
Policy for Fair Practice Code



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Fair Practice Code Policy

The Company's business would be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles - all of which form part of PFS's approved Credit Policy.

In addition, the Company would adhere to the Fair Practices Code in its functioning, the key elements of which are as follows:

1. Non Discrimination Policy.

PFS will not discriminate between its customers on the basis of sex, physical ability, caste, race or religion.

2. Applications for loans and their processing:

- a) All relevant information pertaining to the loan will be made available in the relevant loan application forms/ agreements, which affects the interest of the borrower. This will include information on the loan, its terms and the documents that are required to be submitted for the loan along with applicable fees and charges (if any)
- b) Receipt of completed application forms will be duly acknowledged by PFS and will also indicate the approximate time frame within which the client can expect to hear from PFS regarding his/her loan application.
- c) All communications to the borrower shall be in the vernacular language.
- d) Key Fact Statement for all Retail & MSME term loans, shall be defined as updated in the RBI directions and shall be shared with the applicable Borrowers.

3. Loan appraisal and terms and conditions:

- a) All loan applications will be assessed in accordance with PFS's internal credit appraisal process.
- b) PFS 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. PFS shall also define other terms and conditions including penal charges, additional interest, moratorium, upfront/processing/prepayment fee, repayment schedule. PFS will also mention the penal interest to be charged for late payment in bold in the sanction letter/loan agreement.
- c) PFS will furnish a copy of the loan agreement to the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrower's at the time of sanction / disbursement of loans.

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

- a) Any changes in the terms and conditions, including interest rates, service charges, prepayment charges etc. shall be informed to the client in writing in vernacular language or language understood by the Borrower before the change is implemented.
- b) Changes in interest rates and charges (including Penal Charges), shall be with prospective effect only. A suitable condition in this regard shall be incorporated in the loan agreement
- c) Decision to recall/accelerate payment in any loan shall be done in accordance with the terms and conditions of the sanction letter/loan agreement.
- d) All securities shall be released as per the request of the borrower, on repayment of all dues or on realization of the outstanding amount of loan subject to exercise of any legitimate right or lien for any other claim PFS may have against Borrower. If such right of set off is to be exercised, a notice shall be given to the borrower with full details and the conditions under which PFS is entitled to retain the securities till the relevant claim is settled/paid.

5. Penal Charges in Loan Accounts:

In loan accounts where PFS is sole Lender or Lead FI or under Multiple Banking arrangement, PFS shall charge penalty, for non-compliance of material terms and conditions of loan contract by the borrower which 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. PFS will not introduce any additional component to the rate of interest and shall ensure compliance in both letter and spirit. 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. Also, Default in repayment by the borrower is also a type of non-compliance of material terms and conditions of loan repayment contract by the borrower and penalty, if charged, for such default may only be levied in the form of penal charges and not penal interest. Penal charges can be different for same product category depending on the loan amount and as elaborated in the Credit Policy (for Loan Sanction Disbursement and Monitoring).

Further, penal charges shall not be capitalized (i.e no further interest on such charges shall be compounded on them). In case of consortium lending, Penal Charges shall be stipulated in line with the conditions as stipulated in the Common loan agreement.

6. Customer Protection:

- a) PFS would treat its entire customers' personal information as private and confidential and will not reveal details of customers' dealings with PFS to a third party, except as provided herein and in the following exceptional cases:
 - If PFS has to give the information to any statutory authority by virtue of law.
 - If there is a duty towards the public to reveal the information.
- b) PFS has internal principles and procedures in determining interest rates and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans will be kept in view.
- c) PFS has 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.

- d) The annualised rates of interest and the approach for gradation of risks 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 would be updated whenever there is a change in the rates of interest.

7. General

- a) PFS shall refrain from interference with the business of the borrowers except under the terms and conditions of the loan agreement (unless new information, not disclosed earlier, by the borrower has come to the notice of PFS).
- b) Where the borrower insists on transferring the loan, the consent or otherwise the objection if any, would be conveyed within 21 days from the date of receipt of such request of the borrower. Such transfer will be as per transparent contractual terms in consonance with law.
- c) In the matter of recovery of loans, PFS shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. .
- d) In the event of default by the borrower (after giving him proper notices and reminders), PFS, shall, without prejudice to its other rights and remedies, be entitled to and shall have absolute power and authority to use its discretion to sell and dispose of the security(s) kept by the borrower as collateral, as and when, PFS, may in its absolute discretion, deem fit and to apply the net proceeds of such sale in satisfaction so far as the same will extend towards liquidation of loan balance.
- e) PFS may also facilitate the documents in vernacular language as understood by the borrowers depending on the requirement.
- f) A copy of the duly executed loan agreements shall be provided to the borrowers in translated version also, if required by the borrower.
- g) PFS staff is adequately trained to deal with the customers in an appropriate manner and shall always be soft spoken and maintain helpful attitude with the borrowers.

8. Grievance Redressal:

- 1) PFS has a Grievance Redressal Mechanism in place to resolve the disputes
- 2) The Grievance Redressal Mechanism is available on the Company website and displays the following information prominently for the benefit of the stakeholders:
 - A. The name and contact details (Telephone as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of respective category of complaints against the Company.
 - B. If the complaint / dispute is not redressed within a period of one month for respective category of complaints against the Company, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Supervision RBI at: General Manager

Department of Supervision
Reserve Bank of India
6 Sansad Marg
New Delhi-110001

The public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the company, together with details of the grievance redressal officer and of the Regional Office of the RBI.

- 3) In case of any complaint/grievance, the concern may contact Grievance Redressal officer below:

Grievance Redressal Officer

PTC India Financial Services Ltd

Registered Office:

7th Floor, Telephone Exchange Building,

8 Bhikaji Cama Place,

New Delhi - 110 066, India

Tel: 011-26737300 Fax: 011-26737373/ 26737374

Email: gro@ptcfinancial.com

Website: www.ptcfinancial.com

- 4) All grievances shall be heard and disposed off by a person at least one level higher to the person / designation against / relating to whom the grievance is made. After examining the matter, it will be our endeavor to provide the borrower/applicant with our final or other response, within a period of Four (4) weeks from receipt of such complaint / grievance or such other timelines given under respective Grievance Redressal Mechanism for Customer policy.
- 5) MD & CEO / Director of PFS shall review the implementation and compliance with this code including the redressal of grievances periodically. A report to this effect shall be provided by the MD / Director for perusal of the Board on periodic basis. In case of any deficit in addressing the customer grievance, MD & CEO shall take suitable corrective action.
- 6) If the complaint / dispute is not redressed within a period of one month, the borrower may appeal to the Reserve Bank of India at following address:-

General Manager

Department of Supervision

Reserve Bank of India

6 Sansad Marg

New Delhi-110001

9. Review and Modification in Policy

Credit Appraisal Function shall initiate any amendment/modifications in view of the latest RBI guidelines and/or as directed by the Board of Directors/Board Committee(s) which shall be reviewed and vetted by Chief Risk Officer at least on annual basis. The policy shall be approved by Board of Directors on the recommendation of Risk Management Committee. Unless otherwise specified, such amendments/updates shall be effective from the date of the Board meeting; where such amendments are approved. Further, all guideline/ policy/ modifications issued by RBI or any other statutory agency shall automatically be applicable to PFS and shall form integral part of this policy.

10. Display on web-site

The Fair Practice Code of the Company shall be available in Hindi and English language and the same shall be displayed on the web-site of Company i.e. www.ptcfinancial.com for the information of various stakeholders.