

Fair Practice Code			
	Document No:		Revision No: 2.0
	Effective Date:		
	Compiled By:	Sameer Vyas	
	Reviewed By:	Sameer Vyas Nishita Mazumdar Zarir Khambatta Hitesh Parashar Nilotpai Borpujari Sebastian Fernandez Pinak Varu Aastha Sachdeva Vaijayanti Albal Sharma Rakesh Ahuja	
	Approved By:	Board of Directors	
Applicability:			
Function:			

Revision frequency:

The Fair Practice Code will be reviewed and updated as and when required by the management.

Revision History:

#	Revision No.	Reason of Change	Change Date	Approved By	Effective Date
1	1.0	Formulation of FPC		Board of Directors	
2	2.0	Amendment in FPC pursuant to MD RBI (Scale Based Regulation) 2023	11/05/2024	Board of Directors	

Contents

1	Fair Practices Code.....	3
2	Key Commitments	3
3	Applications For Loans & Loan Application Processing.....	3
4	Loan Appraisal & Terms/Conditions	4
5	Penal Charges in Loan Accounts.....	4
6	Disbursement of Loans including changes In Terms & Conditions.....	5
7	Responsible Lending Conduct - Release of movable/immovable property documents on repayment/ settlement of personal loans	5
8	Reset of Floating Interest Rate on EMI based personal loans.....	6
9	General.....	7
10	Grievance Redressal Policy.....	7
11	Ombudsman Scheme.....	8
12	Policy for determining Interest Rates, processing and other Charges.....	8
13	Loan Facilities to the physically/visually challenged	9
14	Force Majeure	9

1 Fair Practices Code

Credila Financial Services Limited (formerly known as HDFC Credila Financial Services Limited) (hereinafter referred to as “**Company**”) is a non-deposit taking systemically important NBFC providing education loans to students in India and Abroad. This Fair Practice Code (“**FPC**” or “**Code**”) has been formulated and amended pursuant to the Guidelines issued by the Reserve Bank of India (“RBI”) on Fair Practices Code in the **Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time.**

It is, and shall be, the policy of the Company to make all its financial products available to all eligible qualified applicants, without discrimination on the basis of race, caste, color, religion, sex, marital status, age or handicap. The Company’s policy is to treat all customers fairly. The Company will also communicate this Code to its customers by making the Code available on its website as well as displaying it across all its branches. Further, on request, a copy of the said Code would be made available and would also be provided in respective regional language prevalent in the state in which the Company operates.

The implementation of the FPC is the responsibility of the entire Company. The Company’s fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities.

The Company’s Board of Directors and management team are responsible for implementing this Code, and also ensure that its practices reflect its strong commitment to all stakeholders for offering, in a fair and equitable manner, various financial services and products and that all employees are aware of this commitment.

2 Key Commitments

The key commitments which the Company agrees to follow in its dealings with its customers are:

- To act fairly and reasonably in all dealings with its customer(s) by ensuring that:
 - a. Its products, services, procedures and practices will meet the commitments and standards in this Code.
 - b. Its products and services will meet relevant laws and regulations as applicable.
 - c. Its dealings with its customers will rest on its ethical principles of honesty, integrity and transparency.
- To assist its customers in understanding the nature of its products and services:
 - a. Providing information about its products and services in a language and manner as understood its customer(s)
 - b. Explaining their financial implications
- To ensure its customers have a hassle-free experience and in case of any errors of commission or omission, the Company would deal with the same quickly and sympathetically.

3 Applications For Loans & Loan Application Processing

1. The Company’s website and loan application forms will include necessary information (about annualized rate of interest, prepayment options, fees, financial and other charges etc.) which affects the interest of the borrower(s), to ensure that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by borrower(s).

2. All communications to the borrower (s) shall be in the vernacular language or a language as understood by the borrower.
3. The website and loan application form will also indicate the documents required to be submitted along with the application form.
4. The Company will provide appropriate acknowledgement for receipt of loan applications. The time frame within which loan applications will be disposed of will also be indicated in the acknowledgement.

4 Loan Appraisal & Terms/Conditions

1. The Company will convey in writing to the borrower in vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and record the acceptance of these terms and conditions by the borrower.
2. The Company will also mention the penalties charged for late repayment in bold in the loan agreement.
3. The Company will provide a copy of loan agreement as understood by the borrowers along with a copy each of all enclosures quoted in loan agreement to all borrowers at the time of sanction/disbursement of loans.

5 Penal Charges in Loan Accounts

1. Penalty, if charged, for non-compliance of material terms and conditions of loan agreement 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 capitalisation 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.
2. The Company shall not introduce any additional component to the rate of interest and will ensure compliance to these guidelines in both letter and spirit.
3. The Company shall update the existing Board approved Interest Rate Policy on penal charges or similar charges on loans.
4. The quantum of penal charges shall be reasonable and commensurate with non-compliance of material terms and conditions of loan agreement without being discriminatory within a particular loan / product category.
5. Penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
6. Applicable penal charges shall be communicated whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers. Further, any instance of levy of penal charges and the reason thereof shall also be communicated.
7. The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and Most Important Terms & Conditions (MITC)/ Key Fact Statement (KFS) as applicable, in addition to being displayed on Company's website under Interest rates and Service Charges.

8. The paragraph 5 (1) to 5 (8) shall come into effect from 1 April 2024. The Company shall carry out appropriate revisions in the policy framework and ensure implementation of the instructions in respect of all fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of the instructions, whichever is earlier.

6 Disbursement of Loans including changes In Terms & Conditions

1. The Company will give notice to the borrower(s) in vernacular language or a language as understood by the borrower(s) of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard has already been incorporated in the loan agreement.
2. The Company will furnish a copy of the loan agreement, either electronically or physical paper copy, to all borrowers upon disbursement of the loan.
3. The decision of the Company to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
4. The Company will 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 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.

7 Responsible Lending Conduct - Release of movable/immovable property documents on repayment/ settlement of personal loans

The Company shall adopt best practices in the release of movable/ immovable property documents upon receiving full repayment and closure of loan account to avoid customer grievances and disputes. To address the issues faced by borrowers and towards promoting responsible lending, the following instructions are issued:

A. Release of movable/Immovable property documents

1. The Company shall release all original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.
2. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of the NBFC where the documents are available, as per her/his preference.
3. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.
4. To address the contingent event of demise of the sole borrower or joint borrowers, The Company shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of Company along with other similar policies and procedures for customer information.

B. Compensation for delay in release of movable/immovable property documents

1. In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/settlement of loan, the Company shall communicate to the borrower reasons for such delay. In cases where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.
2. In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at para (1) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
3. The compensation provided under these directions shall be without prejudice to the rights of the borrower to get any other compensation as per any applicable law.

8 Reset of Floating Interest Rate on EMI based personal loans

1. The company shall consider the repayment capacity of borrowers at the time of sanction of EMI based floating rate Education loans to ensure that there adequate headroom / margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in interest rates during the tenor of the loan.

The Company has established an appropriate policy framework to meet the following requirements for implementation and compliance:

- (i) At the time of sanction, the Company shall clearly communicate to borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI/tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
 - (ii) At the time of reset of interest rates, the company shall provide the option to borrowers to switch over to a fixed rate as per their Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
 - (iii) The borrowers shall also be given the choice to opt for (a) enhancement in EMI or elongation of tenor or for a combination of both options; and (b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/pre-payment penalty shall be subject to extant instructions.
 - (iv) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter as well as at the time of revision of such charges/ costs by the Company from time to time.
 - (v) The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
 - (vi) The Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.
2. Apart from EMI loans, these instructions would also apply, mutatis mutandis, to all equated instalment-based loans of different periodicities.

3. All existing borrowers shall be sent a communication through appropriate channels, intimating the options available to them.

9 General

1. The Company will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
2. In case of receipt of request from the borrower for transfer of the loan account, the consent or otherwise i.e. objection of the Company, if any, will be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per the transparent contractual terms entered into with the borrower in consonance with law.
3. In the matter of recovery of loans, the Company or its agents will resort only to remedies which are legally and legitimately available to it and will not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, and will not resort to use of muscle power for recovery of loans, etc. The Company shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
4. The Company will not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s), in line with the regulatory requirement.

10 Grievance Redressal Policy

The Company has laid down an appropriate Grievance Redressal Mechanism to ensure that all disputes arising out of the decisions of the Company's functionaries are heard and addressed.

The Board of Directors shall also periodically review the compliance of the Code and the functioning of the grievance redressal mechanism at various levels of management.

A consolidated report of such reviews shall be submitted to the Board at periodic intervals.

Level 1 –

Any customer who is not satisfied with the services rendered by the Company at any time during the life cycle of the education loan, may lodge a complaint by sending an email to support@hdfccredila.com mentioning details pertaining to the issue.

After examining the matter, HDFC Credila will revert, trying to redress the complainant's concerns. If the complainant is not satisfied with the response, they can then approach the Grievance Redressal Officer for redressal of the grievance(s), in connection with any matter pertaining to business practices, lending decisions, credit management, insurance, outsourced agency and recovery.

Level – 2

The Grievance Redressal Officer would then, in consultation with senior management officials, oversee the Grievance Redressal Mechanism and look to redress the complainant's grievance/concern.

The name and contact details of the Grievance Redressal Officer (also displayed on our website) are provided hereunder:

Ms. Vaijayanti Albal Sharma
Grievance Redressal Officer
Credila Financial Services Limited (formerly known as HDFC Credila Financial Services Limited)
B 301, Citi Point,
Next to Kohinoor Continental,
Andheri-Kurla Road, Andheri (East),
Mumbai - 400 059,
Maharashtra, India
Email: grievance@hdfccredila.com | Phone: +91-253-6715408

Level – 3

If the complaint is not redressed by the Grievance Redressal Officer within a period of one month, the complainant may file a complaint via:

Website: <https://cms.rbi.org.in>
Email: CRPC@rbi.org.in
Contact Centre (toll-free number): 14448 (9:30AM to 5:15PM)

Alternately, complaints may be sent physical mode to:

“Centralised Receipts and Processing Centre”
Reserve Bank of India, 4th Floor,
Sector 17, Chandigarh – 166 017

**Escalation may only be done after Level 1 (Customer Service) & Level 2 (Grievance Redressal Officer) are unable to address the issue.*

11 Ombudsman Scheme

The Company will display prominently, for the benefit of its customers, at its branches/ places where business is transacted, the name and contact details (Telephone/ Mobile numbers as also email addresses) of the Principal Nodal Officer/Nodal Officers/Grievance Redressal Officer and the name and contact details of the Ombudsman, who can be approached by the customer.

The Company will prominently display the salient features of the Scheme (in English, Hindi and Vernacular language) at all its offices and branches in such a manner that a person visiting the office or branch has easy access to the information.

The Company shall appoint the Internal Ombudsman and adhere to the relevant guidelines issued by the Reserve Bank of India.

12 Policy for determining Interest Rates, processing and other Charges

To ensure that the Customers are not charged excessive interest rates and charges on loans and advances by the Company, the Board of the Company shall adopt an Interest rate policy

encompassing the model to determining Interest Rates, Processing and Other Charges (“Interest Rate Policy”). Further the Board of the Company shall undertake periodical review of the said Policy for Determining Interest Rates, Processing and Other Charges.

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 annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

13 Complaints about excessive interest charged by NBFCs

Board of the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

14 Loan Facilities to the physically/visually challenged

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on 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 law and international conventions, in all training programmes conducted for its employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism.

15 Force Majeure

The various commitments outlined and made by HDFC Credila are applicable under the normal operating environment. In the event of Force Majeure, HDFC Credila will not be able to fulfill the commitments under the FPC to the entire satisfaction of the customers and the other stakeholders.