



FAIR PRACTICE CODE

English
Fair Practice Code
PREAMBLE:
<p>The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers vide Circular No. RBI/DoR/2023-24/105 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 (as modified, amended and updated from time to time, the "FPC"). The FPC also seeks to incorporate various disclosure requirements prescribed by the RBI vide its ‘Guidelines on Digital Lending’ (“Digital Lending Guidelines”) dated September 02, 2022, as applicable to the Company’s lending business.</p>
<p>The Company in terms of aforesaid guidelines entails to adopts the following Fair Practice Code (“FPC”) for the Company’s lending activities under all category of the products.</p>

It is, and shall be, our policy to make credit products available to all qualified applicants without discrimination on the basis of race, caste, color, religion, sex, marital status, age, or physically/visually challenged.

Our policy is to treat all the clients consistently and fairly. Our employees will offer assistance, encouragement and service in a fair, equitable and consistent manner. We will also communicate our Fair Practices Code to our customers by placing it on the company's website.

We will ensure that the implementation of the Fair Practices Code is the responsibility of the entire organization. The Company's Fair lending practices shall apply across all aspects of our operations including marketing, loan origination, processing, servicing, and collection activities. Our commitment to Fair Practice Code would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company's Board of Directors and the senior management team is responsible for establishing practices designed to ensure that our operations reflect our strong commitment to fair lending and that all employees are aware of that commitment.

1. OBJECTIVE OF THE CODE:

- To ensure Fair Practices while dealing with the customers and promote good, fair, and trustworthy practices by setting up minimum standards and building customer confidence in the Company
- To ensure greater transparency enabling customers in having a better understanding of the product and taking informed decisions.
- To ensure that clients are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction.
- To monitor and administer client accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided.
- Recovery and enforcement, where necessary, is conducted following due process of law.
- To ensure compliance of applicable regulations prescribed by RBI relating to fair practices.

2. THE FAIR PRACTICES CODE APPLIES TO THE FOLLOWING AREAS:

- Applications for loans and their processing
- Loan appraisal and terms/conditions
- Disbursement of loans including changes in terms and conditions

- Post Disbursement Supervision
- Advertising and Marketing
- Loans Sourced Over Digital Lending Platforms
- General Provisions

PFL's commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology. The Company's Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to the FPC and that all employees are aware of the FPC.

3.1. APPLICATION FOR LOANS AND THEIR PROCESSING

- All communications to the borrower shall be in English or vernacular language or a language as understood by the borrower.
- Loan application forms of the Company will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other Non- Banking Financial Companies (NBFCs) can be made and informed decision can be taken by the prospective borrower.

- The loan application form shall indicate the documents required to be submitted with the application form. Indicative list of KYC documents such as address proof, Identity proof, income proof etc. will be submitted together with the duly completed application form.

- We shall give acknowledgement for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be indicated in the acknowledgment.

All loans sanctions are subject to completion of credit appraisal and verification procedures. The applications that do not meet the requisite criteria are declined. The loan status whether a sanction or a decline is promptly communicated to the customer in writing or verbally.

3.2. LOAN APPRAISAL AND TERMS / CONDITIONS

- Loan applications are subject to the credit appraisal process followed at Protium Finance Limited (PFL).

- At the time of loan sanction, a sanction letter indicating the loan amount sanctioned, method of application of that loan amount, the annualized rate of interest applicable to the borrower, processing fees, loan tenor, Equated Monthly Instalment (EMI) payable, other applicable fees and charges and other details as applicable, shall be conveyed to the loan applicant in writing in the English or vernacular language or language as understood by the borrower.

- The loan disbursement process would be initiated on receiving the written acceptance of such terms and conditions as mentioned in loan / facility agreement. This written consent of the applicant shall be retained by PFL and maintained in its records. A copy of the loan agreement shall be furnished to all borrowers at the time of disbursement of loans or shall be sent along with the welcome kit.
- Penalty, if charged for non-compliance of terms and conditions of loan agreement by the borrower shall be treated as “penal charges” and shall not be levied in form of “penal interest that is added to the rate of interest charged on the advances. There shall be no capitalization of such charges i.e. no further interest computed on such charges.
- The Company shall not introduce additional component to the rate of interest.
- 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.
- The penal charges in case of loans sanctioned to ‘individual borrowers, for purposes other than businesses shall not be higher than the penal charges applicable to non- individual borrowers for similar non-compliance of material terms and conditions.

- The quantum and reason for penal charges shall be clearly disclosed by the Company to the borrowers in the loan agreement, General terms and conditions/Key Fact Statement, Schedule of Terms or any other document by whatever name called forming part of the loan agreement in addition to being displayed on the Company's website under Interest rates and Service Charges. PFL shall mention the penal charges / liquidated damages / additional charges to be charged for default or late payment of dues '**in bold**' in the loan / facility agreement, besides mentioning prepayment penalty.
- The Company shall not charge to the borrower any fees, charges, etc. which are not mentioned in the KFS, at any stage during the term of the loan, without explicit consent of the borrower.
- 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.
- In case of lending under consortium 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.

3.3. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- PFL shall give notice to the borrower in English or vernacular language or language as understood by the borrower through electronic means including but not limited to e-mail, fax or in writing, of any changes to the terms and conditions, including disbursement schedule, interest rates, service charges, prepayment charges etc.
- For account specific charges, the changes will be communicated individually to the borrower through electronic means including but not limited to e- mail, fax or in writing. Other charges such as bounce cheque charges, late payment charges, cheque swap charges, statement of account, document retrieval charges, prepayment charges, re-booking charges, re-pricing charges, cancellation charges, PDC replenishment charges and other incidental charges are applicable depending on the product / scheme opted by the borrower. These charges shall be standard across customers irrespective of their credit worthiness and /or credit history.
- Changes in the interest rates and charges/ levies will be affected only prospectively.
- The schedule of charges is available on the website of the Company.

- The decision of the Company to recall / accelerate payment or performance under the agreement shall be in accordance with the terms and conditions in accordance with the agreement and duly acknowledged by the borrower.
- All securities pertaining to the loan would be released on receipt of full and final payment of the loans, subject to any legitimate right or lien, and set-off for any other claim that PFL may have against the borrowers. If such right of set-off is to be exercised, the borrower shall be given prompt notice about the same, with full particulars about the remaining claims and the conditions under which PFL is entitled to retain the securities until the relevant claim is settled / paid.
- As per the Reserve Bank of India (RBI) circular dated September 13, 2023, PFL has defined policy/procedure for the Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans and the same is available on the website of the Company.

3.4. POST DISBURSEMENT SUPERVISION

- The decision, if any, of the Company to recall/accelerate payment or performance of loan shall be in accordance with the terms and conditions of the loan agreement.

- The Company shall give reasonable time to the borrowers before recall of the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the loan agreement and/or other related documents.
- The collaterals lying with the Company may be released within reasonable time on receipt of full and final repayment of loans subject to any legitimate right or lien and set off for any other claim that the Company may have against the borrowers. 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 the Company is entitled to retain the collaterals till the relevant claim is settled / paid.
- In case where the borrower has availed facility allowing the borrower to borrow/draw monies within the overall amount sanctioned as and when needed by the borrower, the collateral may be retained by the Company for operational convenience and also to protect interest from potential defaults by the borrower and to protect the interest of the associate / group company/ies of the Company.

3.5. ADVERTISING AND MARKETING

- We will ensure that all advertising and promotional material is clear, fair reasonable and not misleading.

- We will provide the customers with a full range of financial products the customer is eligible for. Some of these products / services will be our own; some others may be the products of the companies with which we have tie-up arrangements. We will inform the customer of these companies with which we have entered a business arrangement and if the customer so desires, we will direct the staff / agents of the company for marketing their products / services.

3.6. LOANS SOURCED OVER DIGITAL LENDING PLATFORMS

Wherever the Company engage or does outsourcing of digital lending platforms as their agents to source borrowers and/ or to recover dues, the Company shall follow the following instructions:

- To disclose the names of digital lending platforms engaged as agents on the website of the Company.
- Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
- A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers.
- There shall be effective oversight and monitoring be ensured over the digital lending platforms engaged by the Company.

- Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

3.7. GENERAL PROVISIONS

- PFL shall 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 PFL).
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the PFL, if any, shall be conveyed within 21 days 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, PFL representatives shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. PFL shall ensure there is no rude behavior from its staff towards customers for which staff will be adequately trained to deal with the customers in an appropriate manner.
- There shall be no discrimination in extending products and facilities including loan facilities to the physically/ visually challenged applicants on the grounds of disability.
- The clarification issued vide RBI/2019-20/30 DNBR (PD) CC.No.101/03.10.001/2019-20 dated August 02, 2019, on 'Levy of foreclosure charges/ pre- payment penalty on Floating Rate Term Loans' state any

floating rate term loan lend to individual borrowers for purposes other than business shall not attract foreclosure charges/ pre-payment penalty. The status of co-borrower shall not be relevant for this clause.

- PFL has laid down the guidelines on Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans in the Interest Rate Policy of the Company and the same is available on the website of the Company.

4. CONFIDENTIALITY

- Unless authorized by the customer, the Company shall treat all the personal information of its customers as private and confidential.

- The Company may not reveal transaction details of the borrowers to any other entity including within the group except under the following exceptional circumstances:

-The Company has its duty to provide the information by statutory or regulatory laws including information to statutory bodies, law enforcement agencies, Credit Information Companies like CIBIL etc., RBI and or other banks/financial institutions, any other state, central or any other regulatory body, including courts and tribunals having jurisdiction.

- Customer has authorized the Company in writing to provide such information.

- If it is in the public interest to disclose such customer information.
- If its interest requires us to provide this information (e.g. Fraud prevention).
- If the borrower defaults to meets its obligation towards the Company.

5. INTEREST RATE POLICY

- The borrower will be communicated the annualized rate percentage in the sanction document while communicating the approval of a loan.
- This rate of interest is arrived at through PFL interest rate model which takes into account relevant factors such as cost of funds, margin, and risk premium.
- We take a comprehensive approach to the gradation of risk that does not discriminate between classes of borrowers, but rather tailors the interest rate to each loan.
- The decision to give a loan and the rate of interest thereon are carefully assessed on a case-by-case basis based on multiple factors which may include the borrower's cash flows (past, current and projected), borrower's other financial commitments, the borrower's credit record, the security for the loan as represented by underlying assets or other financial guarantees etc.

- Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.
- The Company shall charge interest from the date of the actual disbursement of the funds to the customer and not from the date of the sanction of loan or date of execution of loan agreement and shall comply with the instructions provided under RBI Notification on Fair Practices Code for Lenders – Charging of Interest dated April 29, 2024.
- The approved Interest Rate Policy including the approach for gradation of risk shall be published on the website of the company and shall be updated whenever there is a change in the rates of interest

RESPONSIBILITY OF BOARD OF DIRECTORS

PFL has laid down an appropriate grievance redressal mechanism within the organization. Such a mechanism ensures that all disputes arising out of the decisions of PFL are heard and disposed of at least at the next higher level. The Board of Directors of PFL also reviews 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 shall be submitted to the Board on a quarterly basis.

7. RESERVE BANK – INTEGRATED OMBUDSMAN SCHEME, 2021

PFL is covered under the Reserve Bank – Integrated Ombudsman Scheme, 2021 (RBIOS, 2021) shall comply with the directions provided under the said Scheme. The Ombudsman Scheme along with its salient features are available on the website of the Company.

8. GRIEVANCE REDRESSAL

PFL's policy is to treat and service all the clients consistently and fairly. PFL has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. This mechanism shall ensure that all disputes arising in connection with any matter pertaining to business practices, lending decisions, credit management and recovery decisions shall be heard, and the response would be sent for such complaint / grievance. For details, please refer to the Grievance Redressal Policy of the Company is available on the website and respective offices/ branch of the Company.

9. FORCE MAJEURE

The various commitments outlined and made by the Company shall be applicable under the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfill the objectives under the FPC to the entire satisfaction of the borrowers.

10. REVIEW OF POLICY

The Board of Directors shall review this Policy annually or on a need-basis i.e., in the event of change in regulatory framework or for business or operational need (whichever is earlier). Such updates / changes to the Policy will be communicated to the relevant staff /personnel (both in-house or outsourced) and relevant stakeholders across the Company.

Any deviations from this Policy can only be undertaken with the approval of the Board, unless specified otherwise in this Policy.