



FAIR PRACTICE CODE
OF
HOME CREDIT INDIA FINANCE PRIVATE LIMITED
Version 5

Approved by the Board of Directors of
Home Credit India Finance Private Limited
on
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Pavel Maco
Whole Time Director/ Chief Executive Officer

Introduction

Pursuant to the provisions of the Master Directions issued by Reserve Bank of India (RBI) on Systemically Important Non-Deposit taking Non-Banking Financial Companies (NBFC-ND-SI) and Deposit taking Non-Banking Financial Companies (NBFC-D) vide Master Direction DNBR. PD. 008/03.10.119/2016-17, as amended from time to time, Home Credit India Finance Private Limited (HCIN) has adopted the standards and practices suggested by RBI with such modifications as may be considered appropriate to confirm the Fair Practice Code from time to time.

Aim

The Fair Practice Code aims at:

- ✓ Providing utmost transparency to the borrowers in order to have a better understanding of HCIN's financial products and terms and conditions thereof;
- ✓ Promoting healthy and pleasant relationship with the borrowers based on trust and ethical principles;
- ✓ Ensuring that HCIN's products/ services, practices and procedures confirm to the standards prescribed under applicable laws from time to time

Commitment

HCIN is committed to:

- ✓ To act honestly and ethically in dealing with the borrowers by:
 - i. Ensuring that HCIN's products/ services, practices and procedures confirm to the relevant laws and regulations;
 - ii. Providing accurate and timely disclosure of terms and conditions, costs and penalties regarding financial transactions;
 - iii. Following ethics of honesty and integrity in dealing with the borrowers;
 - iv. Providing professional, courteous and speedy services to the borrowers;
- ✓ To assist the borrowers in understanding financial products and services by:
 - i. Giving information about the financial products and services to the borrower in the language (whether Hindi and/or English and/or local vernacular language) the borrower declares that he/ she understands;
 - ii. Ensuring that our advertising & promotional literature is clear and is not misleading;
 - iii. Explaining financial implications of the transactions;
 - iv. Helping the borrowers to choose the financial scheme.
- ✓ To assist the borrowers in having satisfactory and smooth completion of transactions with HCIN by:
 - i. Immediate correction of errors;
 - ii. Attending the borrowers' complaints quickly;
 - iii. Informing the borrowers on the procedure for lodging complaints with HCIN;
 - iv. Informing the borrowers about the application, or the reversal as the case may be, of

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- amount received from the borrowers;
- ✓ The Board of Directors and the senior management¹ of HCIN shall be responsible for implementing Fair Practice Code;
 - ✓ HCIN shall not discriminate between the applicants/ borrowers on the basis of gender, race or religion.

Applications for loans and their processing

- ✓ Loan application forms of HCIN will include necessary information which affects the interest 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.
- ✓ All communications to the borrowers shall be in the English language or vernacular language as understood by the borrower. At the time of processing the loan, HCIN representative shall obtain the declaration from the borrower in regional language if he/ she can read, write and understand the English as a language and that HCIN Representative has explained him all the terms and conditions for the grant of loan including the approved loan amount, method of calculation of interest on the loan amount on the basis of flat interest rate as well as the penalties that shall become chargeable on the late payment, or non-payment, of loan amount and/ or interest thereon..
- ✓ The loan documents shall indicate the identity proof, address proof and other documents required to be submitted by the borrower for the loan.
- ✓ HCIN shall issue an acknowledgement for all loan applications through appropriate mode stating the time period within which the loan application shall be disposed of. The applicant may also know the status of the loan application by calling at the customer care service of HCIN.

Loan appraisal and terms/conditions

- ✓ HCIN shall evaluate the information and documents provided by the applicant on the basis of the predefined eligibility criteria for the financial products and services. HCIN may verify all or any of the information/ document provided by the applicant either by checking references, or by making enquiries to credit bureaus and other service providers or in any other manner permissible by law. HCIN shall obtain onetime consent of the applicant at the time of first loan application for verifying the information/ documents of the applicant.
- ✓ The loan application shall state the loan amount, along with other terms and conditions including annualised flat rate of interest and the method of application thereof. Once the loan is approved, HCIN shall issue the Loan Summary/ Sanction Letter of the Loan to the borrower. HCIN shall obtain the acceptance of the borrower to such terms and conditions for its record. In case the loan is applied through online mode, (i.e. through HCIN customer portal or mobile application), the acceptance/ consent of the borrower may be obtained through online mode on a secured platform as permissible under applicable law. In any other case, the acceptance/

¹ 'Senior Management' shall for the purposes of this Code constitute the Chief Executive Officer ('CEO'), the Chief Financial Officer ('CFO'), the Chief Operations Officer ('COO') and Chief Risk Officer ('CRO') of HCIN.

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consent of the borrower may be obtained through physical signature of the borrower on such documents. By giving such acceptance/ consent, the borrower confirms that he/ she has read and understood clearly the terms and conditions of Loan Application, agreement and of Loan Summary / Sanction Letter and undertakes to abide by these terms and conditions during the tenure of the Loan. HCIN shall maintain a record of such acceptance.

- ✓ HCIN shall mention the late repayment payment charges, early repayment charges and other fees and charges in bold in the Loan Summary/ Sanction Letter which shall be the integral part of loan agreement.
- ✓ As a measure of customer protection, HCIN shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
- ✓ HCIN shall invariably furnish a copy of Loan Summary/ Sanction Letter and reference copy of the loan agreement along with a copy of relevant documents to all the borrowers after sanction/ disbursement of loans.
- ✓ The borrower may terminate the loan agreement by repaying the Outstanding Balance of Loan Amount to HCIN within 15 days from the date of the Loan Summary/ Sanction Letter if the borrower is not satisfied with the terms & conditions of the loan. No Prepayment Penalty shall be charged to the borrower in such case, however, the Processing Fee, if charged, shall not be adjusted against the Outstanding Balance of Loan Amount.

Disbursement of loans including changes in terms and conditions

- ✓ The disbursement of loan will be done only after the loan is approved and terms & condition of the loan is accepted by the borrower.
- ✓ HCIN shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment penalties etc.
- ✓ HCIN shall also ensure that changes in interest rates, penalties and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.

Complaint Redressal Mechanism

- ✓ HCIN shall lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism shall ensure that all disputes arising out of the decisions of HCIN's functionaries are heard and disposed of at least at the next higher level.
- ✓ HCIN shall, for the benefit of their customers, prominently display the name and contact details (Telephone/ Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against HCIN at its offices. HCIN shall also display the complete contact details of the Officer-in-Charge of the Regional Office of DNBS of RBI having jurisdiction over the registered office of HCIN, to whom the customer may appeal if the complaint/ dispute is not redressed within a period of one month.
- ✓ 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 at regular intervals, as may be prescribed by it.

Code for determining interest rates and charges

- ✓ The Board of Directors of HCIN shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges keeping in view the Fair Practices Code about transparency in respect of terms and conditions of the loans. HCIN shall, at the time of disbursal, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedure.
- ✓ The Board of Directors of HCIN shall adopt an interest rate model taking into account relevant factors for determining the rate of interest to be charged for loans and advances. The different interest rate to the customers may be charged based on loan amount, tenor, down payment, payment history with HCIN and in credit bureau, credit bureau's score, age, income and type of document provided. 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 applicants/ borrowers in the application form and communicated explicitly in the Loan Summary/ Sanction Letter, as the case may be.
- ✓ The range of rates of interest charged under various loan products, the approach for gradation of risks as well as the penalties and charges thereof, shall also be made available on the website of the HCIN. The information published on the website shall be updated whenever there is a change in the aforesaid information.
- ✓ The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

General

- ✓ HCIN shall not interfere in the affairs of the borrower except for the purposes provided in the loan agreement unless new information not earlier disclosed by the borrower has come to the notice of HCIN.
- ✓ In case of receipt of a request from the borrower for transfer of the borrowal account, the consent or otherwise objection of HCIN, if any, shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be as per transparent contractual terms in consonance with law.
- ✓ In the matter of recovery of loans, HCIN shall not resort to undue harassment like bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. HCIN shall frame and implement appropriate code of conduct in confirmation with applicable laws and industry practices.
- ✓ HCIN shall have a built in re-possession clause in the 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 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.

- ✓ HCIN may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues and will not be aimed at whimsical deprivation of the property. HCIN shall ensure that the entire process of enforcing its security, valuation and realisation thereof be fair and transparent.
- ✓ Any decision to recall/accelerate payment or performance under the loan agreement shall be in consonance with the loan agreement.
- ✓ All securities offered by the borrower shall be released 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 HCIN 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 HCIN is entitled to retain the securities till the relevant claim is settled/paid
- ✓ HCIN shall ensure that the staff dealing with the customers, including specifically customer complaints, are adequately trained to deal with the customers in an appropriate manner.
- ✓ HCIN shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business.
