

PRODIGEE FINANCE LIMITED

Updated as on 01.01.2024

FAIR PRACTICE CODE



I. PREAMBLE

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Financial Companies (NBFCs) vide its master direction RBI/DNBR/2016-17/44 dated September 01, 2016, and as amended from time to time, thereby setting standards for fair business and corporate practice while dealing with their customers. **Prodigee Finance Limited** (“the Company”) hereby furnishes the Fair Practices Code (“the FPC”) based on the guidelines issued by RBI. The Company shall also make appropriate modifications in the FPC from time to time to conform to the standards that may be prescribed by RBI from time to time. Considering the nature of business of the Company, it is proposed to establish the following as the Fair Practices Code for the Company’s lending activities.

Based on the current business of the Company, the Fair Practices Code shall apply to the following categories of products and services offered by the Company:

- a) Personal Loans – Samarth Loans
- b) Loan against Property – Saksham Loans
- c) MSME/Business Loans – Samriddhi Loans
- d) Loans for Education Sector – Smart Fee Program
- e) Any other type of loan as and when decided.

(Commitments made in the FPC are applicable under a normal operating environment).

II. KEY OBJECTIVES



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The key objectives of putting in place the FPC are as follows:

- a) To act fairly and reasonably in all the dealings with borrowers by ensuring that:
 - i. The Company’s products, services, procedures, and practices will meet the broad requirements and standards in the FPC.
 - ii. The Company’s products and services will be in accordance with relevant laws and regulations applicable for the time being in force.
 - iii. The Company’s dealings with its borrowers will rest on ethical principles of honesty, integrity, and transparency.
- b) The Company will assist its customers in understanding as to what the broad features of its financial products and services are and what are the benefits and risks involved in availing the same by:
 - i. Providing information about the products and services in a simple manner.
 - ii. Explaining the financial implications of using the products and services.
- c) The Company will make every attempt to ensure that its customers will have trouble-free experience in dealing with it. However, in case of error of commission and/or omissions, it shall:
 - i. Deal with the errors promptly and effectively

- ii. Deal with the Grievances redressal in a quick and efficient manner and to the satisfaction of the customers.
- iii. Promptly handle Complaints.
- iv. Have an Escalation process, in the event of dissatisfaction of the borrower in handling their complaint(s).

III. APPLICABILITY OF FAIR PRACTICE CODE

The FPC will be applicable to the following broad areas:

- i. Loan applications and processing thereof.
- ii. Loan appraisal and terms/conditions.
- iii. Disbursement of loans including changes, if any, in terms and condition.
- iv. Post disbursement supervision/monitoring.
- v. Loan Sourced from Digital Lending Platforms
- vi. Other general provisions.
- vii. Regulation of excessive interest charged.
- viii. Regulations for Possession of the collateral security/property

i. Loan Applications and Processing Thereof

- Loan Application Forms will be made available to the prospective borrowers on request.
- The loan documentation set will, inter alia, include the broad features and the terms and conditions governing the loan. This would enable the borrowers to take an informed decision by comparing and analyzing the terms offered by the Company with other lenders in the market. The said Form shall also specify the documents required to be submitted by the borrowers.
- The Loan Application Form may also list the additional information required from the borrowers and their family members to enable the Company to create the database.
- The Loan Application Form shall provide for giving an acknowledgement to the borrowers acknowledging receipt of the same.
- All the loan applications shall be disposed of within a period of 90 days from the date of receipt of duly completed Loan Application Forms together with the requisite documents and subject to receipt of all documents complying with prevailing rules and regulations by the borrower.
- All communication with the borrowers shall be in the vernacular language or a language as understood and confirmed by borrowers.

ii. Loan Appraisal and Terms/Conditions

- The Company shall consider all the loan applications keeping in mind the risk-based assessment procedures adopted by it.
- The Company, before sanctioning the loan, would assess the ability of the borrowers to repay the loan.
- The grant of the loan shall be communicated to the borrowers in writing in the vernacular language as understood by the borrower through a Sanction Letter. The borrowers shall give their acknowledgement in writing in token of their acceptance of terms and conditions

governing the loan. The Sanction Letter shall contain the broad terms and conditions governing the loan including the annualized rate of interest and method of application thereof.

- A copy of the loan documents including loan agreement and annexure thereof shall be made available to the borrower.
- Penalty, if any, charged, for non-compliance of material terms and conditions of loan contract or agreement with 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 capitalization of penal charges i.e. no further interest computed on such charges. However, this will not affect the normal procedures for compounding interest in the loan account.
- There will not be any additional component to the rate of interest.
- The quantum of penal charges is kept 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 quantum and reason of penal charges are mentioned in Schedule -1.
- The Penal charges in case of loans sanctioned to individual borrowers for purposes other than business, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- The penalties charged for late repayment will be mentioned in bold in the loan agreement.
- In case of lending under consortium arrangement, the participating NBFC/banks would decide the time frame to complete appraisal of the proposal and communication of the decision. The Company will abide by the decision of the consortium.
- We shall clearly disclose the quantum and reason of penal charges, in the loan agreement, most important terms and conditions/ key fact statement as applicable. in addition to our website under interest rates and service charges.

SCHEDULE -1

Sl. No.	Particulars	Penal Charges
1	Penal charges on overdue in loan account	Penal charges equivalent to 3 percent per month on overdue amount to be charged till the account is regularized. However, no further interest shall be charged on penal charges. GST shall be charged as and when applicable. For Co-Lending, penal charges equivalent to 5 percent per month on the overdue amount to be charged till the account is regularized.
2	Penal charges for non-compliance of any other terms and conditions	Penal charges equivalent to 2 percent per month on balance outstanding amount, to be till the account is regularized. However no further interest shall be charged on penal charges. GST shall be charged as applicable.

Note – Both the penal charges mentioned above shall be independent to each other.

iii. Disbursement of loans including changes in Terms and Conditions

- Disbursement of the amount of loans sanctioned may be made available to the borrowers on demand subject to completion of all formalities including execution of loan documents.

- Any change in the terms and conditions, disbursement schedule, interest rate, service charges, prepayment charges, penal charges, etc. shall be notified to the borrowers in writing; in the vernacular language or a language as understood by the Borrower.
- Changes in the interest rates, penal charges and service charges shall be made applicable prospectively. The loan agreement shall contain a specific clause in this regard.

iv. Post Disbursement Supervision

- The decision, if any, of the Company to recall/accelerate payment or performance of loan shall be in accordance with the terms and conditions of the Loan Agreement.
- The Company shall give reasonable time to the borrowers before recalling the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the Loan Agreement and other related documents.
- The collateral lying with the Company may be released on receipt of full and final repayment of loans within 30days to any legitimate right or lien and set off for any other claim that the Company might have against the borrowers. However, in cases where the borrower has availed facility allowing him to borrow/draw monies within the overall amount sanctioned as and when needed by him, the collateral may be retained by the Company for operational convenience and to protect its interest from potential default by the borrowers.
- Whenever reminders for non-compliance of material terms and conditions are sent to borrowers, the applicable penal charges shall be communicated. Further any instance of levy of penal charges and the reason therefor shall also be communicated.

v. Loan Sourced from Digital Lending Platforms

- Names of digital lending platforms engaged as sourcing agents (referred to as agents, hereinafter) shall be disclosed on the website of the Company.
- Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, Company's name and Prodigee Finance Limited will disclose the agent's name on whose behalf they are interacting with him.
- 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.
- A copy of the loan agreement along with a copy of each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/disbursement of loans.
- Effective oversight and monitoring shall be ensured of the digital lending platforms engaged by the Company.
- Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

vi. Other General Provisions

- The Company shall refrain from interfering in the affairs of the borrowers except as provided in the terms and conditions governing the loan as contained in the loan documents (unless new information, not earlier disclosed by the borrower, has come to its notice).

- The Company shall generally convey its consent within a reasonable period to all requests from the borrower to transfer the loan account of a particular borrower to another NBFC, bank or financial institution. Such transfer shall be in accordance with the contractual terms entered into with the borrower and in accordance with the statutes, rules, regulations, and guidelines as may be applicable from time to time.
- The Company shall not discriminate on the grounds of gender, caste or religion in its lending policy and activities.
- In the case of recovery of loans, the Company shall resort to the usual measures, which are legally and legitimately available to it and as per laid down guidelines and extent provisions and shall operate within the legal framework.
- The Company shall provide the terms and conditions in respect of its lending activities or services whenever the borrower requests the same.
- On request from borrower for closure of his loan account, the request will be executed within 21 days from receipt thereof request subject to clearance of pending dues and completion of all the formalities as prescribed by the Company. In case the request cannot be executed in the time frame stated above due to any reason, the same may be communicated to the borrower.

vii. Regulation of excessive interest charged

- The Board of Prodigee Finance Ltd. shall adopt an interest rate model considering 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.
- 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.
- The rate of interest must be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

viii. Regulations for Possession of the collateral security/property

Prodigee Finance limited 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 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 the 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. A copy of such terms and conditions must be made available to the borrowers in terms of circular wherein it was stated that NBFCs may 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 may form a key component of such contracts/loan agreements.

ix. Key Facts Statements [KFS]

The KFS should be made available to the borrower covering in the cases related to outsourcing of financial services:

- Name and address of lender and service provider along with address and contact number.
- Nature and amount of loan sanctioned.
- Application and sanction letter should be issued to borrower on our letter Head.
- Annual rate of interest to be charged inclusive of processing, and any other charges except penal interest for delayed period in repayment of loan installments and cheque/NACH bounced charges.
- Penal interest and other charges should also be incorporated in a key fact statement.
- Cool-off period – to be mentioned.
- Copies of documents to be made available to the borrowers.
- Repayment period/No. of EMI and amount of EMI to be disclosed.
- Name/ address of common nodal officer should be displayed on our website as well as on the website of service provider.

x. CONFIDENTIALITY

- Unless authorized by the borrower, the Company will treat all his personal information as private and confidential.
- The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:
 - i. If the Company is required to provide the information to any statutory or regulatory body or bodies.
 - ii. If arising out of a duty to the public to reveal the information.
 - iii. If it is in the interest of the borrowers to provide such information (e.g., fraud prevention);
 - iv. If the borrower has authorized the Company to provide such information to its group / associate /entities or companies or any such person/ entity as specifically agreed upon.

xi. Customers complaint and Grievance Redressal framework to handle customer Complaints/ Grievances shall be as under:

Constitution of Nodal Cell – It has been decided to constitute a nodal cell for better customer service and timely redressal of customer complaints/Grievances. The nodal cell shall have two members of which one shall be the nodal officer. The following officials are nominated in the nodal cell:

Name of the Officers	Designation in the company	Position in Nodal Cell
Saurav Pandey	Senior Manager (Operations & Credit)	Member
Rohit Bunkar	Chief Manager	Nodal officer

Constitution of Customer Service Committee – To ensure the continuous monitoring of customer service and to achieve the highest level of customer satisfaction, the company has also decided to constitute the customer service committee with the following members:

Name of the Officials	Designation in the company	Position in the Committee
Amit Goel	Managing Director	Chairman
Suresh Jain	General Manager & Chief Customer Service Officer	Member
Rohit Bunkar	Chief Manager	Member
Saurav Pandey	Senior Manager (Operations & Credit)	Member

The meeting of the committee shall be held every month, and the minimum quorum shall be 3 members. The review of status of redressal of customer complaints/grievances shall be done by the committee and will be the permanent agenda item of the meeting along with the other matters as per permission of the chair.

GRIEVANCE REDRESSAL MECHANISM

The Company has provided for three tiers Complaint/Grievance Redressal Mechanism to resolve any of its customers query/ grievance.

Customers may provide feedback or send their complaint/Grievances using the following channels between 09:30 A.M. and 6.00 P.M., from Monday to Friday (except on national holidays).

- He/she can mail the complaint on Company's mail id, i.e., customer.care@prodigeefinance.com
- Email us at customer.care@prodigeefinance.com
- Call us at 0755-4002699
- Write to us at the below mentioned address:

Customer Care:
Prodigee Finance Limited
Z-18, IInd Floor, Zone-1, M.P Nagar,
Bhopal, Madhya Pradesh – 462011

After receipt of the complaint/ grievances as above, the nodal cell shall resolve the complaint/grievances of the customers satisfactory and amicably. They should inform the complainant in writing under the signature of a nodal officer. The position of complaint shall be reviewed by the customer service committee every month.

Escalation Level 1:

In case the complaint is not resolved within the given time or if he/she is not satisfied with the solution provided by the Company, the customer can directly approach the nodal Officer of the company. The details of the nodal Officer are given as follows:

Name of the Nodal Officer:	Rohit Bunkar
Address:	Z-18, 2nd Floor, Zone-1, M.P. Nagar, Bhopal, Madhya Pradesh
Contact No.:	07554002699
E-mail ID:	rohit.bunkar@prodigeefinance.com

Escalation Level 2:

If the complaint made to nodal officer is not resolved within 15 days, the customer may complaint to the General Manager of the Company and chief customer service officer at his following email id: suresh.jain@prodigeefinance.com

Escalation Level 3:

If the complaint / dispute is not redressed within a period of one month from date of its receipt, the customer may appeal to:

The Reserve Bank of India
Department of Non-Banking Supervision,
Hoshangabad Road, P.B. No.32, Bhopal- 462 011,
Madhya Pradesh, India
Tel: +91 755 2550233

xii. Ombudsman Scheme:



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The Reserve Bank of India (RBI) has brought into operation today the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (The Scheme). The Scheme is available on the RBI website <http://www.rbi.org.in>. The Non-Banking Financial Companies (NBFCs) that are covered under the Scheme (covered NBFCs) are advised to ensure that a suitable mechanism exists for receiving and addressing complaints from their customers with specific emphasis on resolving such complaints expeditiously and in a fair manner.

xiii. Ombudsman Mechanism:

(i) The Company shall appoint Nodal Officers (NOs) at their Head office and inform all the Offices of the Ombudsman about the same as and when the company is covered under the scheme. AT present the assets size of the company is below Rs. 100 Crores as on date of Audited Balance Sheet of previous year & therefore the company is not covered under the scheme as per the RBI notification dated 12/11/2021.

(ii) The NOs so appointed shall be responsible for representing the company and furnishing information to the Ombudsman in respect of complaints filed against the Company

(iii) The NO shall be responsible, inter alia, for representing the company before the Ombudsman and the Appellate Authority under the Scheme. The NO appointed to the Head Office of the Company shall be responsible for coordinating and liaising with the Customer Education and Protection Department (CEPD), RBI, Central Office.

xiv. FORCE MAJEURE

The various commitments outlined and made by the Company shall be applicable in the normal operating environment. In the event of any Force Majeure circumstances, the Company may not be able to fulfill the objectives under the FPC to the entire satisfaction of the borrowers, the stakeholders, and the public in general.

The Fair Practice Code shall be in the vernacular language as lender stood by the Borrower and will be placed at the conspicuous place on the website for the information of various stakeholders. The company shall not engage itself in unethical practices in recovery of loan like calling of Borrower in odd hours or using muscles powers. All recovery process shall be in accordance with the terms and conditions of the loan agreement and due process of law.

Approved by the Board of Directors vide Resolution dated 01.04.2024

This Policy will be effective from 01.01.2024



Amit Goel
DIN: 06373510
Managing Director

Date: 01.04.2024
Place: Bhopal



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