

Fair Practice Code

Fair Practice Code(Ammended on07-06-2024)

The Reserve Bank of India vide its Circular No. DNBS.CC.PD.No.266 / 03.10.01 / 2011-12 dated 26 March 2012 issued guidelines on Fair Practices Code (FPC) for all NBFC's covering the general principles on adequate disclosures on the terms and conditions of a loan, adopting a non-coercive recovery method. Based on this, PNY Sabha Finance Limited formulated this policy known as Fair Practice Code (FPC) as approved on 29.11.2016 and reviewed and changed by the Board of Directors on 07-06-2024

OBJECTIVES

It shall be the policy of the company to make loan products available to all eligible applicants without discrimination on the basis of race, caste, color, religion, sex, marital status or physically challenged. All customers shall be treated consistently and fairly. Employees will offer assistance, encouragement and service in a fair, equitable, transparent and consistent manner. We will preserve the ever best customer relation and adopt fair practices in dealing with customers.

APPLICABILITY

The FPC will be applicable to all the offices of the Company including the Head Office, Anthikad Thrissur, Kerala, the Offices located in various centers and the Branches located across Kerala.

DECLARATIONS & COMMITMENTS

- i. The Company undertakes to abide by all applicable laws, regulations and guidelines passed / issued by the Regulators (Reserve Bank of India, SEBI, IRDA etc.) and other competent authorities such as Government, Local Authority etc.
- ii. The Company commits itself to full customer satisfaction through efficient, professional, and courteous services across all its offices.
- iii. The Company shall consistently strive to meet with and improve upon the internally set benchmarks and practices and be ahead of the standards prevalent in the industry.
- iv. The Company undertakes not to discriminate customers on grounds of religion, caste, gender or language.
- v. The Company will provide clear and full information about its products and services to its customers / prospective customers and will not resort to any misleading or potentially misguiding advertisement or publicity.
- vi. The Company undertakes to desist from introducing any products / services having elements of 'hidden charges' or lack of transparency.
- vii. The Company will communicate in the local language with the customers and in English at the request of the customer.
- viii. The Company undertakes to take all possible and reasonable measures to secure the safe custody of the security pledged by the customer and to compensate the customer for any accidental, inadvertent, or fraudulent loss of the security whilst in the custody of the Company.
- ix. The Company undertakes not to take advantage of any unintentional or clerical error made by the customer while transacting business.
- x. The Company is committed to putting in place a system for promptly addressing complaints and suggestions of the customers supplemented with a structured Grievance Redressal Mechanism having an escalation matrix.
- xi. The Company shall display the FPC on its website and make available to the Customer, on request, a copy of the FPC on demand.
- xii. The Company shall give at least three months public notice prior to the date of closure of any of its branches/offices in, at least, one

leading national newspaper and a leading local (covering the place of branch/ office) vernacular newspaper indicating therein the purpose and arrangements being made to service the depositors, etc.

LOAN APPRAISAL TERMS AND CONDITIONS.

- i. The Company shall make available loan application forms in the local language to all prospective customers free of cost at the concerned branches also mentioning the supporting documents to be submitted along with. An acknowledgement for receipt of duly completed loan application forms will be given to the customer in all cases. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement. Disbursement of the loan and acceptance of security will be carried out nearly simultaneously.
- ii. The Company shall disclose all relevant information relating to a loan / product in the loan application form such as eligible loan amount, interest rate, charges, penal charges etc before sanction of the loan to enable the customer / prospective customer to take an informed decision. From April 1, 2024, the Company will not be recovering penal interest instead will recover penal charges as at the rates and periods as per policy in place. In the case of goldloan the scheme and interest percentage will be changed if the interest is not serviced as per the agreement. The Customer / prospective customer will also be provided, on request, the detailed terms and conditions of the loan before sanction.
- iii. The Company shall ensure that a loan sanction letter is given to the customer containing all the terms and conditions governing the loan facility in the local language or other language understood by the customer. The Company shall mention the penalties charged for late repayment in bold in the loan agreement. The Company shall furnish a copy of the loan agreement 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. The loan sanction letter will also mention the loan amount, loan account number, interest rate, charges etc. The loan sanction letter which will bear the signature of the authorized official of the company will also serve as a receipt for the security pledged at the branch by the customer.

- iv. The Company shall not in the normal course make any changes / modifications in the terms and conditions of the loan, including rate of interest, which could adversely affect the customer financially or otherwise. In abnormal circumstances when such changes / modifications are inevitable, keeping in view the new circumstances, adequate and proper notice shall be given to the customer in the vernacular language, or a language as understood by the borrower about any such change/modification.

) RECOVERY OF DUES, EXERCISE OF LIEN & DELIVERY OF SECURITY

- i. The Company will not, as a matter of fair dealing, normally recall the loan before the initially agreed tenure except in unanticipated or abnormal circumstances where the Company's interests are adversely affected e.g. when the security value diminishes substantially (substantial diminution refers to reduction in security value of 30% and more), when the quality of gold is not found to be acceptable, due to any regulatory / government directives etc. In all such cases proper and reasonable notice shall be given to the customer recalling the loan before expiry of the normal tenure. Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- ii. The Company will make all possible soft or persuasive efforts to get the customer to repay the dues without resorting to disposal of the security. The Company does not accept nor will it encourage the use any coercive or hard measures to recover its dues from the customer.
- iii. The Company will deliver the security (gold) to the customer immediately upon settlement of the loan in the same condition as was at the time of sanction of the loan. 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. 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 as per regulators directions.

- iv. 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. 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.
- v. In case of any damage caused to the security (gold) due to mishandling by its employees, the Company shall at its cost get the damage repaired or alternately pay reasonable compensation to the customer on a case to case basis. 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. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed penalty period will be calculated thereafter (i.e., after a total period of 60 days). If the security (gold) has signs of damage thereon, before being taken custody of by the Company at the time of sanction of loan, the fact will be briefly incorporated in the sanction letter (pawn ticket).
- vi. The Company will exercise only legitimate right of lien over the pledged security or such cash surplus as may arise upon settlement of existing loans at any time. Such right of lien shall arise only if the customer has any other dues, either directly or as guarantor, and will be subject to proper intimation of such right of lien being given to the customer by the Company.

- vii. The Company shall issue a signed and, normally, a system generated receipt for all cash payments made by the customer immediately. The Company shall also accept payments vide cheques, demand drafts, electronic transfers etc. subject to the condition that return of the security will be made only after confirmation of realization.
- viii. Even though the loan sanction letter contains all applicable terms and conditions of the loan the Company shall, nevertheless, endeavor, on a best effort basis, to send advices, reminders etc. regarding due date for payment of interest, principal etc. by letter, courier service, telephone, SMS etc.
- ix. The Company shall, on demand, provide the customer or his duly authorized representative with a statement of the loan account at any time during the currency of the loan or immediately upon closure. However, the Company may, at its discretion, require payment of reasonable processing charges by the customer for providing statement of account if such demand is made 30 calendar days after closure of the account.
- x. The Company will resort to disposal of security only as a last resort and that too after adequate and proper notice is served on the customer to repay the dues. Such notice will be as per the terms contained in the sanction letter and also in compliance with applicable laws and regulatory guidelines. The disposal of the security will be taken up through public auction when the customer does not positively respond to the communications sent by the Company to close the loan account along with interest and other charges.
- xi. Where the Company proposes to dispose of the security even before the normal tenure of the loan based on the rights conferred on the Company vide loan application and loan sanction letter adequate and proper notice will be served on the customer before such action is initiated for recovery of dues.
- xii. The Company prefers and encourages customers to take back delivery of the security immediately upon full settlement of all dues. However, should there be exceptional instance of the Customer being unable to take delivery of the security, not attributable to the inability of the Company, after closure of the loan account reasonable safe custody charges may be payable which will be

- duly advised to the customer or displayed in the branch premises and the Company's website.
- xiii. The Company will not interfere in the affairs of the customers except for the purposes mentioned in the terms & conditions of the loan or when constrained to do so due to inadequate or false disclosures made by the borrower at the time of putting through the transactions.

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

CUSTOMER SERVICE & GRIEVANCE REDRESSAL

- i. The Company will implement all possible steps to prevent and minimize customer complaints / grievances.
- ii. The Company will facilitate the customer to pay the whole or part of the dues at any of the branches of the Company subject to the condition that delivery of the pledged security(gold) shall be made only at the branch where loan was originally disbursed.
- iii. The Board of Directors of the Company will put in place an effective Customer Grievance Redressal mechanism details of which will be displayed on the website and in all the branches. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level. The mechanism will specify inter alia the names & designations of the officials with whom complaints can be registered, their postal address / telephone numbers/ email address, escalation matrix, time limit for acknowledging receipt of complaint, time limit for dealing with the complaint etc. It will also put in place at all offices where business is transacted, the complete contact details of the Regional Office of RBI, Thiruvananthapuram, within whose jurisdiction the registered office of the company is situated, so that the customers may directly approach the RBI in case their grievances are not

- redressed within one month of the receipt of complaints by the company”
- iv. The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.
 - v. The Company will put in place an effective training system to ensure that employees of the Company are customer friendly and do not resort to rude, inappropriate or unethical behavior.
 - vi. The Company will endeavor to work out and display the time norms for putting through and completing the various transactions.
 - vii. vii)The Company will have a sympathetic approach to the problems faced by the customer, especially the poor and underprivileged sections.

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.

Lending against collateral of Gold Jewellery

They shall put in place Board approved policy for lending against gold that shall inter alia, cover the following:

- i. Adequate steps to ensure that the KYC guidelines stipulated by the Reserve Bank are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- ii. Proper assaying procedure for the jewelry received. At the time of granting loans, the Company will assay the purity which is not to be considered as final. The company will re assess the purity in the

event of the gold pledged being auctioned and the purity as assessed at the time of Auction will be final.

- iii. Internal systems to satisfy ownership of the gold jewelry,
- iv. Adequate systems for storing the jewelry in safe custody, reviewing the systems on an on-going basis, training the staff concerned and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewelry,
- v. The jewelry accepted as collateral shall be appropriately insured,
- vi. Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
- vii. The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper,
- viii. As a policy, the Company themselves shall not participate in the auctions held,
- ix. Gold pledged shall be auctioned only through auctioneers approved by the Board,
- x. The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- xi. The Company must insist on a copy of the PAN Card of the borrower for all transaction above ₹5 lakh when financing against the collateral of gold.

Documentation across all branches must be standardized

NAME OF THE NODAL OFFICER/APPELATE AUTHORITY PHONE& EMAIL

Concerned Branch Manager Available At Branch

Concerned Area Manager Available At Branch

Sri. M.S Predeep Managing Director 8606048600, md@pnysabha.in

The General Manager

Reserve Bank Of India,

Department of Non-Banking Supervision

Bakery Junction, Thiruvananthapuram. Pin 695033 0471 2338818, dnbsthro@rbi.org.in

CUSTOMER GRIEVANCES COMMITTEE

Name Designations

1. M S PREDEEP MD/CEO

2. P N SANDEEP DY. CEO

3. M S KESAVAN DY.CEO

CHAIRMAN OF THE COMMITTEE : M S PREDEEP

CONVENOR: P N SANDEEP

CONFIDENTIALITY

Unless authorized by the borrower, the company will treat all personal information and transaction details of the Customer as private and confidential and will not reveal to anyone except required (i) under statutory or regulatory laws, (ii) under duty to the public (iii) in the interest of the Company to Banks/Financial institutions/ Group and Associate Companies of the Company.