	Clix Capital Services Private Limited <u>Fair Practices Code</u>	Original Issue Date: March 18, 2013	Effective Date: 29-Apr-2024
		Current Review Date: May 30, 2024	
		Revision Dates: May 26, 2023 September 22, 2022 October 03, 2016 May 19, 2016 March 18, 2013	Version: 1.1 of 2024

Clix Capital Services Private Limited (CCSPL)

Fair Practices Code

Issued by: Compliance

Issue Date: March 18, 2013

***Current Review Date:* May 30, 2024**

Effective Date: April 29, 2024

Approved by: The Board of Directors

Policy Owner Compliance



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1. Scope

1.1 Applicability

This Fair Practice Code (this “Code”) applies to Clix Capital Services Private Limited (“CCSPL” or the “Company”) and to all the products and services offered by the Company, whether over the phone, across the counter, on the internet or by any other means. It shall also apply to all the employees of the Company.

1.2 Effective Date

This Policy is effective as of April 29, 2024.

2. Objectives and Overview

CCSPL is a Non-Banking Financial Company registered with, and regulated by, the Reserve Bank of India (“RBI”) and is in the business of extending various credit facilities to different types of customers, which include, Individual, Partnership Firms, Companies and other Corporate/ Legal Entities.

The Company has framed and adopted this Code, which sets the standards for fair practice to be adopted by the Company while doing lending business. The Code has been framed based on the Guidelines issued by RBI on Fair Practices Code as applicable to Non-Banking Financial Companies (“NBFC”) and industry best practices.

2.1 Objectives of the Fair Practices Code

This Code requires the Company to maintain procedures:

- To promote good and fair practices by setting minimum standards to be followed while doing lending business and while dealing with customers;
- To increase transparency so that the customers can have better understanding of the products/services being offered by the Company;
- To promote a fair and cordial relationship between customers and the Company;
- To foster confidence in financial services system.


3. Fair Practice Code Minimum Requirements

3.1 Applications for loans and their processing

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- The Company will have a loan application form. At the time of sourcing a loan product, we shall provide information about the interest rates applicable, as also the fees / charges, if any, payable for processing, pre-payment options and charges, if any, and any other matter 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 documents required to be submitted by the borrower for availing the loan shall be indicated to the borrower at the time of sourcing the loan product.
- The Company shall issue an acknowledgement receipt for all loan applications.
- The Company shall endeavor to dispose the loan applications within 21 working days or such extended time as may be mutually agreed between the borrower and the Company from the date of receipt of the application form complete in all respects. Within such timelines, the Company shall communicate sanction or rejection of the loan application to the Customer.

3.2 Loan Appraisal and Terms and Conditions

- The customer shall be informed by means of a written sanction letter or by other means, in the vernacular language or a language understood by the borrower, about the amount of loan sanctioned along with all important terms and conditions including annualized rate of interest, method of application, prepayment charges etc. The Company shall keep the acceptance of these terms and conditions by the borrower on its record.
- The penalties charged for late repayment shall be mentioned in bold in the loan agreement.

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- c) A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement, in the vernacular language or a language understood by the borrower, shall be furnished to every borrower at the time of sanction/ disbursement of loans.
- d) 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)

3.3 Rate of Interest Charged by the Company

- a) The Board of Directors of the Company shall adopt a Policy for Determination of Interest Rates to be charged for loans and advances and the same shall be placed on website of the Company.
- b) The rate of interest shall be based on gradations of risk and shall be disclosed to the borrower in the application form/ communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the Company.
- c) The rate of interest shall be annualized rates.
- d) For floating rate financial products, the Benchmark/ Floating Reference Rate shall be published on website of the Company and shall be updated whenever there is a change in the rates of interest.
- e) Interest shall be charged only from the date of actual disbursement (fund-out)
- f) Wherever disbursement is via cheque/ demand-draft (DD), Interest shall be charged from the date when the cheque/ DD is handed over to the borrower. It is also advised to use online account transfer in lieu of cheque/DD wherever possible.
- g) In the case of disbursal or repayment of loans during the course of the month, interest shall be charged only for the period for which the loan was outstanding.
- h) Interest shall be charged after netting off the advance EMI from the disbursement amount

3.4 Penal Charges in loan accounts


Note: The Company only levy the overdue interest/ default interest which is an interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest, which is in line with the FAQ no.5 on Fair Lending Practice - Penal Charges in Loan Accounts dated January 15, 2024.

However, to levy any Penal charge in future, The Company shall ensure the implementation in respect of all the fresh loans availed from April 01, 2024 onwards. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date falling on or after April 01, 2024, but not later than June 30, 2024.

- Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower 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.
- The Company shall not introduce any additional component to the rate of interest and ensure compliance to this in both letter and spirit.
- 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 nonindividual borrowers for similar non-compliance of material terms and conditions.
- The quantum and reason for penal charges shall be clearly disclosed by CCSPL to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of the Company under Interest rates and Service Charges.
- 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.

3.5 Disbursement of Loans Including Changes in Terms and Conditions

- a) The Company shall give notice to the borrower, in the vernacular language or a language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/ charges etc. The Company shall ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- b) The Company's decision to recall / accelerate payment or performance under the loan agreement or seeking additional securities shall be in consonance with the loan agreement signed with the borrower.

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- c) The Company shall 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 which the Company may have against 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.
- d) 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 within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

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

While releasing of movable/immovable property documents, the Company shall comply the following instructions:


- 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 branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.
- iii. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.
- iv. In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the Company along with other similar policies and procedures for customer information.
- v. Compensation for delay in release of movable/immovable property documents
 - 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, the 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.
 - 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 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).
 - 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.

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

As the below instructions are applicable to Floating rate Personal Loan, and as per definition of Personal loan provided by RBI, this is applicable to none of the product of Clix Capital (as loan is provided either for fixed rate of interest or the purpose is for commercial usage).

However, the following shall be ensured by the Company for any EMI based floating rate personal loan disbursed (if any):

- At the time of sanction of EMI based floating rate personal loans, the Company shall take into account the repayment capacity of borrowers to ensure that adequate headroom/margin is available for elongation of tenor and/or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan.
- At the time of sanction, the 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.
- At the time of reset of interest rates, the Company shall provide the option to the borrowers to switch over to a fixed rate.
- 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/ prepayment penalty shall be subject to extant instructions.
- 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.
- The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- 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

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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.

- Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment-based loans of different periodicities.

3.8 Guarantors

When an individual person intends to be a guarantor for a loan, he / she shall be informed about:

- his / her liability as guarantor;
- the amount of liability he / she will be committing himself / herself to the Company as guarantor;
- circumstances in which the Company may call on him / her to pay up his / her liability;
- whether his / her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- time and circumstances in which his / her liabilities as a guarantor will be discharged as also the manner in which the Company will notify him / her about this; the Company shall keep him / her informed of any material adverse change/s in the financial position of the borrower for whom he / she stands as a guarantor.

3.9 Privacy and Confidentiality


The Company shall treat the personal information of customers, even when the customer is no longer a customer, as private and confidential. The Company will not reveal the personal data or personal information of customer to anyone including other companies in the group **except when:**

- Required by law
- Pursuant to duty towards public to reveal information
- Our interest requires giving information
- With customers permission
- If the Company gives a reference about customer to companies in the group with the prior written permission of the customer.

The Company shall not use customer's personal information for marketing purposes unless the customer specifically authorizes us to do so.

3.10 Collection of Dues

- At the time of sanction/disbursement of loans, the Company shall explain/disclose to the customer the repayment process by mentioning amount, tenure and periodicity of repayment in the Welcome Letter/ Sanction Letter/ Loan Agreement/ Terms & Conditions, etc. However, if the customer does not adhere to the agreed terms of repayment or does not clear his/ her/its dues with the Company, a defined process in accordance with the applicable law shall be followed for recovery of dues. The process will involve reminding the customer by sending him/ her/it notice or by making personal visits and/ or repossession of security, if any.
- The Company's collection policy/ process shall be built on courtesy, fair treatment and persuasion. The Company believes in fostering customer confidence and long-term relationship. Staff or any person authorized to represent the Company in collection of dues or/ and security repossession shall identify himself / herself and, upon request, display his / her identity card issued by the Company or under authority of the Company.
- All the members of the staff or any person authorized to represent the Company in collection and / or security repossession shall follow the guidelines set out below:
 - Customer would be contacted ordinarily at the place of his/ her choice and in the absence of any specified place, at the place of his/ her residence and if unavailable at his/ her residence, at the place of business/ occupation.
 - Identity and authority to represent the Company shall be made known to the customer at the first instance.
 - Customer's privacy should be respected.
 - Interaction with the customer shall be in a civil manner.
 - Company's representatives shall contact the customers between 0800 hrs and 1900 hrs only
 - Customer's request to avoid calls at a particular time or at a particular place shall be honoured, as far as possible.
 - Time and number of calls and contents of conversation would be documented.
 - All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
 - During visits to customer's place for dues collection, decency and decorum shall be maintained.
 - Inappropriate occasions such as bereavement in the family or such other calamitous occasions should be avoided for making calls / visits to collect dues.

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- d) The Company shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- e) The Company shall ensure that the following terms and conditions are mentioned in the Contract/loan agreement with the borrower with respect to the repossession of the security, wherever applicable:
- Due to the nature of business, actions to repossess assets are used only as a last resort, after all other steps to recover moneys fail.
 - Notice period before taking possession;
 - 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 Security;
 - The procedure for giving repossession to the borrower; and
 - The procedure for sale / auction of the Security
 - Appropriate sign offs are to be taken from senior risk/ collections and legal personnel, prior to Clix Capital's initiating legal action against customers.
 - Any repossession of equipment, movable or immovable property, or additional collateral, shall be strictly in compliance with the guidelines recommended by Legal and applicable local laws and regulations. All repossessions/ collateral security auction or open market sale shall meet all local legal regulations.
 - For any use/ engagement of the third party for repossession of the asset, the business will have to perform appropriate level of due diligence of the repossession vendor and seek India Internal Review Board approval before signing an agreement with the vendor.

3.11 Grievance Redressal Mechanism

- a) The Board of Directors of the Company has laid down an appropriate Grievance Redressal Mechanism within the Company to resolve disputes raised by customers.
- b) The name and contact details of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company are mentioned below:

Grievance Redressal – Contact Details

Grievance Redressal Officer

Mr. Sunny Dwivedi
Grievance Redressal Officer
Email: grievance.officer@clix.capital

Principal Nodal Officer

Ms. Shagun Malhotra Jhanji
Principal Nodal Officer
Email: nodalofficer@clix.capital

Clix Capital Services Private Limited

6th Floor, Good Earth Business Bay II,
Sector 58, Gurugram - 122102,
Haryana, India


Clix Capital Services Private Limited

6th Floor, Good Earth Business Bay II,
Sector 58, Gurugram - 122102,
Haryana, India

If the complaint / dispute are 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 RBI. The details of Officer-in-Charge, DNBS, RBI are given below:

General Manager,
Department of Non-Banking Supervision,
Reserve Bank of India
6, Parliament Street
New Delhi - 110001
Ph. 011-23714456
Email: dnbsnewdelhi@rbi.org.in

- c) The Grievance Redressal Mechanism is placed on the Company's website under [Policies](#) section.

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3.12 General

- If the Company deems necessary, it shall verify the details mentioned by the customer in the loan application by contacting the customer at his/ her residence and/or business addressees through agencies appointed for the purpose.
- The Company shall not discriminate between our customers on the basis of age, race, caste, gender, marital status, religion, or disability. However, this shall not preclude the Company from instituting or participating in schemes framed for different sections and age groups of the society.
- The Company shall 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).
- The Board of Directors of the Company shall provide for periodical review of the compliance with this 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.
- The Fair Practice Code as revised from time to time shall be made available on the website of the Company.