

FAIR PRACTICES

CODE OF

KREON

FINNANCIAL

SERVICES LIMITED

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SUMMARY

Document Name	Fair Practices Code
Periodicity of Review	Annual
Owner/Contact	Company Secretary and Compliance Officer
Approver	Board of Directors

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1. PREAMBLE

In compliance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulations) Directions, 2023 dated October 19, 2023 (RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24) issued by the Reserve Bank of India (the “RBI”), the Kreon Financial Services Limited (the “Company” or “KFSL”) has enacted this Fair Practices Code (the “Code” or “FPC”).

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. The Company’s policy is to treat all the customers consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner. The Company will ensure that the implementation of the Code is the responsibility of the entire organization. The Company’s fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities.

2. APPLICABILITY

The Code shall apply to all categories of products/services offered, employees, officers, directors, its agents/ representatives/ third-party vendors/ service providers and other persons authorized to represent the Company in its ordinary course of business.

3. OBJECTIVE

The code has been developed with following primary objectives:

- To adopt the best practices in dealings with customers.
- To set challenging benchmarks and strive to achieve high operating standards for ensuring customer satisfaction.
- To follow transparent, fair, ethical and legally tenable practices while conducting business.
- To provide all necessary information and inputs to customers / prospective customers and promote a mutually beneficial long-term relationship.
- To facilitate a continuously growing base of satisfied customers while scrupulously avoiding acquisition of customers having doubtful credentials or criminal background.
- To strengthen the mechanisms for redressal of customer grievances.

4. NON-DISCRIMINATION

The Company shall not discriminate between its customers based on gender, physical ability, race or religion. The Company will also not discriminate visually/physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society.

5. KEY COMMITMENTS

- a) KFSL shall adhere to this Code to act fairly and reasonably in all dealings, on the ethical principle of integrity and transparency, to meet the standard practices prevalent in the industry.
- b) KFSL shall provide clear information, without any ambiguity, to the customer in understanding the products/services together with its terms and conditions including interest and service charges and benefits available to the customer.
- c) KFSL shall take corrective actions and promptly resolve issues considering the objectives of this Code.

6. COMMUNICATION LANGUAGE

All required communications by the Company to the borrower shall be in the vernacular language or a language as understood by the borrower.

7. SALES, MARKETING AND PRODUCT SYNERGY

- a) The Company shall provide the customers with a full range of financial products/services offered by the Company which meet their needs and give them clear information explaining the key features of the product/service of the Company they are interested in.
- b) It shall inform customers about the documentary information the Company needs from them to established customer's true identity along with address proof and any other documents to comply with legal and regulatory requirements vis-à-vis "Know Your Customer".
- c) Some of these products/services will be its own; some others will be the products of the group or associate companies and companies with which the Company will have arrangements with.
- d) The Company shall ensure that all advertising and promotional material is clear, fair reasonable and not misleading.
- e) It will be the endeavour of the Company to bring synergy between the various financial services, financial products, by cross selling these products to its clientele.

8. LOAN APPLICATIONS AND THEIR PROCESSING

- a) Loan application forms shall include the necessary information which affects the interest of the borrower so that informed decision could be taken by the borrower. The loan application form shall also indicate the list of documents required to be submitted with the application form.
- b) Receipt of completed application forms shall be duly acknowledged by the Company and indicate the approximate time frame within which the customer can expect to hear from the Company regarding his/her loan application.

9. LOAN APPRAISAL AND TERMS AND CONDITIONS

- a) All loan applications will be assessed as per the Company's internal credit policies and appraisal process.

- b) Upon approval of the loan, a sanction letter indicating the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower in its record.
- c) The Company shall mention the penal charges for the late repayment in bold in the loan agreement. A suitable provision in this regard has been incorporated in the loan agreement.
- d) After the execution of the loan agreement, all the borrowers shall be furnished a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement.
- e) KFSL shall comply with the instructions contained in the circular on 'Key Facts Statements (KFS) for Loans & Advances' dated April 15, 2024, as amended from time to time.

10. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- a) Any changes in the terms and conditions (which are impacting the borrower) including disbursement schedule, interest rates, service charges, prepayment charges etc. shall be informed to the borrower in writing.
- b) Changes in interest rates and other charges (which are averse to the borrower) shall be with prospective effect only.
- c) Decision to recall/accelerate payment or performance shall be in consonance with the loan agreement.
- d) All underlying securities shall be released, as per the request of the borrower, after the full repayment of the loan along with all other charges as per the terms of the loan agreement and subject to exercise of any right of lien/set off, for which a notice shall be given to the borrower with full details.

11. RATE OF INTEREST AND PENAL CHARGES

- a) To ensure that the Customers are not charged excessive interest rate and charges on loans and advances by the company, the Company has adopted a Board-approved Interest Rate Model and Other Charges Policy for determining Interest Rates, Processing and Other Charges, which can be accessed at website of the Company and disclosed in loan application/ sanction letter, Key Facts Statement/ Loan Agreement.
- b) The Company shall adhere to the circular on Fair Lending Practice – Penal Charges in Loan Accounts dated August 18, 2023, issued by the RBI.

12. PRIVACY AND CONFIDENTIALITY

- a) Unless authorized by the customer, the Company will treat all personal information as private and confidential.
- b) Credit Rating Agencies / Credit Information Companies (CICs)
 - The Company may share details of the loan and repayment track record of its borrowers to the CICs to meet the regulatory requirements.

- The Company shall provide relevant information given to the CICs if demanded by the customer.
- c) Sharing of information
 - The Company may provide such information to its group/associate entities or companies for which it has obtained consent/permission from its customer under Loan Application/ Sanction Letter/ Most Important Terms and Conditions/ Loan Agreement.
 - The Company will treat the personal information of customer even when the customer is no longer a customer as private and confidential. We will not reveal the data or information of customer to anyone except as provided above and in the following exceptional cases: Required by law; Duty towards public to reveal information; The Company's interest requires giving information; The Company has consent/permission from the customers.
 - The Company will not use customer's personal information for marketing purposes unless the customer specifically authorizes us to do so.

13. GENERAL

- a) The Company shall refrain from interference in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not disclosed earlier by the borrower has come to the notice of the Company).
- b) Where the borrower insists on transferring the loan, the consent or otherwise the objection if any, would be conveyed within 21 days from the date of receipt of such request of the borrower. Such transfer will be as per the terms and conditions of the loan in consonance with law.
- c) In the matter of recovery of loans, the Company shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans, rude behaviour with the borrower and shall follow procedures adopted internally by the Company within the applicable legal framework.
- 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 obligant(s).
- e) The Company will ensure that the staffs are adequately trained to deal with the customers in appropriate manner.

14. GRIEVANCE REDRESSAL MECHANISM

A Grievance Redressal Mechanism shall be set up by the Board of Directors of KFSL to resolve disputes arising in this regard. This mechanism will ensure that all the disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level. The details of grievance redressal policy and grievance redressal officer is available on the Company website at www.kreon.in. The name and contact details of the Grievance Redressal Officer (GRO) of the Company shall also be prominently displayed at the offices/branches of the company where the business is transacted.

- a) The Company shall guide its customers who wishes to lodge a complaint and provide guidance on what to do in case the customer seems to be unhappy with the outcome.
- b) A Nodal Grievance Redressal Officer shall be appointed for the redressal of grievances in connection with any matter relating to business practices, lending decisions, credit management and recovery. The name and details of such officer shall be displayed on the Company's website.
- c) 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 DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the Company falls.
- d) KFSL shall comply with the directions provided under the Reserve Bank – Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021).

15. CODE REVIEW

The Code shall be amended or modified with approval of the Board. The Code shall be reviewed by the Board on an annual basis. Consequent upon any amendments in RBI guidelines or any change in the position of the Company, necessary changes in the Code shall be incorporated and approved by the Board.

There will be a periodical review of the compliance of the 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 quarterly basis.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

16. CODE DISCLOSURE

The Code shall be made available on the website of the Company for the information of various stakeholders.
