

# PRABHUDAS LILLADHER FINANCIAL SERVICES PVT LTD. (PLFS)

## Fair Practices Code

RBI, vide its Master Directions dtd 1st September 2016, has also issued guidelines of Fair Practices Code (FPC) to be followed by all NBFCs. PLFS has been following FPC as per RBI guidelines from time to time.

**Based on RBI guidelines of 1st September 2016, FPC policy of the company are as under :-**

### 1. Applications for loans and their processing

- (1) All communications to the borrower shall be in English language which is understood by our borrowers.
- (2) The loan application form shall indicate the documents required to be submitted with the application form.
- (3) Alongwith Loan application forms, standard process guidelines shall also be sent to borrower 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.
- (4) Company shall immediately give acknowledgement for receipt of all loan applications thru e-mails. Any discrepancy or deficiency in the application or in the information submitted by the borrower and additional information and details required from the borrower shall be promptly be informed to the borrower thru Relationship Managers thru e-mails.

### 2. Loan appraisal and terms/conditions

- 1) As English language is mainly acceptable to the borrowers, company shall convey in writing to the borrower in English language by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.
- 2) Company shall mention the penal interest clause charged for late repayment in the sanction letter which is also Annexure to the Loan Agreement.
- 3) Company shall furnish a copy of the loan agreement or enclosures quoted in the loan agreement and all other documents required alongwith sanction letter

### 3. Disbursement of loans including changes in terms and conditions

- (1) Company shall inform to the borrower in English language (which is the language preferred the borrowers) if there is any change in the terms and conditions indicated in the original sanction letter and Loan agreement
- (2) Company shall always ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the sanction letter / loan agreement.

(3) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

(4) Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim that the company may have against borrower. 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 securities till the relevant claim is settled/ paid.

#### **4. Applications for loans and their processing**

(1) Company 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 information, not earlier disclosed by the borrower, has been noticed).

(2) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the company, 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.

(3) In the matter of recovery of loans, company shall not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans, rude behavior from the staff of the companies. Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

(4) As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers

#### **5. Grievance Redressal Mechanism**

Company has laid down the appropriate grievance redressal mechanism. Such a mechanism shall ensure that all disputes are reviewed and disposed of at least at the next higher level. If any dispute remains unsettled, then such unsettled grievances shall be submitted to the Board at regular intervals for review and guidance.

#### **6. Grievance Redressal Officer**

Company has already appointed Sherin Antao as its Grievance Redressal Officer. Company has displayed the following information prominently, for the benefit of their customers, at the place where business is transacted: email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.

If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the RBI, Regional Office of Department of Non-Banking Supervision of the Bank (with complete contact details), under whose jurisdiction the registered office of the applicable NBFC falls.

## **7. Nodal Officer/ Principal Nodal Officer**

Company has appointed Sherin Antao as it Nodal Officer/ Principal Nodal Officer for submitting the details of the grievances called for by the RBI appointed Ombudsman from time to time

## **8. Interest charged by the company to its clients**

The Company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium while determining the rate of interest to be charged for loans to its clients. Generally interest rate of loans vary from 10% to 18% p.a.

The rate of interest is communicated explicitly in the sanction letter 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 in the standard process guidelines which is sent alongwith Application form.

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