

PIRAMAL FINANCE LIMITED
(Formerly known as Piramal Capital & Housing Finance Limited)

Policy:	Fair Practice Code
Approved on:	May 06, 2025
Version:	V 1.0 – (Review of Policy) – PFL (as an NBFC – ICC)
Approving Authority:	Board of Directors
Supersedes:	V 5.0 - PCHFL (as an HFC)

FAIR PRACTICE CODE

I. Intent and Content

This Code has been formulated by Piramal Finance Limited (Formerly known as Piramal Capital and Housing Finance Limited) (“The Company/ PFL”) pursuant to Chapter VII “Fair Practice Code (FPC)” of Master Direction –Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by Reserve Bank of India(“RBI”) vide RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023.

PFL being a non-banking Finance Company registered with the Reserve Bank of India shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards so prescribed. The Company’s policy is to treat all the clients consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner.

The Company will ensure that the implementation of the FPC is the responsibility of the entire organization. The Company’s fair lending practices shall apply on all its products and services, whether they are provided by PFL, its subsidiaries or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method and across all aspects of its operations including marketing, loan origination, processing, servicing, and collection activities.

II. Objectives

- a) Follow good, fair and transparent business practices by setting reasonable standards;
- b) Encourage market forces, through fair competition, to achieve higher operating standards;
- c) Relate to the customer in such manner so as to promote a fair and cordial relationship;
- d) Set such standards and practices so as to foster confidence in the housing finance system;
- e) Recovery and enforcement, where necessary, is conducted following due process of law;
- f) Promote a fair and cordial relationship between customer and the Company.

III. Application for loans and their processing

- a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b) The Company shall transparently disclose to the borrower all information about fees/ charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/ disbursed, pre-payment options and charges, if any, penal charges/ penalty for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest

of the borrower. The Company shall disclose 'all in cost' inclusive of all charges involved in processing/ sanctioning of loan application in a transparent manner. It shall also be ensured that such charges/ fees are non-discriminatory.

- c) Loan application forms should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other financial institutions can be made and informed decision can be taken by the borrower. The loan application form may indicate the list of documents required to be submitted with the application form.
- d) The Company shall provide acknowledgement for receipt of completed loan applications. The Company shall inform the borrower about its decision within a reasonable period of time from the time of all required information in full.

IV. Loan appraisal, terms/ conditions and Key Facts Statement for Loans and Advances

- a) Normally all particulars required for processing the loan application shall be collected by the Company at the time of application. In case it needs any additional information, the customer should be told immediately that he would be contacted again.
- b) The Company shall convey in writing to the borrower in the vernacular language or a language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with all 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.
- c) The Company shall mention the penal charges for late repayment in bold in the loan agreement.
- d) The Company shall furnish a copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement to every borrower at the time of sanction/ disbursement of loans, against acknowledgement.
- e) The Company shall comply with the instructions contained in the circular on 'Key Facts Statement (KFS) for Loans & Advances' dated April 15, 2024, as amended from time to time (format of KFS as given in the circular is incorporated in Annex XXVII of the Master Direction-Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023).

V. Disbursement of loans including changes in terms and conditions

- a) Disbursement shall be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- b) The Company should give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, penal charges (if any), service charges, prepayment charges, other

applicable fee/ charges etc. The Company should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

- c) Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, shall be in consonance with the loan agreement.
- d) The 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 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 are entitled to retain the securities till the relevant claim is settled /paid.

VI. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

- a) This is applicable to all cases where release of original movable/immovable property documents falls due on or after December 01, 2023.
- b) 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.
- c) The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of the company where the documents are available, as per her/his preference.
- d) 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.
- e) Compensation for delay in release of movable/immovable property documents –
 - i. 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.
 - ii. In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (i) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
 - iii. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

VII. Loans sourced over Digital Lending Platforms

Outsourcing of any activity by PCHFL does not diminish its obligations, as the onus of compliance with regulatory instructions rests solely with the Company. Wherever PCHFL engage digital lending platforms as their agents to source borrowers and/ or to recover dues, it shall adhere to the following instructions:

- a) Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
- b) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customers, that they are interacting the name of the Company on whose behalf they are interacting with.
- c) Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company.
- d) 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 at the time of sanction/ disbursement of loans
- e) Company shall ensure effective oversight and monitoring over the digital lending platforms engaged by it.
- f) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.
- g) Company shall ensure that a suitable nodal grievance redressal Officer is appointed by it and the LSPs engaged by it which has customer interface to deal with FinTech/ digital lending related complaints/ issues raised by the borrowers. Contact details of grievance redressal officers shall be prominently displayed on the websites of the Company, its LSPs and on DLAs and also in the KFS provided to the borrower. Company shall also ensure that the facility of lodging complaint is made available on the DLA and on the website of the Company.
- h) The responsibility of grievance redressal shall continue to remain with the Company.

VIII. Policy for Determining Interest Rates, Charged by the Company

To ensure that the customers are not charged excessive interest, and charges on loans and advances by the Company the Company has adopted appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal charges, if any). In this regard the directions in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view. Further the Board of the Company or appropriate authority as authorized by the Board shall undertake periodical review of the said Policy for determining Interest Rates, Processing and Other Charges. The Company will also put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

IX. Regulation of excessive interest charged by NBFCs –

- a) The Board of the company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium 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.

- b) The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- c) The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

X. Repossession of vehicles financed by NBFCs –

- a) The Company must have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:
 - (i) Notice period before taking possession;
 - (ii) Circumstances under which the notice period can be waived;
 - (iii) The procedure for taking possession of the security;
 - (iv) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property;
 - (v) The procedure for giving repossession to the borrower; and
 - (vi) The procedure for sale/auction of the property.
- b) A copy of such terms and conditions must be made available to the borrower. The Company shall invariably furnish a copy of the loan agreement 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, which forms a key component of such contracts/ loan agreements.

Penal Charges in Loan Accounts –

Separate Board approved Policy on Framework for Penal Charges has been adopted by the Company.

Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans (including housing loans) –

Separate Board approved policy on Framework for Reset of Floating Interest Rate has been adopted by the Company.

Fair Practices Code for Lenders – Charging of Interest dated April 29, 2024

The Company shall ensure compliance with the aforementioned circular on charging of interest.

XI. Privacy and Confidentiality

- i. All personal information of customers, both present and past, shall be treated as private and confidential and shall be guided by the following principles and policies.
- ii. The Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies/ entities in their group, other than in the following exceptional cases:
 - a. If the information is to be given by law.
 - b. If there is a duty towards the public to reveal the information.
 - c. If the Company interests require them to give the information (for example, to prevent fraud). However, it should not be used as a reason for giving information about customer or

- customer accounts (including customer name and address) to anyone else, including other companies in the group, for marketing purposes.
- d. If the customer asks the Company to reveal the information, or with the customer's permission.
 - e. If the Company is asked to give a reference about customers, they shall obtain his/ her written permission before giving it.
- iii. The customer shall be informed the extent of his/ her rights under the existing legal framework for accessing the personal records that the Company holds about him/ her.
 - iv. The Company shall not use customer's personal information for marketing purposes by anyone including the Company, unless the customer specifically authorizes them to do so.

XII. General

- i. The 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).
- ii. 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.
- iii. Whenever loans are given, the Company shall explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/ her notice or by making personal visits and/or repossession of security if any.
- iv. In the matter of recovery of loans, the Company shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- v. The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- vi. The Company shall comply with the directions provided under Reserve Bank – Integrated Ombudsman Scheme, 2021.
- vii. The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability.

XIII. Process for release of securities/property documents in the event of demise of sole/joint borrowers

In case of contingent event of demise of sole/joint borrower, the Company shall return original property documents to the nominee/legal heirs.

In case of obtaining original documents of deceased customers, the following documents of nominee/legal heirs shall be verified by the Company:

- i. Customers Death certificate
- ii. Document establishing relationship as per existing KYC norms.
- iii. Legal Heir Certificate/Succession Certificate/Letter of Administration
- iv. Nominee /legal heir photo ID proof
- v. Nominee/Legal Heir Photo & Signature ID proof
- vi. If all legal Heirs are not present at the time of document collection: POA from each of them to be obtained in format as desired by the company.

XIV. Guidelines on conduct towards microfinance borrowers

In addition, the Company shall also abide by the extant guidelines on conduct towards microfinance borrowers detailed as Annexure I as required under RBI's Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038 dated 14th March 2022.

XV. Review of the Code

The Board of Directors shall conduct annual review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

In addition to Fair Practice Code formulated by Piramal Finance Limited (Formerly known as Piramal Capital and Housing Finance Limited) ("The Company/ PFL") pursuant to Chapter VII "Fair Practice Code (FPC)" of Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by Reserve Bank of India ("RBI") vide RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, the Company shall also abide by the following Code of Conduct detailed as under pursuant to RBI's Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038 dated 14th March 2022

Application for loans and their processing

The Company extends microfinance loan i.e., collateral-free loan to a household having annual household income up to ₹3,00,000 irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels). The household shall mean an individual family unit, i.e., husband, wife, and their unmarried children.

Furthermore, such microfinance loans shall not be linked with a lien on any deposit account of the borrower.

Privacy and Confidentiality

The Company shall mandatorily submit information regarding household income to the Credit Information Companies (CICs) and the reasons for any divergence between the already reported household income and assessed household income shall be specifically ascertained from the borrower/s before updating the assessed household income with CICs.

The Company will ensure to provide timely and accurate data to the CICs and use the data available with them to ensure compliance with the level of indebtedness. Besides, the Company shall also ascertain the same from other sources such as declaration from the borrowers, their bank account statements and local enquiries.

Rate of interest /policy

The Company shall put in place a board-approved policy regarding pricing of microfinance loans which shall, inter alia, cover the interest rate model/ approach for arriving at the all-inclusive interest rate, delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc., the range of spread of each component for a given category of borrowers; and a ceiling on the interest rate and all other charges applicable to the microfinance loans. The Company will make certain that the applicable interest rates and other charges/ fees on microfinance loans will not be usurious.

The Company shall disclose pricing related information to a prospective borrower in a standardised simplified factsheet which will contain critical details related to the microfinance loan, any other collateralized loan and fees to be charged to the microfinance borrower. There shall be no pre-payment penalty on microfinance loans.

The Company shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in any literature issued by it for related loans and on its website.

The Company shall inform any change in interest rate or any other charge well in advance to the borrower and these changes shall be effective only prospectively.

Disbursement of loans including changes in terms and conditions

The Company shall design a standard form of loan agreement for microfinance loans in a language understood by the borrower.

The Company shall provide a loan card to the borrower in a language understood by the borrower containing the following information:

- (i) Information which adequately identifies the borrower;
- (ii) Simplified details related to pricing of the loan
- (iii) All other terms and conditions attached to the loan;
- (iv) Acknowledgements towards all repayments including instalments received and the final discharge; and
- (v) Details of the grievance redressal system, including the name and contact number of the nodal officer

The Company shall ensure that any issuance of non-credit products shall be done with full consent of the borrowers and fee structure for such products shall be explicitly communicated to the borrower in the loan card itself.

General

It is implied that outsourcing of any activity by the Company will not diminish its obligations and the onus of compliance with these directions shall rest solely with the Company.

The Company shall have a policy regarding the conduct of employees and system for their recruitment, training and monitoring which shall lay down guidelines on the minimum qualifications for recruitment and necessary training tools to carry out day to day activities. The Conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix. Additionally, the staff shall be trained on assessment / enquiries regarding the income and existing debt of the household of the prospective borrowers of Microfinance loans. Any training offered to the borrowers, shall be free of cost.

Complaints and Grievances Redressal

The Company shall proactively inform the details of the grievance redressal system, including the name and contact number of the nodal officer to the borrower of such loans.

The Company shall put in place a mechanism for identification of the borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available.

The Company shall have a dedicated mechanism for redressal of recovery related grievances and the details of this mechanism shall be provided to the borrower at the time of loan disbursal.

The Company will agree vide a declaration in the loan agreement / displayed in its website /offices / branch premises, that they shall be accountable any inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal to any such matters that are brought to its notice.

Recovery of Loans

The Company shall put in place a mechanism for identification of the borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available.

The recoveries of such loans be made at a designated/ central designated place decided mutually by the borrower and the Company. The field staff shall be allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated/ central designated place on two or more successive occasions.

The Company or its agent shall not engage in any harsh methods towards recovery and will follow the guidelines laid down in the Company's Policy for recoveries of dues in general while engaging with such borrowers. It shall be ensured that:

- i. There is no use of threatening or abusive language
- ii. Recovery Agent shall not persistently call the borrower and/ or call the borrower before 9:00 a.m. and after 6:00 p.m.
- iii. Recovery Agent shall not harass relatives, friends, or co-workers of the borrower
- iv. Shall not publish the name of borrowers
- v. There is no use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
- vi. Recovery Agent shall not mislead the borrower about the extent of the debt or the consequences of non-repayment

The Company shall have a due diligence process in place for engagement of recovery agents. The Company shall ensure that the nominated recovery agents engaged by them carry out verification of the antecedents of their employees.

The recovery agent shall carry a copy of the notice and the authorization letter from the Company along with the identity card issued to him.

The Company shall host a detailed list of recovery agencies engaged by them on their website which will be updated on periodical basis.