Fair Practices Code

Perfect Mudra Private Limited

(formerly known as Perfect Synergy Advisory Services Private Limited)

Version Control

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FAIR PRACTICES CODE

1. PREAMBLE

The Fair Practices Code ("FPC") has been formulated by Perfect Mudra Private Limited *(formerly known as Perfect Synergy Advisory Services Private Limited)* ("**the Company**") in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 issued by the Reserve Bank of India ("RBI") ("RBI Master Directions"), as amended from time to time, establishing standards for ethical conduct and transparency in dealings with borrowers. The Fair Practices Code will apply to any loan that the company may sanction and disburse.

2. OBJECTIVES

This Code has been drawn with the aim of:

- To adopt and implement fair and transparent practices by setting minimum standards in dealing with customers.
- To provide the customers with clear information about products, services, and terms.
- To promote a fair, professional and cordial relationship between the customers and the Company.
- To ensure compliance with all applicable RBI regulations and directions.
- To build customer confidence in the institution and strengthen mechanisms for redressal of customer grievances.
- To ensure reasonableness and transparency in disclosure of penal charges.

3. APPLICABILITY

This Code shall be binding on all Company employees and any individuals acting on its behalf during the course of business operations. It governs interactions across all service channels, including in-branch counters, telephone, postal correspondence, digital platforms, and any other modes of communication or service delivery. The Code will be visibly displayed at all branch offices and made accessible on the Company's official website.

The Fair Practices Code will be displayed in all our Branch Offices, Regional/State/Zonal and the Head Office as well as the Company website and also make available to the Customer, on request, a copy of the FPC on demand.

4. ADVERTISING, MARKETING AND SALES

The Company will ensure that all advertising and promotional content is transparent, accurate, and not misleading in any manner. The principles outlined in this Fair Practices Code will also extend to the Company's sales associates and representatives, particularly in relation to proper identification when engaging with customers for product promotion. Additionally, any advertisement or promotional material whether in print, electronic, or digital media that highlights a product or service along with its interest rate will also disclose any applicable fees or charges to ensure complete transparency.

5. LOAN APPLICATIONS AND PROCESSING

a. All communications, loan documents, and agreements to the borrower shall be in the vernacular language or a language as understood by the borrower.

b. Loan application forms issued by the Company shall include necessary information affecting the interests of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and 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.

c. The Company shall give acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of would also be indicated in the acknowledgement.

d. If the Company cannot provide the loan to the borrower, it shall communicate the same to the borrower.

6. LOAN APPRAISAL, SANCTION AND KEY FACTS STATEMENT

a. The borrower shall be given a loan sanction letter and copy of the loan document together with annexures/enclosures quoted therein in vernacular language or a language as understood by the borrower which shall include the details of the loan such as amount sanctioned, annualized interest rate, method of application thereof and any other terms and conditions.

b. The Company shall also provide a Key Facts Statement (KFS), as per RBI format, to all prospective borrowers. This statement will help them to take an informed view before executing the loan contract. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower, and an acknowledgement shall be obtained that he/she has understood the same.

   Further, the KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having a tenor of seven days or more, and a validity period of one working day for loans having a tenor of less than seven days.

   (*Validity period refers to the period available to the borrower, after being provided the KFS, to agree to the terms of the loan. The Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period*.)

c. The penal charges that will be charged for late payment shall be mentioned in bold letters in the loan agreement.

d. An acknowledged copy of the sanction letter shall be kept as part of the document.

e. Penalty, if charged, for non-compliance with the material terms and conditions of the 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 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. The Company maintains a Board-approved policy on penal charges.

   Whenever reminders for non-compliance with the material terms and conditions of the loan 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.

7. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

a. On receipt of all the requisite information and completion of documentation and creation of a charge over the security (if any), the customer shall be given an acknowledgement for receipt of the application indicating the time frame within

which the loan application will be disposed of. The customer shall be kept informed of the status of his application.

b. The loan shall be disbursed on executing the necessary documents and if applicable completion of the formalities regarding creating a charge over the security offered by the borrower. Any change in the terms and conditions, including interest rates, service charges, prepayment charges, etc., shall be informed to the borrower through notice in the vernacular language or a language as understood by the borrower. Any changes in interest rates and charges effected shall be only prospective.

c. Wherever applicable the Company shall release all securities on repayment of all dues or on realization of the outstanding amount of the 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.

d. The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loans sanctioned for purposes other than business to individual borrowers with or without co-obligant(s).

e. Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

8. FAIR PRACTICES CODE FOR LENDERS ON CHARGING OF INTEREST

a. Interest shall be charged from the date of actual disbursement of the funds to the customer and not from the date of sanction of the loan or the date of execution of the loan agreement. In the case of loans being disbursed by cheque, interest shall be charged from the date the cheque is handed over to the customer and not from the date of the cheque.

b. The Company shall frame appropriate internal policies and procedures for determining the interest rates and processing and other charges, if any and also ensure that they are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and other charges, if any, on loans and advances are in strict adherence to above referred internal policies and procedures.

c. The rate of interest will be annualized rates so that the borrower is aware of the exact rates that would be charged on the loan.

d. The information published on the website shall be updated whenever there is a change in the rates.

f. The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different schemes shall be disclosed in the application form and also communicated explicitly in the sanction letter issued to the borrower. The same will also be displayed on the website of the Company.

g. The Board to ensures rates and charges are reasonable and not excessive.

h. Changes in the Rate of Interest shall be effected prospectively.

9. POLICY ON KYC

The Company shall put in place a system covering adequate steps to ensure that the KYC guidelines stipulated by the RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan.

10. NON-DISCRIMINATION

The Company shall not discriminate in extending products and facilities, including loan facilities, to physically / visually challenged applicants on the 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 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 programs 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.

11. CUSTOMER CONDUCT AND RECOVERY PRACTICES

• No Interference: The Company will not interfere in borrowers' affairs except as per contract.

• Account Transfer: Requests for transfer of borrower accounts are responded to within 21 days.
• Recovery: No undue harassment or coercion; staff are trained in appropriate customer conduct.

12. RESPONSIBILITY OF THE BOARD OF DIRECTORS: -

a. The Board of Directors of the Company shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of the lending institution's functionaries are heard and disposed of at least at the next higher level.

b. 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 annually.

13. CONFIDENTIALITY

Unless authorized by the borrower, the Company will treat all personal information as private and confidential. The Company shall not reveal transaction details of the borrowers to any other persons except under the following circumstances.

a. If the Company is required to provide the information as per regulatory directives to any statutory or regulatory body or bodies.

b. If arising out of a duty to the public to reveal the information.

c. If it is in the interest of the borrowers to provide such information (e.g., Fraud prevention).

d. 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.

14. CUSTOMER'S GRIEVANCE REDRESSAL MECHANISM

The Company shall frame a suitable mechanism for the redressal of customer grievances/ complaints. The mechanism on the same is to be displayed at the Notice Board of every office, branch and shall be published on the website of the Company. The Board shall review the compliance with the fair practice code and the functioning of the grievance redressal mechanism at least once a year.

The Company shall designate a Senior Officer of the Company as Grievance Redressal Officer for resolving customer complaints. Name, Phone Number and email id of the Grievance Redressal Officer shall be displayed on the website of the Company as well as on notice boards of all offices.

The Company has provided for a three tier Grievance Redressal Mechanism to resolve any of its customers' complaints/ grievances.

Level 1:

The customer may register his/her complaint with the Grievance Redressal Officer nominated by the company. The name and contact details (Telephone number, mobile number and e-mail id) of the Grievance Redressal Officer would be disclosed prominently at the Company's offices.

Level 2:

If the complaint is not resolved within a reasonable time of 14 working days, the customer shall approach the Chief Operating Officer or a designated senior official.

Level 3:

If the complaint / dispute is still not resolved within a period of one month from date of its receipt, the customer may approach the Regional office of the Department of Non- Banking Supervision, Reserve Bank of India, under whose jurisdiction the company is functioning.

15. CONSUMER EDUCATION

The Company shall place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process with a view to increasing

awareness among the borrowers. The Company shall also display such consumer education literature in its branches by means of posters and/or other appropriate media. Further, the Company shall also ensure that its front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans.

16. GENERAL PROVISIONS

a. The Company shall display the normal business hours at the respective Branches (if any) or offices, the list of holidays and notify the changes, if any, by way of a notice displayed in the premises of the branch/ office or through press notification.

b. Personal information of the customer will not be shared with unauthorized persons or agencies, or third parties by the Company. However, the Company will be bound to honour and comply with legal or regulatory requirements, if any, in this matter, obligating it to part with such information even without notice to the customer.

c. The Company or its authorized representatives shall contact delinquent customers only between 08:00 hours and 19:00 hours and shall not make calls before 08:00 hours or after 19:00 hours for recovery of overdue loans or as prescribed by the Reserve Bank of India. Communication outside these hours shall be made only under exceptional circumstances arising from the nature of the borrower's business or with the borrower's explicit consent. The Company shall ensure that all recovery efforts are conducted in a fair, dignified, and non-coercive manner, without resorting to intimidation, harassment, or intrusion into the privacy of the borrower or related persons.

17. DECLARATIONS & COMMITMENTS

a. The Company undertakes to abide by all applicable laws, regulations and guidelines passed/issued by the Regulators (Reserve Bank of India etc) and other competent authorities such as the Government, Local Authority, etc.

b. The Company undertakes not to discriminate against customers on the grounds of religion, caste, gender or language.

c. 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.

d. The Company undertakes to desist from introducing any products/services having elements of hidden charges or a lack of transparency.

e. The Company shall display the FPC on its website in English and the vernacular language as well.