Fair Practice Code

Introduction:

a. **Kaunshya Investments Private Limited** (hereinafter referred to as "the Company" or "Kaunshya") is a non-deposit taking Non-Banking Financial Company registered with the **Reserve Bank of India ("RBI")**. The Company is an RBI approved NBFC to operate as an **Investment and Credit Company (NBFC-ICC)**. In accordance with the **Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025** ("RBI Master Directions"), the Company is categorized under the **Base Layer (NBFC-BL)**. Kaunshya is primarily engaged in the business of providing credit facilities and investment solutions to its diverse customer segments.

b. In alignment with the regulatory framework prescribed by the RBI, Kaunshya has established this **Fair Practice Code ("Code")**. This Code has been duly reviewed and approved by the **Board of Directors** and serves as the foundational document setting out the principles, standards, and ethical practices to be followed by the Company while dealing with its customers.

c. The Company has adopted this Code for its lending and investment operations to provide an unequivocal assurance to all borrowers and stakeholders of Kaunshya's commitment to **fair dealing, integrity, and transparency** in all business transactions. The Code is implemented across the organization and applies to all categories of products and services offered by the Company, regardless of the delivery channel.

d. Furthermore, the Code incorporates mandatory disclosure requirements and operational standards prescribed by the RBI vide its **'Guidelines on Digital Lending'** dated September 02, 2022, and subsequent updates, ensuring that the Company's digital interface and lending life-cycle remain fully compliant with modern regulatory expectations.

Purpose:

The primary objectives of this Fair Practice Code are:

- To promote ethical and professional practices by establishing minimum global standards for the Company to follow while interacting with its customers.
- To ensure complete transparency in the Company's dealings so that customers have a comprehensive understanding of the products, associated costs, and what they can reasonably expect from Kaunshya's services.
- To foster a fair, cordial, and long-term relationship between the Company and its customers built on mutual trust and clear communication.
- Empower customers with all relevant information, including the **Annual Percentage Rate (APR)** and terms of credit, enabling them to make well-informed financial decisions.
- To provide a structured and accessible mechanism for customers to voice their concerns

and ensure their grievances are resolved in a time-bound manner.

Applications for loans and their Processing:

A prospective customer shall be given all the necessary information, in a vernacular language or a language as understood by customer, adequately explaining the range of loan products available with our Company to suit his needs.

On exercise of choice, the customer shall be given the relevant information about the loan product of his choice. All information about the fees/charges, if any payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interests of the borrower shall be prescribed in the Application Form. This information will enable the applicants to have a meaningful comparison with similar provisions of other companies and thereafter to take an informed decision. The loan application form indicates the following documents required to be submitted to the company:

i. PAN card of the individual or equivalent e-document thereof;
ii. Officially valid documents or the equivalent e-documents thereof as proof of identity and address of individual;
iii. any other document as may be required by the Company for due diligence purposes.

The Company, before sanctioning the loan, would assess the ability of the borrower to repay the loan. The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily in our Company.

The Company has a system of giving acknowledgement for receipt of all loan applications indicating the time frame within which the applications will be disposed of.

Loan appraisal and terms/conditions:

The Company shall make proper assessment of all Loan applications. The Company shall conduct a due diligence on the credit worthiness of the applicants. Mere offering of Hypothecation on Asset will not be the sole consideration for sanctioning loans.

The Company will convey in writing to the borrower in the vernacular language or a language as 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 will also mention the penal charge which will be charged for late repayment and / or any other default on the part of the customer, in bold in the loan agreement.

The company shall furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

Penal charges in loan accounts

a. 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 capitalization 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.
b. The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
c. The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
d. 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.
e. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
f. The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company's website under Interest rates and Service Charges.
g. 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 therefor shall also be communicated.

Disbursement of loans including changes in terms and conditions:

a. The Company will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the applicable terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. (if applicable). The Company will also ensure that any changes in interest rate and other charges made therein are effected only prospectively. A suitable condition in this regard is incorporated in the loan agreement.
b. Decisions to recall / accelerate payment or performance under the agreement will be in accordance with the loan agreement.
c. The Company will release all securities (if any) 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 the Company may have against the borrower. 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.

General:

a. The company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).

b. In case of receipt of request for transfer of borrower account, either from the borrower or from another lender, which proposes intends to take over the account, the consent or otherwise i.e. objection of the Company, if any, depending on case to case basis, shall be conveyed to the customer and the other lender within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

c. In the matter of recovery of loans, the company will not resort to harassment viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

d. The company shall ensure about the adequate training of staff to deal with the customer in an appropriate manner. 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-borrower.

Responsibility of Board of Directors:

a. The Board of Directors of Kaunshya Investments Private Limited has laid down the appropriate grievance redressal mechanism within the organization. The 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 periodically reviews the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management.

Grievance Redressal Officer:

Client who wishes to provide feedback or send in their complaint may use the following channels between 9:30 am and 6:00 pm, from Monday to Friday (except on national holidays).

The name and contact of the Grievance Redressal Officer is as follows:

Mr. Raman Kumar Agrawal

Tel. No.: 1-800-570-5797 Mobile No.:- 9902519797
Email Id: support@finsall.com

If the complaint/dispute is not redressed within a period of one month, the customer may appeal to:

Chief General Manager & RBI ombudsman

Reserve Bank of India

10/3/8, Nrupathunga Road

Bengaluru -560 001

STD Code: 080 Tel. No. 22277660/22180221 Email: crpc@rbi.org.in

Regulation of excessive interest charged:

a. The Board of Directors has adopted an interest rate model for determining the rate of interest to be charged on loans and advances, processing and other charges taking into account relevant factors such as cost of funds, margin and risk premium, etc. 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 loan sanction letter and loan agreement.
b. The rates of interest has also been made available on the website of the company. The information published in the website or otherwise published shall be updated whenever there is a change in the approach for gradation of risks.
c. The rate of interest mentioned in the loan sanction and loan agreement shall be an annualized rate so that the borrower is aware of the exact rates that would be charged to the loan account.
d. The Board of Directors has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges while taking into consideration the guidelines prescribed under Fair Practice Code laid down in the applicable regulatory guidelines and in the spirit of transparency and in respect of terms and conditions of the loans.

Review of Policy

The Policy shall be reviewed once in a year or in between if required due to changes required in the model, for example any addition/deletion of a particular component forming part of benchmark calculation. The Board as the case may be, shall also be empowered to bring about necessary prospective changes to this policy, if so required at any stage at its own discretion or concurrence.

(This policy was approved by the Board of Directors on 17/11/2025)