

# FAIR PRACTICE CODE

**Content Management**

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***Review/Revision of policy:***

This policy document will be reviewed and revised by the Compliance Team with approval of board of directors in response to changed circumstances, and in any event, at intervals of not more than one year or shorter review periods as may be stipulated by the Board of Directors.

***Regulatory Reference:***

RBI/DoR/2023-24/106, DoR.FIN.REC.No.45/03.10.119/2023-24 Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023.

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## 1. Introduction & Objective

Blacksoil Capital Private limited (herein referred to as “BCPL” or “the Company”) is a Systemically Important, Non-Deposit taking, Non-Banking Finance Company (NBFC-ND-SI) registered with RBI. It is base layer NBFC as defined under master directions Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, RBI/DoR/2023-24/105 DoR. FIN. REC. No.45/03.10.119/2023-24 dated 19 October 2023.

BCPL provides debt facility to growth companies, Financial Institutions and Supply Chain Financing for SME channel partners for their purchases and sales invoices.

This Fair Practice Code is pursuant to the Reserve Bank of India (RBI) model guidelines for adoption of Fair Practices Code by the Non-Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers.

Blacksoil Capital Private Limited have adopted all the best practices prescribed by RBI from time to time and shall make appropriate modifications, if any, issued by the RBI in this Code to conform to the standards prescribed. The Company has adopted this Fair Practices Code (FPC) and have implemented it. The FPC applies to all categories of products and services offered by the Company. BCPL has made this FPC available to all by uploading the same on its website.

BCPL shall ensure that the FPC is followed across the organization. Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of employee accountability, training, counseling, and monitoring, auditing programs and internal controls, and optimal use of technology.

BCPLs Board of Directors and the management team are responsible for implementing the fair practices hereinafter detailed and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products including lending and that all employees are aware of this commitment.

## 2. Fair Practice Code

**BCPL shall adopt the following fair practice code:**

### **I. Applications for loans and their processing:**

- All communications to the borrower shall be in a vernacular language or English language which is understood by the borrower.
- Loan application forms shall 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 forms should indicate the documents required to be submitted with the application form.
- BCPL shall provide an acknowledgement for all loan applications to the prospective borrower. The time frame, within which loan applications will be disposed of, will be indicated in the acknowledgement.

## **II. Loan appraisal and terms/conditions:**

- BCPL shall convey in writing to the borrower in the vernacular language or English language that is 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.
- BCPL shall mention the penal interest or delayed payment charges charged for late repayment in bold in the loan agreement.
- BCPL shall furnish a copy of the loan agreement preferably in the vernacular language or a language that is understood by the borrower along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

## **III. Disbursement of loans including changes in terms and conditions:**

- BCPL shall give notice to the borrower in the vernacular language or a language that is understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- BCPL shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard shall also be incorporated in the loan agreement.
- Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- BCPL 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 BCPL 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 BCPL is entitled to retain the securities till the relevant claim is settled/paid.

## **IV. Regulation of Excessive interest charged:**

- The Board of directors of the Company shall lay down appropriate internal principles and procedures to determine interest rates, processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans shall be kept in view.
- The Board of BCPL shall adopt an interest rate model taking into account all relevant factors such as, cost of funds, margin and risk premium etc. to determine 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 shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- The rate of interest shall be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.
- Please refer our Policy on 'Interest rate' for further details.

#### **V. General Practice**

- BCPL should 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 lender).
- In case of receipt of request from the borrower for transfer of borrower's account, the consent or otherwise i.e. objection of the BCPL, if any, should be conveyed within reasonable time from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, BCPL should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- BCPLs shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner and to make necessary enquiries with regard to existing debt of the borrowers.

#### **VI. Responsibility of Board of Directors**

- The Board of Directors of BCPL shall lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such mechanism should ensure that all disputes arising are heard and disposed of.
- 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 may be submitted to the Board at regular intervals, as may be prescribed.

#### **VII. Redressal of Grievances**

- BCPL shall display the following information prominently, for the benefit of the customers, at their places where business is transacted:

- 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.
- 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 BCPL falls.

For Interest rate, Pre-Payment Charges, Penal Charges and Appraisal & Processing Charges – Please refer in detailed – Interest Rate Policy.

For further details on grievance redressal process and escalation matrix, please refer to Grievance Redressal and Ombudsman Policy.

### 3. Key Commitments

The key commitments which BCPL promises to follow in its dealings with its borrower / customers are as follows:

#### **I. Dealing with customers:**

- BCPL shall act fairly and reasonably in all dealings with its borrower / customers by ensuring that Its procedures and practices will meet the commitments, fair practice code mentioned in this policy and meet relevant laws and regulations as applicable.
- BCPLs dealings with its customers will rest on ethical principles of honesty, integrity and transparency.
- BCPL shall assist customers in understanding its financial products and various services offered, providing information about products and services to borrower in simple vernacular language or a language that is understood by the borrower.
- BCPL shall guide the borrower in choosing required products and services and will explain the key features of the services and products the borrower has opted.
- BCPL shall clearly state the information required to collect from the customer to fulfill its Know Your Customer norms and to comply with legal and regulatory requirements in force from time to time.
- BCPL shall provide information on the various channels that can be used to access its products and services.
- BCPL shall guide the borrower on rights and responsibilities specific to the mode of operation under which the product is taken once the product is choose borrower.

#### **II. Loan Application/Terms & Conditions**

- BCPL shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.

- Change in interest rate and other commercial terms shall be made with prospective effect other than circumstances arising from regulatory instructions. Retrospective changes shall as far as possible be avoided and may be implemented only within the framework defined in the loan agreement.
- All terms and conditions will be fair and will set the customer's rights and responsibilities clearly and in plain language. BCPL will use legal or technical language only wherever necessary.
- BCPL will make available any charges applicable to products and services applicable at the time a customer signs up for the same. If BCPL increases any charges or introduces a new charge, BCPL will notify the same to the customers.
- Any decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- 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 BCPL is entitled to such set-off. The same will be in consonance with the terms of the loan agreement.
- BCPL will ensure that all advertising and promotional material is clear, fair reasonable and not misleading.

### **III. Confidentiality**

BCPL will treat all personal information as private and confidential. BCPL will not reveal transaction details to any other entity other than the following exceptional cases:

- If BCPL have to provide the information by statutory or regulatory laws. If there is a duty to the public to reveal this information.
- If BCPL have taken the customers permission (for instance at the time of loan sanctioning) to provide such information to its group / associate / entities or companies for providing other products or services.
- Where the customer asks BCPL to reveal such information to its group / associate / entities or companies for providing other services or products.

*The various commitments outlined and made by BCPL are applicable under the normal operating environment. In the event of Force Majeure, BCPL may not be able to fulfill the commitments under the FPC to the entire satisfaction of the customers/investors, the other stake holders and the public in general.*



**4. Appendix**

Sr No	Abbreviation	Full Form
1	BCPL	Blacksoil Capital Private Limited
2	CDD	Client Due Diligence
3	CEO	Chief Executive Officer
4	FPC	Fair Practice Code
5	KYC	Know Your Customer
6	NBFC	Non-Banking Finance Company
7	OVD	Officially Valid Documents
8	PAN	Permanent Account Number
9	PMLA	Prevention of Money Laundering
10	RBI	Reserve Bank of India
11	SMB	Small Medium Business