



# JANASHA FINANCE PRIVATE LIMITED

Registered Office: 1004, 10<sup>th</sup> Floor, Arunachal Building, Barakhamba Road, Connaught Place, New Delhi - 110001

E-mail id: [Info@janashafinance.com](mailto:Info@janashafinance.com); Ph. No. 011 - 43763344

CIN: U67190DL2016PTC306911

## FAIR PRACTICES CODE

### 1. BACKGROUND, OBJECTIVES AND APPLICABILITY

#### 1.1 Background

Janasha Finance Private Limited (“Company”) is a Non-Banking Financial Company (“NBFC”) registered with the Reserve Bank of India (‘RBI’) under the Section 45-IA of the Reserve Bank of India Act, 1934.

The Company, Non-Deposit taking Base level NBFC, is required to comply with the Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulations) Directions, 2023 (“RBI Directions”).

Under the RBI Directions, the ‘Guidelines on the Fair Practices Code’ (“Guidelines on FPC”) have been prescribed. Further, the RBI has prescribed ‘Guidelines on Digital Lending’ vide notification dated September 02, 2022.

In view of the above regulatory requirements, the Company has adopted this Fair Practices Code (“FPC”) with the approval of its Board of Directors (“Board”).

#### 1.1 Purpose of the FPC

The objectives of the FPC are as under:

1. To implement fair and transparent business practices while dealing with its customers/ borrowers.
2. To increase transparency so that the customers can have better understanding of the products/ services being offered by the Company.
3. To ensure adhere to the contractual obligations and the legally valid practices while conducting recovery of loans and advances.

#### 1.2 Applicability of the FPC

This FPC shall apply across all aspects of the Company’s lending business operations including digital lending, marketing, loan origination, processing, servicing, collection activities etc. This version of the FPC, once approved by the Board, shall supersede all previous versions of the FPC, if any.

## 2. UNIFORM CODES APPLICABLE TO ALL LENDING ACTIVITIES OF THE COMPANY

### 2.1 Applications for Loans and their Processing

1. All communications to the customer by the Company shall be in English language or a language as understood by the customer of the Company.
2. At the application stage, to ensure transparency with its customers, the Company, shall provide all necessary information which effects the interest of the customer. Such information (which shall include required fees/ charges, if any, payable for processing of the application, non-refundable fees in case of rejection of loan proposal, pre-payment options etc.) shall be provided so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the customer.
3. The Company, at the application stage, shall indicate the documents required to be submitted with the application form.
4. The customer shall be informed about status of his/ her loan application, as and when required.



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## 2.2 Loan Appraisal Terms and Conditions

1. The Company, after reviewing the information submitted by a customer, shall seek any additional data/ information promptly, if required, to facilitate expeditious disposal of the loan application.
2. The Company shall convey key terms & conditions of the loan in writing, in English or a language as it is understood by its customer, by means of Sanction letter or in writing in any other form, which shall include:
  - a) Amount of loan sanctioned along with the terms and conditions including annualized Rate of Interest.
  - b) Penal Charges and other charges payable by the customers in relation to their loan account and method of application thereof.
  - c) The customer shall be required to provide acceptance of terms and conditions of the sanction if he/ she intends to avail the loan.
  - d) Penal Charges for late repayment of loan shall be mentioned in bold in the loan agreement.
  - e) The Company shall furnish a copy of the loan agreement along with a copy of all relevant enclosures quoted in the loan agreement to all the borrowers at the time of sanction/ disbursement of the loan.

## 2.3 Disbursement of Loan and Changes in Terms & Conditions

1. The Company shall give notice to its borrowers in English, or a language as understood by the borrower regarding any change in the terms and conditions including changes relating to Disbursement Schedule, Interest Rates, Service Charges, Prepayment Charges etc.
2. Changes in the interest rates and charges shall be made effective prospectively. A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
3. Decision to recall/ accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
4. The Company shall release all securities on repayment of all 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 borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/ paid.

**2.4 Customer Grievance Redressal Mechanism:** The Company, with the approval of its Board of Directors, shall adopt a Customer Grievance Redressal Policy which shall define Customer Grievance Redressal Mechanism to be followed by the Company. Such a mechanism shall also deal with the issues relating to services provided by any outsourced agency engaged by the Company.

**2.5 Language and Mode of Communicating the FPC:** The Company shall put in place the FPC in English language. However, wherever required, the Company shall also make the FPC available in regional/ vernacular languages for the customers who are unable to understand the English language and request for the FPC in vernacular language.

**2.6 Code with respect to Rate of Interest:**



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1. The Company, with the approval of its Board, shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.
2. The Company, in the application form and the sanction letter, shall disclose to its borrowers rate of interest charged to the respective loan account. It shall also explain to the borrowers upon request, the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers.
3. The Company shall inform annualized rate to its borrowers to make them aware of the exact rates that would be charged to the respective loan account.

**2.7 Ombudsman Scheme-** The Company shall ensure compliance with the 'the Reserve Bank- Integrated Ombudsman Scheme, 2021', as and when it becomes applicable to the Company.

## 2.8 Other Elements of the FPC

1. The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
2. In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e., objection from the Company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with the applicable laws.
3. If the customer does not adhere to the agreed repayment schedule, a defined process in accordance with the applicable laws shall be followed for recovery of dues. This process may include actions like reminding the customer by sending the notice or by making personal visits and/ or repossession of security, if any. In case of default, the Company may refer the case to a recovery agent. The Company shall ensure that its process of recovery does not involve harassment of the customer.
4. The Company shall ensure that its staff are adequately trained to deal with the customers in an appropriate manner.
5. All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. However, the Company may share/ disclose such customer information in any of the following circumstances:
  - a. If data/ information sought by any Court of Law, Law Enforcement Agency, Credit Information Companies, RBI, banks, other financial institution/ company, and any other statutory other regulatory authority/ body.
  - b. If the Company is required to share/ disclose the information to comply/ adhere with any legal/ statutory/ regulatory obligations.
  - c. If it is in the Public Interest to reveal the information.
  - d. If the Company is required to share/ disclose the information to safeguard its interest.

## 3. ADDITIONAL NORMS FOR THE LOANS SOURCED OVER A DIGITAL LENDING PLATFORM

**3.1 Norms for Loans Sourced by the Company over Digital Lending Platform-** In case, the Company sources borrowers and/ or recovers dues through any digital lending platform (irrespective whether own digital lending platform or an outsourced platform), the Company shall abide by this FPC and also regulatory instructions on outsourcing of financial services and IT services, in letter and spirit.



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If the Company engages any digital lending platform as its agent to source borrowers and/ or to recover dues, the Company shall ensure adherence with the following instructions:

1. Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
2. Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with him.
3. 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.
4. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
5. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
6. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

**3.2 Norms to be followed for the Digital Lending Business-** The Company shall ensure compliance with the following additional norms for its Digital Lending business:

1. Key Fact Statement (“KFS”)- The Company shall provide a KFS, in the standard format prescribed by the RBI, to the borrower before the execution of the contract.
2. Loan Disbursal, Servicing and Repayment- All loan servicing, repayment, etc. should be executed by the borrower directly in the Company’s bank account. The disbursements shall always be made into the bank account of the borrower except for disbursements covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator) or in a co-lending arrangement or disbursements for specific end use, provided the loan is disbursed directly into the bank account of the end-beneficiary.
3. Payment of Fees/ Charges: Any fees, charges, etc., payable by the Company to its Lending Service Provider (“LSP”) shall be paid directly by the Company to the LSP.
4. Copy of executed documents to be shared with the customer– The Company shall ensure that digitally signed documents (on its letter head) viz., KFS, summary of loan product, sanction letter, terms and conditions, account statements etc. shall automatically flow to the borrowers on their registered and verified email/ SMS upon execution of the loan contract/ transactions.
5. List of LSPs- The Company shall publish the list of Digital Lending Apps (“DLAs”)/ LSPs engaged by it with the details of the activities for which they have been engaged, on its website.
6. Product Information- The Company shall ensure that DLAs engaged by it, at on-boarding/sign-up stage, prominently display information relating to the product features, loan limit and cost, etc. to the borrowers.
7. Details of Recovery Agent– The Company shall communicate to the borrower, at the time of sanctioning of the loan and also at the time of passing on the recovery responsibilities to an LSP or change in the LSP responsible for recovery, the details of the LSP acting as recovery agent who is authorized to approach the borrower for recovery.
8. Link to website of the Company- The Company shall ensure that DLAs/ LSPs, engaged by it, provide link to its website where further/ detailed information about the loan products, the lender, the LSP,



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particulars of customer care, privacy policies, link to Sachet Portal of the RBI etc. can be accessed by the borrowers.

9. Collection, Usage and Sharing of Data with Third Parties- The Company shall ensure that any collection of data/ personal information by the DLAs/ LSPs, engaged by it, is need-based and with prior and explicit consent of the borrower. Further, the purpose of obtaining borrowers' consent shall be disclosed.

The Company shall bind its DLAs to ensure that they desist from accessing mobile phone resources (of the borrower) like files, media, contact list, call logs, telephony functions, etc. However, one-time access may be taken from the borrower for camera, microphone, location or any other facility necessary for on-boarding/ KYC requirements only, with the explicit consent of the borrower.

10. Comprehensive Privacy Policy- The Company shall ensure that DLAs and LSPs engaged by it have a comprehensive privacy policy compliant with applicable laws, associated regulations and RBI guidelines and such privacy policy is available publicly.
11. No Automatic Increase in Credit Limit- The Company shall ensure that there is no automatic increase in the credit limit unless explicit consent of borrower is taken on record for each such increase.
12. Nodal Grievance Redressal Officer- The Company and the LSPs engaged by it shall have a suitable Nodal Grievance Redressal Officer to deal with digital lending related complaints/ issues raised by the borrowers. The contact details of Grievance Redressal Officers shall be prominently displayed on the websites of the Company, its LSPs and on DLAs and also in the KFS provided to the borrower. Further, the facility of lodging complaints shall also be made available on the DLA and on respective websites.

### 3. RESPONSIBILITY OF BOARD OF DIRECTORS

The Board of Directors shall annually review the compliance of the FPC and the functioning of the Customer Grievance Redressal Mechanism. A consolidated report in this regard shall be submitted to the Board every year.

### 4. REVIEW OF THE FPC

The FPC shall be reviewed by the Board at least once a year or as and when necessitated by the regulatory amendments or otherwise. Notwithstanding anything contained in this FPC, any existing rules/ regulations, laws or modification thereof or enactment of any new applicable law, the provisions under such law, rules/ regulations or enactment shall prevail over this FPC.