

## **SUMMARY OF POLICY**

<b>Policy name</b>	<b>Fair Practice Code</b>
<b>Related Polices and Regulations</b>	<b>RBI Guidelines on Fair Practice Code</b>
<b>Issue Date</b>	<b>June 2024</b>
<b>Effective date</b>	<b>June 2024</b>
<b>Date of Last Review</b>	<b>--</b>
<b>Owner/Contact</b>	<b>PRABHAT FINANCE PRIVATE LIMITED</b>
<b>Approve</b>	<b>Board of Directors' Panel of Prabhat Finance Private Limited</b>
<b>Annexure</b>	<b>None</b>
<b>Version</b>	<b>01.00</b>

## Table of Contents

1	INTRODUCTION	3
2	REGULATORY REQUIREMENT	3
3	ABOUT THE CODE	3
4	OBJECTIVES OF THE CODE	3
5	APPLICATIONS FOR LOANS AND THEIR PROCESSING	4
6	LOAN APPRAISAL AND TERMS/CONDITIONS	4
7	DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS	5
8	RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/SETTLEMENT OF PERSONAL LOANS	5
9	GENERAL	6
10	GRIEVANCE REDRESSAL CELL	6
11	PRICING DETERMINATION POLICY/ EXCESSIVE INTEREST RATE POLICY	6
12	DETAILS REGARDING REPOSSESSION OF VEHICLES	7
13	NODAL OFFICER/ PRINCIPAL NODAL OFFICER	7
14	VERNACULAR LANGUAGE	7
15	VALIDITY	7
16	REVIEW	7

## 1. INTRODUCTION

Prabhat Finance Private Limited (hereinafter referred as “the Company” or “PFPL”) a Non-Banking Financial Company (‘NBFC’) holding a valid Certificate of Registration (“CoR”) with Reserve Bank of India (‘RBI’) vide Certificate of Registration No. B-10.00343 dated June 11, 2023 under NBFC Base Layer – RBI (NBFC – Scale Based Regulation) Directions, 2023.

It is focused on offering financing of Loan against Property (LAP) - SECURED, Loan against property, and Personal Loan.

## 2. REGULATORY REQUIREMENT

The RBI has issued its extant guideline in respect of Fair Practice code, to be followed by an NBFC, by defining and setting standards, which are expected to comply with, while dealing with its existing or prospective customers, vide Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 (“**Master Directions**”), as amended from time to time.

The Company has put in place the best practices to follow while operating (which has been set out forth in this document) and implementing the “Fair Practices Code”.

## 3. ABOUT THE CODE

The code is applicable on all the services rendered by the Company from all its operating/service locations covering its every single establishment. The officials and authorized signatories of the Company are required to follow the code meticulously, irrespective of the place and location as well as the medium through which they render services. The Company has adopted a Fair Practices Code (“**Code**”) and implemented in the organization, which has duly been approved by the Board of Directors (“**Board**”).

## 4. OBJECTIVES OF THE CODE

The Company declares and undertakes that the primary objectives of the Code are as follows:

- a) To provide and promote professional, efficient, diligent and speedy services.
- b) Not to discriminate any borrower on the basis of religion, caste or gender.
- c) To be fair & honest in advertisement and marketing of loan products.
- d) To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities regarding loan transactions and to promote cordial relationship between customer & Company.
- e) To attempt in good faith to resolve any disputes or differences with customers by setting up complaint resolution process within the organizations.

- f) To comply with all the regulatory requirements in good faith.

## **5. APPLICATIONS FOR LOANS AND THEIR PROCESSING**

- 5.1** A prospective customer shall be given all the necessary information, in a vernacular language or a language as understood by the customer, adequately explaining the range of loan products available with our Company to suit his/her needs.
- 5.2** On exercise of choice, the customer shall be given the relevant information about the loan product of his/her 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.
- 5.3** The customer shall be explained the processes involved till sanction and disbursement of loan and shall be notified of timeframe within which all the processes will be completed ordinarily in our Company.
- 5.4** Customer shall be informed of the names and phone numbers of the persons whom he/she can contact for the purpose of loan to suit his/her needs.
- 5.5** 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.

## **6. LOAN APPRAISAL AND TERMS/CONDITIONS**

- 6.1** The Company shall make proper and prompt assessment of all Loan applications.
- 6.2** 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.
- 6.3** When sanctioned, the Company shall convey to the applicant the details of Loan amount, annualized rate of interest, overdue EMI interest for late payment, penal charges for non-compliance of material terms and conditions of loan agreement, repayment schedule, terms & conditions for loan and other charges in Loan Agreement in writing to the borrower in the vernacular language or any other language as understood by the borrower by means of sanction letter or otherwise and keep the acceptance of these terms and conditions by the borrower on Company's record.
- 6.4** 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 by the Company.
- 6.5** The Company shall furnish a copy of the loan agreement to the borrower along with a copy of each of the enclosures quoted in the loan agreement at the time of sanction / disbursement of loans.

- 6.6** In case of lending under consortium arrangement/co-lending arrangement, the participating NBFC/banks would decide the timeframe to complete appraisal of the proposal and communication of the decision. The Company will abide by the decision of the consortium.

## **7. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

- 7.1** The Company shall ensure timely disbursement of loans sanctioned in conformity with the terms & conditions. 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 & conditions including disbursement schedule, interest rates, service charges, prepayment charges and any other charges (as defined in the loan agreement), etc. Further, the changes in interest rates and charges shall be affected only prospectively, and the conditions in this regard must be incorporated in the Loan Agreement.
- 7.2** If the Company decides to recall/accelerate payment or performance under the agreement or to seek additional securities, it shall give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- 7.3** The Company shall carry out supervision of all the credit facilities sanctioned by it to ensure that the funds extended by it are safe and are deployed as per the terms of sanctions.
- 7.4** 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 it may have against borrowers. If such right to set off is to be exercised, the borrowers 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.

## **8. RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/SETTLEMENT OF PERSONAL LOANS**

- 8.1** The Company shall release all the original movable/immovable property documents after full repayment/settlement of loan account of the borrower.
- 8.2** The loan account of the borrower will be considered closed only upon full repayment of the principal amount of Loan, interest thereon and/or all other Dues payable in terms of the Loan Agreement executed between borrower and the Company.
- 8.3** On request of loan closure by the Borrower the Company shall issue the No Dues Certificate (NDC). Further the borrower shall also specifically request if he/she wishes to receive the property documents from the Corporate Office, instead of collecting them from the branch where the loan account was serviced.
- 8.4** The Company shall issue the NDC and release all the original movable/Immovable property documents to the Branch Office from where loan was serviced or from the Corporate Office, which may be requested by the borrower, within 30 days from the date of such request made by the borrower for the same.
- 8.5** The original movable/immovable property documents shall be prime facie handed over to the borrower himself/herself by the Branch/Corporate Office of the Company. However, there are exceptions when the Company may provide these documents to other individuals, as follows:

Case I: Demise of the Borrower(s): In the event of the demise of the sole or joint borrower(s),

the original property documents shall be handed over to the legal heirs of the deceased borrower(s) in the event, where the legal heirs shall show death certificate of borrower along with government approved KYC in which borrower's name is mentioned and the same also be checked by the Company.

Case II: Inability of the Borrower to Visit the Branch of the Company: If the borrower is unable to personally visit the branch office of the Company, then the original property documents shall be handed over to the borrower's legal representative or nominee of loan account, when the legal representative or nominee show valid evidence of this behalf and the same also be checked by the Company.

## **9. GENERAL**

**9.1** 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/loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).

**9.2** In case of receipt of request for transfer of borrowal account, either from the borrower or from another lender, which 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.

**9.3** In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure about the adequate training of staff to deal with the customer in an appropriate manner.

**9.4** 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(s) so as to protect the customer and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of the Company.

## **10. GRIEVANCE REDRESSAL CELL**

The complaints/grievances received from all stakeholders shall be handled in accordance with the Grievance Redressal Policy of the Company.

## **11. PRICING DETERMINATION POLICY/ EXCESSIVE INTEREST RATE POLICY**

The Board has adopted an interest rate model/Pricing determination policy taking into account relevant factors such as cost of funds, margin, risk premium, customer profile, underlying security etc. and determines 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 is disclosed to the borrower or customer and rate of interest is communicated explicitly in the welcome/sanction letter. The rates of interest and the approach for gradation of risks is detailed in Interest Rate Policy of the Company which is made available on the website of the Company.

Further, Risk gradation is determined based on the risk associated with customer profile products, type of loans, value of collateral available, tenor, quantum of loan etc.

Further the rate of interest mentioned are annualized rates so that the borrower is aware of the exact rates that would be charged to the account. The same is mentioned on the sanction letter/welcome letter also.

## **12. DETAILS REGARDING REPOSSESSION OF VEHICLES**

Loan agreements with Borrower shall have a built in re-possession clause which must be legally enforceable.

The terms and conditions of the contract/loan agreement shall contain provisions regarding:

- a) notice period before taking possession;
- b) circumstances under which the notice period can be waived;
- c) the procedure for taking possession of the security;
- d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- e) the procedure for giving repossession to the borrower; and
- f) the procedure for sale / auction of the property.

## **13. NODAL OFFICER/ PRINCIPAL NODAL OFFICER**

The Company has appointed Mr. Nikunj Maheshwari as Nodal Officer of the Company, in accordance with the Reserve Bank – Integrated Ombudsman Scheme, 2021, whose details are as follows:

Mr. Nikunj Maheshwari  
E-180, Shivpark Ambabari  
Jaipur-302039  
Contact us: +91 9314811125  
E-Mail ID: [nikunjmaheshwari28@yahoo.com](mailto:nikunjmaheshwari28@yahoo.com)

## **14. VERNACULAR LANGUAGE**

The fair practice code is also available in various vernacular languages, in the areas where Company operates its business and operations.

## **15. VALIDITY**

The Policy shall be valid till next review by Committee members and/or Board of Directors, as applicable.

## **16. REVIEW**

The Company's CEO, CFO and COO have been entrusted with the responsibility of enforcement of this Code. They are hereby given absolute power to jointly or severally, make necessary changes, amendments or additions or removals for the operational aspects of the Code within the overall spirit and guidance from time to time for reasons like technology or process upgradation, regulatory changes, maintaining competitive edge or responding to changes in market or risk environment, etc. This is required to ensure full operational freedom to the senior management and make the management team more adaptive to rapid changing external environment. All changes so made shall be noted to the Code approving authority during the next Code review.

The CEO, CFO and COO can decide on delegation of authority and can design / redesign MIS systems and reporting as they see fit to improve the responsibility and accountability within the team hierarchy.