



# PRAYAAN CAPITAL

## FAIR PRACTICE CODE

### Registered Office

Prayaan Capital Private Limited  
11 Pillayar Koil, 2<sup>nd</sup> Cross Street,  
Krishna Nagar, Pammal,  
Chennai – 600075.

### Web Site

[www.prayaancapital.com](http://www.prayaancapital.com)

### E-mail

[Info@prayaancapital.com](mailto:Info@prayaancapital.com)

## **PREAMBLE**

### **Scope:**

Prayaan Capital Private Limited (hereinafter referred to as “PCPL” or “the Company”) is a private limited company incorporated under the provisions of the Companies Act, 2013 and is a Non-Systemically Important Non-Deposit Accepting Non-Banking Financial Company, registered with the Reserve Bank of India.

PCPL is engaged in the business of extending loans to entrepreneurs engaged in micro, small and medium enterprises with limited access to formal financial services.

This Code has been formulated pursuant to the Guidelines issued by the Reserve Bank of India on Fair Practices Code for Non-Banking Financial Companies, vide Circular No. DNBR (PD) CC.No.054/03. 10. 119/2015-16 dated July 01, 2015 wherein Reserve Bank of India (RBI) has summarized the guidelines on Fair Practices Code for NBFCs.

This policy applies to all customers including those with any complaints / enquiries as posted on social / any other media and we encourage all customers to reach out to the below platforms as required.

### **Objective:**

Fair Practice Code is a code adopted by PCPL, which aims to provide to all the stakeholders, especially customers effective overview of practices followed by the company in respect of the financial facilities and services offered by the company to its customers, and to achieve alignment of best practices while dealing with our customers in India. It aims to provide valuable inputs to customers and facilitates effective interaction of customers with the company.

- To promote good practices and ensure good practices in dealing with customers; by developing, training and implementation of Fair practices code

- To promote a fair relationship between the customer and company; greater transparency enabling customers in having a better understanding of the product and taking informed decisions
- To ensure compliance with legal norms and internal Collections Code of Conduct in matters relating to recovery of advances;
- To strengthen mechanisms for redressal of customer grievances; Building customer confidence in the company through a mechanism for constantly receiving feedback/grievances from customers

## **Operating Guidelines**

### **Applications for Loans and their processing**

- PCPL official language for all communications within the Company or with third parties shall be English.
- All communications to the borrower shall be in English or in vernacular language / the language as understood and confirmed by the borrower.
- The 'Application Form with checklist of documents' of PCPL will include all information and documents that is required to be submitted by the Borrower. Necessary information will be provided by PCPL to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Lending Institutions and taking an informed decision based on the aforesaid comparison.
- The 'Application Form with checklist of documents' of PCPL may also indicate the list of documents required to be submitted by the Borrowers along with the Application form.
- PCPL has a mechanism of giving an acknowledgement for receipt of Application form to its Borrower for availing loans. PCPL would inform the



Borrower about its decision within 15 Days from the date of receipt of all the required information and documents. For reasons beyond control of PCPL i.e. additional documents required to be required by the customer, any time delay in submission of said documents etc. the company would take a decision within reasonable period of time.

#### Loan appraisal and terms/ conditions

- PCPL shall convey in writing to the borrower in English or in vernacular language / the language as understood and confirmed by the borrower, by way of a sanction letter or otherwise, the amount of loan / limit sanctioned along with all the terms and conditions including annualized rate of interest and method of application thereof and shall keep the acceptance of these terms and conditions by the borrower on PCPL's record.
- Any clause relating to penal interest charged (additional interest rates) late repayment (in case of default) will be specified in bold in the Loan Agreement.
- PCPL at the time of sanction / disbursements of loans will furnish a copy of loan agreement to the borrower.
- PCPL ensures to convey and explain in detail all the terms and conditions of Sanction letter, agreement etc., in the language preferred by the customer.

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

- PCPL will give Notice to its Borrower(s), of any change in the terms and conditions of the sanction through its published website or as appropriate if specific to a customer. PCPL will also ensure that changes in interest rates, fees and charges are effected only prospectively.
- Decision to recall/ accelerate payment or performance under the Agreement will be in consonance with the respective loan Agreement.
- PCPL will release all securities of its Borrower only on repayment of all dues

by such Borrower, or only on realization of the outstanding amount of the Borrower's availed limit, subject to any legitimate right or lien for any other claim which PCPL may have against its 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 conditions under which PCPL will be entitled to retain the securities till the relevant claim is settled or paid by the Borrower. Due No- objection certificate will be issued to the customer on fulfillment of said terms within 15 workings days of completion of formalities.

### **General**

- PCPL will refrain from interference in the affairs of its Borrower except for the purposes provided in the terms and conditions of the respective loan agreement (unless new information, not earlier disclosed by the Borrower, which may come to the notice of PCPL).
- In case of receipt of request from the Borrower for transfer of Borrowal account, the consent or otherwise i.e. objection of PCPL, if any, is generally conveyed to such Borrower within 21 days from the date of receipt of the Borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- In the matter of recovery of outstanding dues of its Borrower, PCPL does not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans/dues, etc. Training will be imparted to ensure that staff is adequately trained to deal with customers in an appropriate manner.
- At present, the company does not have floating rate term loans, if the company introduces such a product in the future, the company as a policy shall not charge foreclosure charges/pre- payment penalties on the floating rate term loans sanctioned to its individual borrowers.
- Pursuant to notification no. DNBS.204/CGM (ASR)-2009 dated 2 January 2009 in respect to regulation of excessive interest charged by NBFCs, PCPL has adopted an Interest Rate Policy taking into account relevant factors



such as cost of funds, margin and risk premium, etc. to determine the rate of interest to be charged for loans and advances. The Interest Rate Policy also covers the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers and same is displayed on the website of the Company, [www.prayaancapital.com](http://www.prayaancapital.com)

- The Board of Directors of the Company have laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. The Board of directors would also conduct a periodical review of the compliance of The Fair Practices Code and functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews would be submitted to the Board at regular intervals, as prescribed by it.

### **Mandatory display requirements**

PCPL has the following in all our branches/places where business is transacted:

- Fair Practices Code
- Appropriate arrangement for receiving complaints and suggestions.
- Display of the name, address and contact number of the Complaint Redressal Officer. The process of the complaints redressal unit will ensure closure of all complaints to the customers' satisfaction.

They will ensure that the complaint is escalated to the appropriate levels in case it is not possible to resolve at his/her level. Whilst the ultimate endeavor is to ensure we reach a situation where our customers don't have to complain to senior management to get an effective redressal, we have put in a robust mechanism to handle these complaints, review them from a point of view of understanding reasons for the complaint and for the escalation and working on prevention of recurrence thereof.

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Sign: 

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