

POONAWALLA FINCORP LIMITED

FAIR PRACTICE CODE

To provide to all the stake holders, especially customers/ borrowers effective overview of practices followed by POONAWALLA FINCORP LIMITED ("PFL/ the Company") in respect of the financial facilities and services offered by PFL to its customers/ borrowers.

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1. INTRODUCTION

This FAIR PRACTICE CODE (hereinafter referred to as 'Code') is aimed to provide to all the stake holders, especially customers effective overview of practices followed by POONAWALLA FINCORP LIMITED (hereinafter referred to as 'Company/PFL') in respect of the financial facilities and services offered by the Company to its customers.

2. OBJECTIVE

This Code has been developed:

- To promote good, fair, and trust-worthy practices by setting standards in dealing with customers;
- To ensure transparency in the Company's dealings with its customers;
- To ensure compliance with legal norms in matters relating to recovery of advances;
- To enable customers to have a better understanding of what they can reasonably expect of the services offered by the Company;
- To reckon with market forces, through competition and strive to achieve higher operating standards;
- To strengthen mechanisms for redressal of customer grievances.

3. APPLICATION FOR LOANS AND THEIR PROCESSING

- i. All Loan Application Forms shall contain detailed information relating to the terms and conditions governing the Loan and other relevant information affecting the interest of our valuable customers. These forms shall also contain the particulars of standard documents to be submitted with the Application Form. However, the Company may, depending on the credit underwriting requirements, require other documents from the customers, as it may deem fit.
- ii. The Company explains to the customers the contents of various loan documents in the vernacular language, or a language understood by the customer and further ensures that the customer understands the terms and conditions governing the Loan.
- iii. 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.
- iv. The Company would send an acknowledgement for receipt of all loan applications. The Company will consider all the documents submitted and the information provided, verify the credit worthiness of the customer, and evaluate the proposal at its sole discretion. The expected time frame, within which loan applications complete in all respects along with all necessary documents will be disposed of, would be indicated in the acknowledgement of loan applications. The customer may also contact the customer service team to obtain an update on the status of his/ her/ its loan application.
- v. The completed loan application form shall indicate information which affects the interest of the borrower, the annualized rate of interest applicable, processing fee (if any), documents required to process application etc.

4. LOAN APPRAISAL AND TERMS AND CONDITIONS AND KEY FACTS STATEMENT FOR LOANS AND ADVANCES

- i. The Company shall convey in writing to the borrower in the vernacular language or other language as understood by the borrower, by means of sanction letter or otherwise, the following particulars:
 - Collateral Assets/Property details, if any;
 - Sanctioned Loan Amount;
 - Annualized rate of Interest to be charged;
 - Penal Charges;
 - Cheque bouncing penalty;
 - Tenor of loan;
 - Instalment amount and Repayment frequency;
 - EMI Commencement Date;
 - Prepayment penalty, if any.
- ii. The Company shall take acceptance of the aforesaid terms and conditions mentioned in the sanction letter by the customer(s) and shall be kept on record.
- iii. The Company shall furnish a copy of the loan agreement along with a copy of each of all enclosures quoted in the loan agreement to all the borrowers.
- iv. The Company shall mention the penal charges levied for late repayment in bold in the loan agreement.

The Company shall comply with the instructions contained in the circular on 'Key Facts Statement (KFS) for Loans & Advances as per the format prescribed in the circular.

Penal charges in loan accounts:

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. Other regulatory norms are to be followed as mentioned in the [RBI circular](#).

5. DISBURSEMENT OF LOANS AND CHANGES IN TERMS AND CONDITIONS

To ensure transparency, the Company shall keep the customers informed in the vernacular language or a language as understood by the borrower, in the event of any modification in terms and conditions, repayment schedule, interest rates, security, and other changes material to customer's relation with the Company. Any changes in interest rates and charges shall be effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.

6. RECALL OF LOAN

Any decision pertaining to recall of loans or acceleration of repayment or seeking any additional securities shall be taken strictly in accordance with the relevant provisions in the respective loan agreement with the borrower and amendments made thereto.

7. RELEASE OF SECURITIES

- i. The Company shall release all securities on repayment of all the outstanding dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claims, 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 and/ or repossess the securities till the relevant claim/ the total outstanding dues is settled/paid by the borrower.
- ii. The Company shall ensure that the charge over any security provided by the borrower is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the borrower:
 - payment of all the outstanding dues by the borrower;
 - transfer of account and consequent settlement of all outstanding dues;
 - closure of the loan account in due course following settlement of the loan account; and/ or
 - In the event any other right or lien exists, the borrower shall be notified about the same with full particulars thereof.

8. RESPONSIBLE LENDING CONDUCT – RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/ SETTLEMENT OF PERSONAL LOANSRelease of movable/immovable property documents:

The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.

The borrower shall be given the option of collecting the original movable/immovable property documents as per her/his preference. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.

In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay. All other norms to be followed as mentioned in the [RBI circular](#).

9. RESET OF FLOATING INTEREST RATE ON EQUATED MONTHLY INSTALMENTS (EMI) BASED PERSONAL LOANS

At the time of sanction, the company shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan, leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels. All other options shall be provided to the borrower as mentioned in the [RBI circular](#).

10. GENERAL CLAUSES

Non-Interference:

- i. The Company or any of the employee of the Company shall not interfere in the affairs of the borrower except as provided under the circumstances mentioned in the loan agreement.
- ii. If any new information or findings not previously disclosed by the borrower comes to the notice of the Company, the above restriction shall not apply.

Transfer of Account:

Whenever a request for transfer of loan account is received from a borrower, the Company shall respond to the same within 21 (twenty-one) days of receipt of request. Acceptance or refusal thereof shall be in accordance with terms of the loan agreement.

Recovery Process:

If any recovery proceedings need to be initiated, these shall be conducted in accordance with the rights provided under the loan agreement and in accordance with legally accepted norms. The Company shall ensure adequate training for its employee(s) to deal with the borrower(s) in an appropriate manner. The Company does not resort to coercive measures (like persistently bothering at odd hours, use of muscle power, rude behaviour or harassment from any of the staff of the Company) for recovery of loan amount from a borrower.

Foreclosure charges/ Pre-payment penalties on floating rate term loans:

As a measure of customer protection and in order to bring in uniformity with regard to prepayment of loans by the borrowers of the Company, the Company shall charge foreclosure charges/ pre-payment penalties as per para 31 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by RBI or any amendment made thereof from time to time.

11. REPOSSESSION OF SECURITY

- iii. The Company has the right to take possession of the asset(s) by giving 7 (seven) days' notice to the borrower to clear the outstanding dues or to hand over possession of the asset as per terms of the loan documents. Such notice need not be given in the following circumstances, subject to terms of loan agreement:
 - a. when the borrower agrees for waiver of such notice;
 - b. when the borrower has expressed his/ her/ its willingness to surrender the possession of the asset voluntarily.
 - c. when there is reasonable apprehension to the Company and/ or its officers/agents that such notice may defeat the taking of possession of the asset due to any foul play and/ or forcible resistance from the part of the borrower/ guarantor.
 - d. when the asset remains abandoned by the borrower for any reason.
 - e. when the borrower ceases to exist.
 - f. when the borrower has absconded with a view to prevent the recovery of the total outstanding dues from him/ her.
 - g. for any other similar reasons so as to facilitate peacefully taking possession of the asset by the Company; and/ or

- h. on such other conditions as mentioned in the loan agreement executed between the Company and the borrower.
- iv. The procedure for taking possession of the asset includes:
 - a. When the borrower fails to follow the demand made in the above referred notice, the Company may approach appropriate forum for an order enabling it to take possession of the asset by suitable ways either by way of a commissioner or receiver.
 - b. by asking the borrower personally to surrender the asset at a place convenient to the Company; and/ or
 - c. by compelling the borrower to hand over possession through the authorities so as to prevent the use of the asset by the borrower.
 - d. Borrower hand over the asset to Company appointed agency and agency takes peaceful possession of the asset by following due process.
- v. The above two clauses (i and ii) are not applicable to the cases wherein the borrower surrenders the asset voluntarily.
- vi. Provision regarding final chance to be given to the borrower for repayment of the outstanding dues before the sale / auction of the property:
 - The Company is entitled to transfer in any form like sale, rental and conversion for own use etc. the asset, the possession of which is obtained in any of the ways stated above or otherwise, in connection with the default, in the way convenient to the Company and appropriate the proceeds thereof towards repayment/dues from the borrower, when the borrower and guarantor fails to follow the notice for repayment of the outstanding dues within 7 (seven) days in any of the modes of service of such notice at the convenience of the Company, as a final chance to avoid the transfer under this clause. This right to transfer does not take away the sole discretion of the Company to return the possession of the asset in appropriate cases.
- vii. If such sale proceeds are insufficient to discharge the entire dues, the Company shall move further against the borrower and/ or the guarantor and if the sale proceeds exceed the due, the balance shall be paid to the borrower when he/ she claims it. However, the above entitlement is no bar for the Company to proceed against the borrower and/ or the guarantor directly, sparing the proceedings against the security/ asset.
- viii. The Company is entitled to recover from the borrower all types of expenses on full indemnity basis, incurred by or on behalf of the Company in ascertaining the whereabouts of the asset, taking possession, garaging, insuring, transporting, and selling the asset and also for other legal steps in connection with the loan agreement.

12. RESPONSIBILITY OF BOARD OF DIRECTORS

The Board of Directors or the Committee thereof of the Company shall lay down appropriate grievance redressal mechanism within the Company. Such a mechanism should ensure that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level. The Board of Directors, either through itself or by through any Committee thereof shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance 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 appropriate.

13. GRIEVANCE REDRESSAL AND CUSTOMER RELATIONSHIP MANAGEMENT

Customer Service is a key focus area for the Company. The Company believes in integrity, good governance, professionalism, transparency & client satisfaction while dealing with customer grievance.

The borrower(s) can register his/ her/ its grievance through any of the following channels.

- Branch — Customers can walk into any of the existing branches of PFL and any additional branches we will open from time to time:
- ✓ **Monday to Friday — 10:00 am to 6:00 pm**
- ✓ **Saturday- Fourth and Fifth (if any) of a month — 10:00 am to 6:00 pm**
- Website — <https://poonawallafincorp.com/contact-us.php> — Customers can reach us using the form on the website.
- Email — **Customer can send mail to** customercare@poonawallafincorp.com, grievance@poonawallafincorp.com, pno@poonawallafincorp.com
- Phone call — Customers can reach PFL at the toll-free number: **1800-266-3201**.
- Letter/post — Customer can send the letter to:
Poonawalla Fincorp Limited
201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036

The Customer Relationship Management (CRM) Manual of the Company specifies the SLA (TAT) with respect of redressal of any customer grievances. The Company has a robust mechanism to monitor customer grievances and take necessary steps to address gaps, if any. In the event of non-disposal of complaint by the designated executive, such complaint(s) shall be escalated using the escalation matrix intimated to the borrower(s) so that the borrower's grievance is resolved speedily. The Company shall disclose the following at all its branches/ places where business is transacted and on its website:

- a. 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.
- b. For escalation level and key personnel details (Nodal officer/ Principal Nodal Officer) in pertaining to grievance redressal kindly refer to Grievance redressal policy.
- c. that 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 under whose jurisdiction the registered office of the Company falls.

14. RESERVE BANK - INTEGRATED OMBUDSMAN SCHEME, 2021

- i. Appointment of the Nodal Officer/ Principal Nodal Officer Under the Ombudsman Scheme, the Company has appointed Nodal Officers (NOs) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company. The Principal Nodal Officer (PNO) shall be responsible, inter alia, for representing the covered the Company before the Ombudsman and the Appellate Authority under the Scheme. The Principal Nodal Officer shall be responsible for coordinating and liaising with the Customer Education and Protection Department (CEPD), RBI, Central Office.
- ii. For the benefit of the customers, at the branches/ places where business is transacted, the name and contact details (Telephone/ Mobile numbers as also email addresses) of the PNOs/NOs/GROs

and the name and contact details of the Ombudsman, who can be approached by the customer. The salient features of the Scheme (in English, Hindi, and Vernacular language) at all their offices and branches shall be prominently displayed in such a manner that a person visiting the office or branch has easy access to the information.

- iii. The details of the Ombudsman Scheme, name of Nodal Officer(s) and Principal Nodal Officer/ Grievance Redressal Officer of the Company shall be prominently displayed on the website.

Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023

The Company shall appoint the Internal Ombudsman after satisfying prerequisites as stated in the RBI guidelines.

The Internal Ombudsman shall not handle complaints received directly from the complainants or members of the public but deal with the complaints that have already been examined by the regulated entity but have been partly or wholly rejected by the regulated entity.

The Internal Ombudsman shall furnish periodic reports (including the analysis of complaints) on his / her activities to the Committee of the Board handling customer service and protection, preferably at quarterly intervals, but not less than half yearly intervals.

The company shall formulate a Standard Operating Procedure (SOP) approved by the Committee of the Board handling Customer Service and Protection and establish fully automated Complaints Management Software wherein all complaints that are partly or wholly rejected by the regulated entity's internal grievance redress mechanism are auto escalated to the Internal Ombudsman within 20 days of receipt, for a final decision.

The Internal Ombudsman and company shall ensure that the final decision is communicated to the complainant within a period of 30 days from the date of receipt of complaint by the company.

The company shall provide read-only access to their Complaint Management Software so that all complaints are accessible to the Internal Ombudsman who shall follow up cases of delayed escalation with the concerned department in the company. The company shall also provide access to the Internal Ombudsman in its Complaint Management Software, for adding his / her decisions on complaints escalated to the Internal Ombudsman.

All other norms to be followed as mentioned in the Master Direction Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023

15. REPOSSESSION OF VEHICLES FINANCED BY THE COMPANY

The loan agreement of the Company shall contain necessary repossession clauses with relevant details thereof as prescribed by RBI from time to time.

16. INTEREST RATES AND GRADATION OF RISK

Aim of adopting these practices is to communicate the annualized rate of interest to the borrower along with the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers to have a transparent trade with customers and also to comply with

the regulatory guidelines.

Interest Rate:

Appropriate internal principles and procedures in determining interest rates and processing and other charges shall be followed in line with the approved company policies from time to time. The rate of interest arrived shall be based on the weighted average cost of funds, administrative costs, risk premium and profit margin.

Gradation of Risk

The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as the type of asset being financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset, etc.

The rate of interest is subject to change as the situation warrants and is subject to the discretion of the Company on a case-to-case basis. The rate of interest informed is annualized rates so that the borrower is aware of the exact rates that would be charged to the loan account. The Company shall disclose the interest rates and gradation of risks on its website.

17. LENDING AGAINST COLLATERAL OF GOLD JEWELLERY

While lending to individuals against collateral of gold jewelry, the Company shall follow the general guidelines as mentioned in the [RBI circular](#).

18. REVIEW

The Audit Committee shall oversee the implementation of the Code and review its functioning periodically. Any changes proposed by the Audit Committee shall be placed before the Board for its approval.
