 hours. Further, a borrower's request to avoid calls/visits at a particular time shall be honored in normal circumstances.
- Place of Contact: Employees shall ordinarily contact a borrower at a place of the borrower's choice. In the absence of a specific choice, contact will be made at their residence or place of business/occupation. Employees shall be allowed to make collection/recovery at these places if the borrower fails to appear at a mutually decided designated place on two or more successive occasions.
- Avoiding Inappropriate Occasions: Employees shall avoid making recovery calls or visits during inappropriate occasions such as bereavements in the family, calamitous occasions, marriage functions, or festivals.
- Proper Identification: When visiting a borrower, the employee must carry a copy of the recovery notice along with their Company-issued identity card. The recovery notice shall, among other details, explicitly include the telephone/mobile number of the visiting employee and the contact details of the Grievance Redressal Officer.
- Approval for Written Communication: Any written communication sent by an employee to the borrower or guarantor regarding recovery must have the prior approval of the Company.
- Issue of Acknowledgement/Receipt: Employees shall promptly give proper acknowledgement or receipt to the borrower/guarantor upon the collection/recovery of any loan dues

## 3. Prohibition of Harsh Recovery Practices

The Company strictly prohibits the use of harsh methods for recovery. The following practices are strictly prohibited:

- Use of minatory or abusive language.
- Sending inappropriate messages either on mobile or through social media.
- Excessively calling the borrower/guarantor, or calling outside the prescribed 08:00 to 19:00 hours.
- Making threatening and/or anonymous calls.
- Intimidating or harassing the borrower, guarantor, or their relatives, friends, or co-workers in either a verbal or physical manner, including acts intended to humiliate them publicly or intrude upon their privacy.
- Use or threat of use of violence or other similar means to harm the borrower/guarantor or their family/assets/reputation.

- Making false or misleading representations to the borrower/guarantor, especially about the extent of the debt or the consequences of non-repayment.

#### 4. Borrower Communication and Data Privacy

- **Call Recording and Logging:** The Company shall document the time and number of calls made by its employees to the borrower/guarantor for the recovery of loan dues. Further, there shall be a recording of the content/text of these calls, and the Company shall take reasonable precautions, such as intimating the borrower that the conversation is being recorded.
- **Information Privacy:** The disclosure of a borrower's information to recovery employees is limited strictly to the extent required to enable them to discharge their recovery duties, with mitigants in place to ensure information is not transferred or misused in any manner.
- **Adherence to Telecom Regulations:** In addition to RBI directives, the Company shall ensure compliance with guidelines issued by the Telecom Regulatory Authority of India (TRAI); however, as of now, the Company does not make any service or transactional voice calls to individual customers. Furthermore, all service-related communications with our clients are carried out strictly through official email and SMS channels.

#### 5. Grievance Redressal and Oversight

- **Disclosure of Grievance Details:** All recovery-related communications issued by the Company must contain the name, email address, telephone number, and physical address of the Grievance Redressal Officer whom the borrower/guarantor can contact
  - **Pause on Recovery During Grievances:** Where a grievance has been lodged by a borrower, the Company shall not forward the concerned recovery case to an employee until it finally disposes of the grievance.
    - **Exception:** The Company may continue recovery proceedings if it is convinced, with appropriate evidence, that the borrower is making frivolous or vexatious complaints to avoid recovery.
  - **Review by Risk Management Committee (RMC):** The Risk Management Committee (RMC) shall act as the management structure to monitor and control the activities of employees engaged in recovery to ensure they refrain from actions that could damage the Company's integrity and reputation. The RMC shall undertake a periodic review of recovery practices and all recovery-related grievances to learn from experience and to effect necessary improvements.
- 
- 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.