

FAIR PRACTICE CODE

PHF Leasing Limited is committed to dealing with its customers in a fair and transparent manner. As a Non-Banking Financial Company (NBFC), the Company has put in place a revised Fair Practice Code duly approved in the Board of Directors meeting held on August 11, 2018 that incorporates both the RBI's guidelines and Master Circular dated July 01, 2015 on Fair practices for NBFCs, as well as other self-regulatory organizations. The code shall come into force with immediate effect.

Objective of the Code

Primary objectives behind development of this code are:

- (A) Promote good, fair and trustworthy practices in dealing with the customers;
- (B) Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.
- (C) Encourage market forces, through competition, to achieve higher operating standards;
- (D) Promote a fair and cordial relationship between the customers and the Company.

1. Company's Key commitments and Declarations:

- 1.1 To act honestly, fairly and reasonably in conducting Hire Purchase activities and to deal our customers on the ethical principles of integrity and transparency.
- 1.2 To not discriminate against clients on the basis of gender, race, caste, religion or language and to treat all the clients consistently and fairly.
- 1.3 To prominently display the Fair Practice Code on the notice board at Registered Office of company and put systems in place to ensure compliance. Moreover company always welcomes new ideas and suggestions from its clients. For this, the suggestion boxes are placed at the Regd. Offices.
- 1.4 To ensure transparency in the maintenance of books of accounts and disclosure of financial statements by qualified auditor/s.

2. Applications for availing loans and their processing

- 2.1 All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- 2.2 All the Loan/ Hire Purchase application forms shall contain all necessary information, especially the Rate of interest, Processing Charges, insurance charges, Penal and Overdue Charges and such other charges which affects the interest of the borrower, so that he can make a meaningful comparison with the terms and conditions offered by other NBFCs so that an informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the application form.

- 2.3 Company shall give acknowledgement for receipt of loan applications and other documents. The Company shall inform the party about the pendency of any information and document for processing the Loan application. The decision on loan application shall be taken not later than 30 days from the date of receipt of completed loan application. Loan application will be considered as complete, once all information has been duly received and filled in, and required documents have been submitted and found acceptable. The Loan application and acknowledgment shall contain the time frame within which loan applications will be disposed of.
- 2.4 The applicant will be given the contact number of the concerned officer from whom he can enquire about developments in the loan process.

3. Loan appraisal and terms/conditions

- 3.1 The company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
- 3.2 Company shall provide a legally enforceable re-possession clause in the contract/loan agreement with the borrower. To ensure transparency, the terms and conditions of the contract/loan agreement should also 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.
- 3.3 Company shall furnish a copy of the loan agreement along with the enclosures if any, preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.
- 3.4 To reinforce the understanding, company shall reiterate the terms and conditions, and responsibilities at the time of application, sanction and disbursement.
- 3.5 The terms and conditions explained to the borrower include, but are not limited to the following:
 - a) The manner of repayment of the loan.
 - b) The loan amount and tenure, rate of interest, method of application as well as other charges
 - c) The frequency of repayment – whether weekly, fortnightly or monthly (at the option of the borrower).
 - d) In case of co- borrower/guarantor(s), their responsibility in case of default.

3.6 Company undertakes to give due notice for any change in the conditions of the loan specially pertaining to interest rate and periodicity, quantum of installments and tenure of loan/(any changes in the loan process/procedures).

4. Disbursement of loans including changes in terms and conditions.

4.1 The company shall give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates and periodicity, service charges, prepayment charges etc. Company shall also ensure that changes in interest rates and charges shall be effective only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.

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

4.3 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 NBFCs 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 NBFCs are entitled to retain the securities till the relevant claim is settled/paid.

4.4 Company shall inform its clients clearly about all the terms and conditions of the loan, the advantages of timely repayments and the consequences of defaulting on loans.

5. Recovery of Loans

5.1 Company will ensure that its decision to recall/ accelerate payment based on performance is in consonance with the loan agreement.

5.2 In the matter of recovery of outstanding dues of its borrower, Company will not resort to undue harassment viz. the use of muscle power for recovery of loans, etc. Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

5.3 While enforcing its rights as a lender strictly, Company believes in polite language and abjures the use of abusive and harsh words.

5.4 Company undertakes to release all securities if any on repayment of all dues or on realization of the outstanding amount of loan, subject to any legitimate right or lien for any other claims it may have against the borrower.

5.5 If any such right of set off is to be exercised, the company will ensure that the borrower is given notice about the same with full particulars about the remaining claims and the conditions under which Company is entitled to retain the securities if any, till the relevant claim is settled/ paid.

6. Client protection principles

6.1 Company shall take reasonable steps to ensure that credit will be extended only if borrowers have demonstrated an adequate ability to repay and loans will not put

borrowers at significant risk of over-indebtedness. Similarly, Company will take adequate care that non-credit financial products (such as insurance) extended to low-income clients is appropriate.

- 6.2 The pricing, terms, and conditions of financial products (including interest charges, insurance premiums, all fees, etc.) will be transparent and will be adequately disclosed in the application form understandable to clients.
- 6.3 The privacy of individual client data will be respected, and such data cannot be used for other purposes without the express permission of the client other than the following exceptional cases:
 - If we have to provide the information by statutory or regulatory laws
 - If there is a duty to the public to reveal this information
 - If our interest requires us to provide this information (e.g. fraud prevention) to Banks / Financial Institutions / Our Group and Associate Companies.
 - We will not use this reason for giving information about customers to anyone else for marketing purposes.

7. Grievance Redressal Mechanism

- 7.1 The Company shall put in place a suggestion box at the prominent place of its branches/ offices for receiving the complaints of the customers. The borrowers have to inform the Branch about the complaint in writing. The said complaints shall be entered in the Register maintained for the purpose by the Grievance Redressal Officer duly authorized in this behalf.
- 7.2 Clients and others who have any grievances regarding functioning of company, may further address their grievances in writing to the Grievance Redressal Officer and further to the 'Managing Director' for redressal of his /their grievance who will dispose the same with in a period of 15 days from the date of receipt of such Grievance. In case the complainant is/ are not satisfied with the decision of the Managing Director, he/ they may appeal to the Board who will also dispose of the same within a period of 30 days from the date of receipt of the appeal.
- 7.3 All disputes arising out of the decisions of branches in relation to the products and services shall be heard and disposed off at least at the next higher level. Therefore, the following 'Grievances Redressal Mechanism' is put in place.

GRIEVANCE LEVEL	REDRESSAL LEVEL
Branch Nodal Officer	Customers Services
Customers Services	Mg. Director
Mg. Director	Board of Directors

- 7.4 A consolidated report of periodical review of compliance of fair practice code and functioning of the grievances redressal mechanism at various levels of management may be submitted to the Board/Committee of Directors at regular intervals as may be prescribed by it.
- 7.5 If the complaint/ dispute is not redressed within a period of one month, the customer may appeal to the:-

The General Manager
Department of Non Banking Supervision
Reserve Bank of India
Central Vista, Sector-17, Chandigarh-160017.
Telephone: 0172-272 1441, 0172-272 1441, Fax: 0172-271 0209
Emial: rsamar@rbi.org.in

- 7.6 Company will safeguard personal information of clients, only allowing disclosures and exchange of such information to others who are authorized to see it, with the knowledge and consent of clients.

8. Regulation on excessive interest charged

- 8.1 The Company shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine 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 shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- 8.2 The rates of interest and the approach for gradation of risks for differential rate shall also be made available on the web-site of the company or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- 8.3 The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

9. General

- 9.1 Company will refrains from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- 9.2 In case of receipt of request for transfer of borrowal account, either from the borrower or from a lender, which proposes to take over the account, the consent or otherwise i.e. objection of the company if any would 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.

- 9.3 The Company will call delinquent customers between 09:00 hrs. to 18:00 hrs. unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.
- 9.4 The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues, cost and expenses of such enforcement action.
- 9.5 The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent.

10. Compliance

- 10.1 The Company shall place before the Board of Directors within 30 days of the end of every half financial year as on September 30th and March 31st, a Compliance Report indicating the extent of compliance with the Fair Practice Code as at the end of said half financial year.
- 10.2 The Company shall also place before the Board of Directors within 30 days of the end of every half financial year as on September 30th and March 31st, a report on the functioning of Grievance Redressal Mechanism (specifically indicating any deviations and reasons therefore) as at the end of said half financial year.
- 10.3 The Fair Practice Code shall be in Vernacular Language and in the same is in English, the translation thereof or the bilingual version shall be put in place.
- 10.4 Fair Practice code shall be put on the Notice Board of all the Branches and offices of the company and website of the company if any for information of various stake holders.

Feedback and Suggestions

We request our customers to provide feedback on our service to help us to improve our services.

Monitoring

We have a Nodal Officer to ensure compliance of the Code.

Nodal Officer:

*Mr. Kuldep Bhandari
PHF Leasing Limited
Contact No. 0181-4639903
Email-id: phf_leasingltd@yahoo.co.in
Our internal auditing procedures make sure we meet the Code.*

Review

The Board of Directors shall review the Fair Practice Code and Grievance Redressal Mechanism on Half Yearly Basis within 15 days from the end of every half year for making suitable amendments, if any.

