

Digikredit Finance Private Limited

Policy on Fair Practices Code

2018

CONFIDENTIAL

Document review and approval

Review History

<i>Version</i>	<i>Name of reviewer</i>	<i>Date of review</i>
1	Mr.Samir Bhatia	06-07-2016
1.01	Mr.Samir Bhatia	03-08-2018

Approval History

This document has been approved by Board of Directors	
1	Board Meeting held on July 06,2016
1.01	Circular Resolution No: 1/2018-19 dated August 27, 2018

Contents

1. Introduction.....	4
2. Objectives of the Code.....	4
3. Applications for loans and their processing	4
4. Loan Appraisal, Terms and Conditions	5
5. Disbursement of Loan including changes in terms and conditions	5
6. Rate of Interest and other charges	6
7. Release of Security and repossession of assets financed	6
8. General.....	7
9. Grievance Redressal Mechanism	7
10. Review of Policy.....	8

CONFIDENTIAL

FAIR PRACTICES CODE

1. Introduction

Digikredit Finance Private Limited [hereinafter referred to as the “Digikredit” or “the Company”], a Non-deposit taking Non-Banking Finance Company registered with Reserve Bank of India offers lending products to SME customers. Digikredit Finance Private Limited operates under the trade name “SMECorner”. The Company has formulated Fair Practices Code in line with the RBI Master Direction - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, as amended from time to time, so that the customers are aware of the Company practices with reference to the products and services offered.

Digikredit has adopted this code, as approved by its Board of Directors. Digikredit will have these as the minimum standards to be applied while dealing with the customers. The code enunciated here applies to all customers of Digikredit. The customers are encouraged to reach out to the contacts mentioned herein, should they have any complaints or redressal issues on any of the items covered here in the code.

2. Objectives of the Code

The key objectives of the Fair Practices Code are as below:

- To promote fair, reliable and trustworthy practices in dealing with the customers.
- To enable the necessary transparency to the customers so that they could have a good understanding of the product they require and also get a reasonable idea of the service standards they can expect from the Company.
- To ensure that the relationships between the Company and the customers always remain fair and cordial.

3. Applications for loans and their processing

- a) All communication with the customers will be in English. Where necessary and appropriate, the Company will enable vernacular communication with the customer. The Company will make sure that the customer understands the loan terms and conditions and everything else necessary for him / her to know and shall use the appropriate language to communicate the same.
- b) In line with the latest thrust of the Government of India, the Company will offer loan application form to the customers in digital form as well, in addition to the physical form. The loan application form will be designed such that it will include all the information that is required to be submitted by the customer to the Company for processing. The information in the loan application form will also enable the customer to make a meaningful comparison of the terms and conditions with that of other NBFCs, who offer similar products and services. Eventually, the customer will be able to take an informed decision based on such comparison.
- c) The loan application form will contain all terms and conditions that are relevant to the loan, along with the documents that are required to be shared by the customer with the Company for processing the loan application. The Company though reserves the right to call for additional documents and clarifications as it deems fit, depending on the credit requirements for the loan.
- d) Digikredit will provide an acknowledgement to the customer for receipt of his / her application for the loan. At the time of acceptance of the application form, the Company will also indicate a time within which it will revert to the customer with a decision. Digikredit will ensure to revert back to the customer with its decision within a reasonable period of time, which will not normally exceed 10 days from the date of application.

4. Loan Appraisal, Terms and Conditions

- a) Digikredit will inform the customer about the outcome of the loan application, through a written and / or email communication or any other acceptable mode of communication for record. If the loan application is approved, the communication to the customer will include the key terms and conditions including amount of loan sanctioned, processing fee applicable, rate of interest, late payment charges and all other related clauses. All terms and conditions will be covered in the loan agreement as well, which will be the contract between the customer and Digikredit.
- b) The customer's acceptance of these terms will be kept with Digikredit for its record and any loan amount to be disbursed will only happen after customer provides the acceptance of the terms.
- c) Penal charges and / or overdue interest for delayed payments of EMIs, will be mentioned in bold in the agreement executed between the customer and the Company.
- d) Digikredit would provide a copy of the loan agreement to the customer along with all the enclosures quoted in the loan agreement.

5. Disbursement of Loan including changes in terms and conditions

- a) Any changes in disbursement terms and conditions of the loan such as interest rate, disbursement schedule, service charges will be informed to the borrower by way of appropriate written communication including email and / or any other acceptable mode. Any changes in interest rates if implemented, will only come into effect prospectively. The loan agreement will include a suitable condition in this regard.
- b) If Digikredit is required to recall the loan or accelerate repayments of the loan, it will be done only in consonance with the terms as mentioned in the loan agreement.

6. Rate of Interest & other charges

- The Company shall frame appropriate internal policies and procedures to determine the interest rates to be charged to customer, processing and other charges as applicable. The Company shall, at the time of disbursement, ensure that the interest rate and other charges, if any, on loan are in strict adherence to above referred internal policies and procedures.
- The rate of interest shall be annualized rates to make the borrower aware of the exact rates that will be charged to the account. The said rate will be disclosed to the borrower explicitly in a written contract with the borrower.
- The rate of interest charged to the customer will depend upon the gradation of the risk of the borrower, which will take into account customer's financial strength, business, regulatory environment that is affecting the business, competition, past history of the borrower etc.

7. Release of Security & Repossession of assets financed

Release of Security

Any securities that Digikredit may hold for its customers, against the loans given, will be released to the customer upon full repayment of all dues by the customer and on realisation of outstanding amount of customer's availed limit. This is subject to any legitimate right or lien that Digikredit may have against the customer. If the Company wishes to exercise such right of set off, the Company will make sure to give adequate notice to the customer with full particulars, which will include any and all remaining claims and also the conditions under which Digikredit is entitled to exercise the right to set-off, till the relevant claim is settled or paid off by the customer. The Company will also ensure that once all terms

are complied with and fulfilled by the customer, a No Objection Certificate will be issued to the customer, within 15 working days of completion of formalities.

Repossession of assets financed

- The Company will also include a repossession clause in the loan agreement with the borrower to comply with the requirements of the Master Direction mentioned above. Such clause will be based on the following points to be disclosed to the borrower:
 - (i) notice period to be intimated to the borrower before taking possession of the asset and situations under which the notice period can be waived;
 - (ii) the process to be followed by the Company for taking the possession of the asset;
 - (iii) a provision to provide a final chance to the borrower to make the repayment of the loan before the sale / auction of the asset;
 - (iv) the process for providing repossession to the borrower; and
 - (v) the process to be followed for sale / auction of the asset in possession.
- The borrower will be provided with a copy of the loan agreement before the disbursement of the loan and such agreement will include all the terms and conditions and annexures, if any.

8. General

- a) Digikredit will never interfere in customer's affairs, except for the specific purposes that have been provided for in the terms and conditions of the signed loan agreement (unless there is some new information in relation to the customer, that has come to the notice of the Company and such information was not disclosed by the customer earlier).
- b) If the Company receives any request from the borrower for transfer of the borrowing account, the Company will respond to it in the form of consent or any objection to transfer, within 21 days from the date of receipt of request for such transfer. The Company will also ensure that such transfer happens as per the transparent terms mention in the contract with the customer and in consonance with the applicable laws.
- c) The Company will not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
- d) In the matter of recovery of outstanding dues of the customer, Digikredit will not resort to any undue harassment, viz. persistently bother the borrowers at odd hours, use of muscle power to recover the dues of the loan etc. Appropriate training will be given to the staff who deal with the customers for various requirements.

9. Grievance Redressal Mechanism

A sound platform to provide an excellent customer service is critical in today's competitive environment. Digikredit has always aimed to provide the best to its customers. Towards making the Grievance Redressal Mechanism effective for the customer, the Company has put together a structure to ensure that customer complaints and grievances are addressed in a just and fair manner, within a given framework of rules and regulations.

For any grievance that the customer may want redressed, he / she can write to the Grievance Redressal Officer at the following contact given:

Mr. Ashit Shroff

Digikredit Finance Pvt.Ltd.

Unit 326,3rd Floor, Chintamani Plaza,

Andheri Kurla Road,

Andheri East,

Mumbai-400053

Email: ashit.shroff@digikredit.com

If even after bringing it to the notice of the above office, the complaint is not resolved within 30 days, the customer can escalate the complaint to the following coordinates:

Mr. Samir Bhatia

Digikredit Finance Pvt.Ltd.

Unit 326,3rd Floor, Chintamani Plaza,

Andheri Kurla Road,

Andheri East,

Mumbai-400053

Email: samir.bhatia@digikredit.com

If the complaint is not resolved within a month, the customer may appeal to Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision (DNBS) of RBI under whose jurisdiction the Registered Office of the Company falls.

The details of DNBS is as given below

Dy. General Manager, Department of Non-Banking Supervision

Reserve Bank of India, Mumbai Regional Office

Near Maratha Mandir, Mumbai Central,

Mumbai – 400008

Email Id: dnbsmumbai@rbi.org.in

Mandatory display requirements:

Digikredit will display the following information in its branches/Head Office and on its website:

- Appropriate arrangement for receiving complaints and suggestions.
- Display of the name, address and contact number of the Complaint Redressal Officer

The process of the complaints redressal unit will ensure closure of all complaints to the customers' satisfaction. It will ensure that the complaint is escalated to the appropriate levels as necessary.

Digikredit will acknowledge receipt of the complaints and will endeavour to see that all complaints are promptly attended to.

10. Review of the Policy

This Fair Practices Code will be reviewed periodically by the Board of Directors of Digikredit and any changes required will be incorporated into the policy.