

Alpha Alternatives Financial Services Private Limited  
(Formerly Known as Provincial Finance and Leasing Co Private Limited)

Fair Practices Code

**Version: 2.0**  
**Date: 15<sup>th</sup> May, 2023**  
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## **I. Introduction**

Pursuant to RBI vide Circular DNBR (PD) CC.No.054/03.10.119/2015-16 dated 1st July 2015 (“**Guidelines**”), issued to Non-Banking Financial Companies (NBFCs), the Board of Directors have adopted a Fair Practices Code for the conduct of business of Alpha Alternatives Financial Services Private Limited (AAFSPL) (Formerly Known as Provincial Finance and Leasing Co Private Limited. The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs issued by RBI. The Company will adhere to this Fair Practices Code in its functioning, the key elements of which are as follows:

## **II. Objectives**

- To ensure Fair dealings with customers
- To enable customers to avail our financial products and services basis informed decisions
- To provide adequate notice and reason on decisions taken.

## **III. Application for Loan and Processing**

- Loan application forms should gather all information required as per RBI regulations on KYC and other checks as well as that required to decide on the investment / facility
- The form requirements should be clearly mentioned without any scope for ambiguity on the information sought
- The form should clearly mention all the terms on which the facility will be provided for the customer to be able to make informed comparisons with similar offers
- To the extent possible, boundary conditions of accepting applications should be clearly mentioned which will be strictly adhered to without scope of discretionary decision making
- The company will acknowledge receipt of a completed application form along with required documents on the contact details provided by the customer

## **IV. Loan Appraisal and Terms & Conditions**

- Loan applications will be considered and appraised as per company’s appraisal norms and accordingly the facility will be provided.
- An official communique would be issued to the customer conveying in writing by means of a Sanction Letter, containing the details of the amount of loan approved along with the terms and conditions set therein, which includes the annualized rate of interest and its application thereof. In addition to which the penal interest on late repayment, Cheque/Nach dishonor charges, Costs Processing fee, Prepayment charges, etc. is mentioned in explicit terms in the sanctioned letter and the loan agreement. The Company shall keep record of customer’s acceptance of all these terms and conditions.
- Company shall, at the time of disbursement of the loan, furnish a copy of loan agreements and related enclosures to the customer.

## **V. Disbursement of Loans and Changes in Terms & Conditions**

- The Company shall give notice to all its borrowers of any change in the terms and conditions – including disbursement schedule, interest rates, service charges, prepayment charges etc.
- The Company shall also ensure that changes in interest rates and charges are effected only prospectively unless directed by the regulatory authority to the contrary. A suitable provision in this regard is incorporated in the loan agreement.

- Decision to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.
- The Company shall release all securities on repayment of its full dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against its borrowers. 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.

#### **VI. General**

- The Company will refrain from interference in the affairs of the customer except for the purposes provided for in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customer, has come to the notice of the Company).
- The Company will not discriminate loan applications based any grounds including gender, race, caste, creed, community, religion, among others and will assess each application purely on its merits related to the investment thesis
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise – i.e., objection of the Company, if any shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with applicable law.
- With respect to recovery of dues, the same shall be carried out in accordance with the guidelines laid down by the RBI. The Company shall not resort to undue harassment of the Customer and ensure that its staff are adequately trained to deal with the customers in an appropriate manner.

#### **VII. Regulation of Interest Rates charged by the Company**

- The Company has laid down appropriate internal principles and procedure in determining interest rates, processing fees and other charges. The Company has adopted an interest rate model considering relevant factors such as, cost of funds, margin, and risk premium, etc. and has determined the rate of interest to be charged for loans and advances which is in line with regulatory guidelines. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of customers shall be communicated explicitly in the sanction letter.
- The rate of interest communicated shall always be annualised rate so that the Customer is aware of the exact rates that would be charged to the account.

#### **VIII. Repossession of Hypothecated Assets Financed by the Company**

The Company has a built-in re-possession clause in the loan agreement with the customer which is legally enforceable. To ensure more transparency, the terms and conditions of the loan agreement contains provisions regarding:

- notice period before taking possession;
- circumstances under which the notice period can be waived;
- the procedure for taking possession of the security;
- a provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the security;
- the procedure for giving repossession to the borrower and
- the procedure for sale / auction of the property.

**IX. Language and Communication of Fair Practice Code:**

The Fair practice code shall be reviewed and updated periodically and the same shall be placed before the Board for its approval. The approved policy shall be placed on the website of the Company and the same shall be made available in various vernacular languages for the information of stakeholders, as required by the stakeholders.

This policy will be reviewed on a periodical basis and revisions, if any, will be carried out after approval of the Board of Directors / Committee authorized by it as the case may be.

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