

Fair Practices Code

This has reference to RBI Circular No. 2011-12/470/DNBS. CC. PD No. 266 /03.10.01/2011-12 dated March 26, 2012, wherein the Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for NBFCs to implement the same.

The Fair Practices Code, as mentioned herein below, is in conformity with these Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular. This sets minimum Fair Practice standards for the Company to follow when dealing with customers. It provides information to customers and explains how the Company is expected to deal with them on a day to day basis.

Objective of the Code

The code has been developed with an objective of:

- Ensuring fair practices while dealing with customers
- Greater transparency enabling customers in having a better understanding of the product and taking informed decisions
- Building customer confidence in the company

(i) Applications for Loans and their processing

- The Company offers financial Loan against securities to individuals and Corporate Bodies and inter-corporate loans .
- The 'Application Form / appropriate documents' of LKP for Loans offered by the Company will include all information that is required to be submitted by the Borrower. Necessary information will be provided by LKP to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Non Banking Finance Companies (NBFCs) and taking an informed decision based on the aforesaid comparison.
- The 'Application Form/ appropriate documents' of LKP may also indicate the list of documents required to be submitted by the Borrowers along with the Application form.
- LKP has a mechanism of giving an acknowledgement for receipt of Application from to its Borrower for availing loans. LKP would inform the Borrower about its decision within reasonable period of time from the date of receipt of all the required information in full.

(ii) Loan appraisal and terms/ conditions

LKP shall convey in writing to the Borrower by way of a sanction letter or otherwise, the amount of limit sanctioned along with all the terms and conditions including annualized rate of discount/ interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on LKP 's record. Any clause relating to penal interest charged for late repayment will be specified in bold in appropriate documentation. LKP at the time of sanction / disbursements of loans will furnish a copy of loan agreement to the borrower.

(iii) Disbursement of loans including changes in terms and conditions

- Through its published website or as appropriate if specific to a customer, LKP will give Notice to all its Borrowers, of any change in the terms and conditions of the sanction. LKP will also ensure that changes in discount/ interest rates and charges are effected only prospectively.
- Decision to recall/ accelerate payment or performance under the Agreement will be in consonance with the respective loan Agreement.
- LKP will release all securities of its Borrower only on repayment of all dues by such Borrower, or only on realization of the outstanding amount of the Borrower's availed limit, subject to any legitimate right or lien for any other claim which LKP may have against its 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 conditions under which LKP will be entitled to retain the securities till the relevant claim is settled or paid by the Borrower.

(iv) General

- LKP will refrain from interference in the affairs of its Borrower except for the purposes provided in the terms and conditions of the respective loan agreement (unless new information, not earlier disclosed by the Borrower, which may come to the notice of LKP).
- In case of receipt of request from the Borrower for transfer of Borrowal account, the consent or otherwise i.e. objection of LKP, if any, is generally conveyed to such Borrower within 21 days from the date of receipt of the Borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- In the matter of recovery of outstanding dues of its Borrower, LKP does not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans/dues, etc. Training will be imparted to ensure that staff is adequately trained to deal with customers in an appropriate manner.

(v) Regulation of Excessive Interest charged

The Company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.

The Company has adopted an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.

The rate of interest to be charged depends much upon the gradation of the risk of borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.

(vi) Grievance Redressal Mechanism

Borrowers and others who have grievances in respect of decisions of LKP's functionaries may

address their grievances to Mr. M. V. Doshi, Executive Chairman, at mvdoshi@lkpsec.com

The Board will periodically review the compliance of this Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

This Fair Practices Code will be available on the website of LKP - www.lkpsec.com , for the information of its Borrowers and various stakeholders. Any enhancement(s) or change(s) in the scope of this code will be uploaded from time to time in future on the said website.

