

CREDIFIN LIMITED

(Formerly known as PHF Leasing Limited)

Fair Practices Code

Introduction

The Reserve Bank of India (RBI) had issued guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) vide its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time, laying therein the Fair Practices standards when dealing with individual customers. This serves as a part of the best Corporate practice. Based on this, Credifin Limited (Formerly known as PHF Leasing Limited) (“the Company”) has formulated this Policy known as Fair Practices Code (“FPC”).

The Fair Practices Code, as mentioned herein below, is in conformity with these Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular. This sets minimum Fair Practice standards for the Company to follow when dealing with customers. It provides information to customers and explains how the Company is expected to deal with them on a day to day basis.

The Company shall also communicate the FPC to its customers by placing it on the Company's website at www.credif.in in English, Punjabi and other vernacular languages prevalent in the States of operations of the Company.

The Company's Board of Directors and the Management Team is responsible for establishing practices designed to ensure that the operations of the Company reflect strong commitment to fair lending and that all employees are aware of that commitment. The Company is committed to providing service of the highest quality to its clients. FPC based on the RBI Master Directions shall be put in place by the Company with the approval of the Board.

Objective of the Code

Primary objectives behind development of this code are:

- (A) To Promote good, fair and trustworthy practices in dealing with the customers;
- (B) To Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.
- (C) To Encourage market forces, through competition, to achieve higher operating standards;
- (D) To 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 financial and Hire Purchase activities and to deal our customers on the ethical principles of integrity and transparency.
- 1.2 Not to 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. The said application form may be accompanied by a check list for submission of such documents.

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 to be 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.

Company shall provide a legally enforceable hypothecation clause of receivables present and future (Principal outstanding Net of financial charges, NPAs and other charges etc.) in the contract/loan agreement with the borrower, consisting of assets created out of the funds financed by the company.

- 3.3 Company shall furnish a copy of the loan agreement along with the enclosures if any, preferably in the 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.
 - e) Submission of Pool details of Portfolio created by the borrower out of the funds disbursed by the Company.
- 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 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. Penal Charges

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 capitalisation 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. The Company has adopted an Interest Rate Policy which includes policy on penal charges or similar charges. 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.

The penal charges in case of loans sanctioned to individual borrowers shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions. The quantum and reason for penal charges shall be disclosed in the loan agreement, Key Fact Statement (KFS) and on the website (under Interest rates and Service charges). The Company shall implement a process to ensure that whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall also be communicated. Any instance of levy of penal charges and the reason therefore, shall also be communicated.

6. Release of Securities

The 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 the Company may have against the 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.

7. Responsible Lending Conduct - Release of movable/ immovable property documents on repayment/ settlement of Personal loans

Reserve Bank of India vide its Circular Ref. RBI/2023-24/60 dated September 13, 2023, issued guidelines regarding release of movable/immovable property documents on repayment/settlement of Personal loans. The term 'Personal Loan' here refers to loans given to individuals and consist of (a) consumer credit (b) education loan (c) loans given for creation/ enhancement of immovable assets (eg. housing etc.) and loans given for investment in financial assets (shares, debentures etc.) as per RBI Circular No. RBI/ 2017-18/117 dated January 4, 2018, on XBRL Returns – Harmonisation of Banking Statistics'.

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, subject to any legitimate right or lien for any other claim the Company may have against the borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the conditions under which company is entitled to retain the securities till the relevant claim is settled/paid.

The borrower shall be given the option of collecting the original movable / immovable property documents either from the Branch / Office where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference. The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letter issued on or after the effective date.

In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company shall have a well laid out procedure for return of original movable/ immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the Company along with other similar policies and procedures for customer information.

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 as per the above said guidelines or as specified by RBI from time to time.

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 per the guidelines referred to 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).

The compensation provided under the above said guidelines of RBI, shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

These Directions shall be applicable to all cases where release of original movable/immovable property documents falls due on or after December 1, 2023 as per the directions DoR.FIN.REC.No.45/03.10.119/2023-24 updated on October 10, 2024.

8. Recovery of Loans

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

- 8.2 In the matter of recovery of outstanding dues of its borrower, Company will not resort to undue harassment viz. persistently bothering the borrower at odd hours, 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.
- 8.3 While enforcing its rights as a lender strictly, Company believes in polite language and abjures the use of abusive and harsh words.
- 8.4 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. Company shall provide its customers information about the penalties liable to be levied in case of non observance , violation of any terms and conditions governing the product/ services chosen by them and all details in its tariff schedule of any charges applicable to the products and services chosen by them.
- 8.5 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.

9. Loan facilities to the physically/visually challenged

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for availing of the various business facilities. The Company's shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

10. Client protection principles

- 10.1 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.

The privacy of 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.

11. Grievance Redressal Mechanism

11.1 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.

11.2 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.

11.3 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.

- Designated officer as may be identified by senior management in each of its branch offices as Nodal officer (NO).
- If any customer is not satisfied with the resolution provided by the Nodal officer at the branch office, then escalation can be made to the Grievance Redressal Officer (GRO). His details are as follows:

NAME	CONTACT NUMBER	EMAIL ADDRESS
Mr. Kuldeep Bhandari	9872666613	kuldip@phfleasing.com

11.4 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.

11.5 If the complaint/ dispute is not redressed within a period of one month, the customer may appeal to

Reserve Bank of India

RBI Byculla Office Building

Opp. Mumbai Central Railway Station Byculla, Mumbai-400 008

STD Code: 022 Telephone No: 2300 1280 Fax No: 23022024

Email : nbfcomumbai@rbi.org.in

11.6 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.

12. Regulation on excessive interest charged

- 12.1 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.
- 12.2 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.
- 12.3 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.

13. General

- 13.1 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).
- 13.2 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.
- 13.3 **The Company will call delinquent customers between 08:00 hrs. to 20:00 hrs. unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.**

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.

14. Compliance

- 14.1 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.
- 14.2 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.

14.3 The Fair Practice Code shall be in Vernacular Language and if the same is in English, the translation thereof or the bilingual version shall be put in place.

14.4 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 Grievance Redressal Officers in following branches to ensure compliance of the code:

NAME	BRANCH	CONTACT NUMBER	EMAIL ADDRESS
Mr. Gurpreet Singh	Batala	8146426289	Gurpreet.s@phfleasing.in
Mr. Harpreet Singh	Amritsar	9592461069	harpreet@phfleasing.in
Mr. Naresh Sharma	Kapurthala	9814905586	naresh@phfleasing.in

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

Nodal Officer:

Mr. Kuldip Bhandari (CFO)

CREDIFIN LIMITED

(FORMERLY KNOWN AS PHF LEASING LIMITED)

Contact No.: 91151-00401

Email-id: compliance@credif.in

Our internal auditing procedures make sure we meet the Code.