



Branch International Financial Services Private Limited

Fair Practices Code

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Branch International Fair Practices Code

1. Introduction

This Fair Practices Code ('Code') has been formulated and adopted by Branch International Financial Services Private Limited ("**Company**") pursuant to Para 45 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("SBR Master Directions"). The Company shall make appropriate modifications to this Code from time to time to conform to the standards that may be prescribed by the Reserve Bank of India (RBI) from time to time.

2. Objectives

- 2.1. Follow good, fair and transparent business practices by setting reasonable standards in dealing with customers;
- 2.2. Encourage market forces, through fair competition, to achieve higher operating standards;
- 2.3. Relate to the customer in such a manner so as to promote a fair and cordial relationship;
- 2.4. Conduct recovery and enforcement, where necessary, following due process of law.

3. Definition

For the purpose of this Policy, Customer is defined as any person who has availed or is availing at least one of the loan products of the Company.

4. Application

- 4.1. To be applicable to all persons offering the products and services of the Company or interacting with the customers as an employee or otherwise in any manner and/or by any mode.
- 4.2. The Code is applicable under a normal operating environment except in the event of any force majeure.
- 4.3. The Code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the Code.

5. Commitment

- 5.1. The Company shall at all times do its best to act fairly, reasonably and meet the standard practices prevalent in the industry in which it operates.
- 5.2. The Company shall abide by all the relevant laws, regulations and meet the ethical principles of integrity and transparency during its interaction with customers.
- 5.3. The Company will not discriminate on the grounds of gender, caste and religion in the matter of lending. Further, the Company shall not discriminate in extending its products and facilities including loan facilities to physically/ visually challenged applicants on grounds of disability.
- 5.4. The Company shall treat the information or data relating to customers as strictly confidential and shall not share any information or data more explicitly explained under our Privacy Policy, unless required under law or waived or permitted by the customer or under the following exceptional cases:
 - i. if there is a duty to the public to reveal the information
 - ii. if the Company's interest requires it to provide this information (e.g., fraud prevention) to Banks / Financial institutions / Groups / Associate Companies.
- 5.5. The Company shall collect and use information relating to the Customer strictly for the loan

transactions and it can be disclosed to a third party only after due consent from the Customer has been received except in case of the cases mentioned under para 5.4. of this Policy. Information shared with third parties shall be need-based and with prior and explicit consent of the Customer.

- 5.6. The Company shall take necessary steps to inform its customers of their right to information regarding their account and the facilities available to them.
- 5.7. The Company shall be clear and not misleading in any of its advertising and promotional materials.
- 5.8. The Company shall inform its customers of all financial information such as rates of interest, charges, method of calculation, etc. through KFS, brochures, posters or during the course of meeting with the customers, etc. prior to entering into any transaction.
- 5.9. The Company shall give notice to the Customer in the vernacular language or a language as understood by the Customer of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- 5.10. The Company shall disclose, by such mode and in such manner as deemed fit, to ensure transparency, for all information affecting the interest of the Customer including but not limited to:
 - i. fees/charges payable for processing the loan application;
 - ii. annualized rate of interest & method of application thereof
 - iii. the amount of fee refundable, if any, if the loan amount is not sanctioned;
 - iv. prepayment options and charges, if any;
 - v. penalty for delayed repayment, in bold, if any;
 - vi. conversion charges, if any (Switching loan from fixed to floating rate or vice-versa);
 - vii. existence of interest re-set clause, if any;
 - viii. any other matter which affects the interest of the Customer.
- 5.11. The disclosure shall be done so as to ensure that the Customers are aware of all interest, charges and fees involved in processing and sanctioning of the loan. The Company shall not indulge in any act which is discriminatory among equals.

6. Loan Application and Credit Appraisal

- 6.1. The Company in the normal course of its business shall endeavor at all times to guide its customers about the process and procedure to be followed for availing a loan.
- 6.2. Each application shall be considered independently on merit, upon scrutiny of all the information, identity of the person and/or entity.
- 6.3. The Company shall carry out due diligence on the Customer to ascertain the creditworthiness of the Customer, which will be an important parameter in making a decision on the application before sanctioning or rejecting any loan application. In accordance with the prescribed risk-based assessment procedures and the Credit Policy of the Company, each application will be assessed based on such risk assessment and our prevailing guidelines. The Company shall consider and capture the economic profile of the Customer covering (age, occupation, income, etc.), before extending any loan, with a view to assessing the Customer's creditworthiness in an auditable way.
- 6.4. The Company shall ensure that there is no automatic increase in credit limit unless explicit consent of the Customer is taken on record for each such increase.
- 6.5. The Company shall give an acknowledgement for receipt of all loan applications. The likely time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
- 6.6. The loan application form shall include necessary information which affects the interest of the Customer so as to enable the Customer to do a meaningful comparison of terms and conditions offered by other NBFCs and make an informed decision.
- 6.7. The Company shall convey in writing to the Customer in English or any other vernacular language as understood by the Customer, by means of a sanction letter, loan agreement or



otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the Customer on its record.

- 6.8. The Company shall provide a Key Fact Statement (KFS) to the Customer in a standardized format for all digital lending products. Any fees, charges, etc., which are not mentioned in the KFS cannot be charged by the REs to the Customer at any stage during the term of the loan.
- 6.9. All disbursement, repayment, etc., shall be executed by the Customer directly in the bank account of the Company without any pass-through account/ pool account of any third party. The disbursements shall also always be made into the bank account of the Customer except for disbursements covered exclusively under statutory or regulatory mandate.
- 6.10. The loan application form shall also indicate the documents required to be submitted with the application form.
- 6.11. The repayment schedule shared with Customer shall clearly indicate the bifurcation between interest and principal as provided in the loan documentation.

7. Loan Agreement and Documentation

- 7.1. The Company shall mention the penal charges charged, if any, for late repayment in bold in the loan agreement.
- 7.2. The Company shall clearly specify the exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. in the loan agreement and the Customer shall be apprised of the same at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan. In cases of loan facilities with moratorium, the exact date of commencement of repayment shall also be specified in the loan agreements.
- 7.3. Any fees, charges, etc., which are not mentioned in the loan documentation shall not be charged by the Company to the Customer at any stage during the term of the loan.
- 7.4. The Company shall ensure that changes in interest rates and charges are effective from a prospective date. A suitable condition in this regard shall be incorporated in the loan agreement.
- 7.5. The decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- 7.6. The Company shall furnish via downloadable link or, a copy of the loan agreement as understood by the Customer along with a copy of all enclosures quoted in the loan agreement to all the Customers at the time of sanction/disbursement of loans.

8. Interest Rate and Other Charges

- 8.1. The Company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determining the rate of interest to be charged for loans and advances.
- 8.2. 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 disclosed to the Customer or customer in the application form and communicated explicitly in the sanction letter through the mobile based application and shall also be made available on the website of the Company or published in the relevant newspapers, as the Company may decide. The information published on the website of the Company or otherwise published shall also be updated whenever there is a change in the rate of interest.
- 8.3. The Company shall endeavor to keep its customers informed of any change in interest rates/charges etc. through letters or any other form of general or public announcement or displays, from time to time.
- 8.4. The Board of Directors of the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. The manner, types and rates of charges to be levied on a Customer shall be as per the Company's Interest Rate and Other Charges Policy .
- 8.5. While this specific clause is provided under the RBI Guidelines on Digital Lending, in our view, keeping in mind the intent of fair practice, the same should be applied to all types of lending
- 8.6. According to the extant guidelines, the company was required to establish proper internal standards and procedures for determining processing fees and other costs. Yet, it was noted that no official policies or rules were supporting the determination of the processing costs.
- 8.7. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the Customer 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.
- 8.8. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category
- 8.9. The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers / Customers in the loan agreement, Key Fact Statement (KFS) and on website of the Company (under interest rates and service charges)
- 8.10. Whenever reminders for non-compliance of material terms and conditions of loan are sent to Customers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.
- 8.11. The penal charges in case of loans sanctioned to individual Customers shall not be higher than the penal charges to non individual Customers for similar non compliance of material terms and conditions.
- 8.12. The Company shall not charge foreclosure charges/ prepayment penalties on all floating rate term loans sanctioned for purposes other than business to individual Customers, with or without co-obligant(s).

9. Collection of Dues

- 9.1. The Company shall provide the customers with all the information regarding their dues and provide reasonable time for payment of the same.
- 9.2. The Company shall, while protecting its interest, adopt reasonable and lawful measures to recover its dues from defaulting customers, including use of persuasive methods for the purpose of collection of its dues, and shall operate within the legal framework by RBI and in accordance with the Collection Policy of the Company.
- 9.3. The Company's collection practices are built on courtesy, fair treatment and persuasion. In the

matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the Customers at odd hours, use of muscle power for recovery of loans, etc. The Company shall ensure that the staff are adequately trained to deal with the Customers in an appropriate manner.

- 9.4. The Customer shall be informed, 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 lending service provider responsible for recovery, the details of the lending service provider acting as recovery agent who is authorised to approach the Customer for recovery

10. General

- 10.1. While interacting with customers, the Company shall take all steps as may be required to provide clear information either in English or Hindi or the appropriate vernacular language or a language as understood by the Customer regarding:
- i. its various products and services;
 - ii. the terms and conditions, the interest rates/service charges;
 - iii. benefits available to customers and the implications, if any;
 - iv. contact persons for addressing the queries, if any;
 - v. communication with the customers, if any.
- 10.2. The Company shall refrain from interference in the affairs of the Customer except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the Customer, has been noticed).
- 10.3. In case of receipt of a request from the Customer for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of the request. Such transfer shall be as per transparent contractual terms in consonance with law.
- 10.4. The Company will provide a copy of this Code, at request, to the Customer. The Code will also be made available on its Website.

11. Responsibility of the Board of Directors

- 11.1. The Board of Directors of the Company has laid down a Grievance Redressal Mechanism within the organization to resolve complaints and grievances which is enunciated in the Grievance Redressal Policy for the Organization.
- 11.2. This mechanism ensures that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.
- 11.3. The Board of Directors shall also provide for a 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 on an annual basis.

12. Complaints and Grievances

- 12.1. The Board of Directors of the Company has laid down an appropriate grievance redressal mechanism within the organization. Such a mechanism ensures that all disputes arising out of the decisions of the Company's functionaries are heard and disposed of at least at the next higher level.
- 12.2. The Company shall endeavor to address/respond and dispose off all complaints and grievances within 30 days from receipt of the complete details in respect of the grievance and keep the customers informed about the status of their complaints.
- 12.3. The detailed provisions for grievance redressal have been included in the Grievance Redressal Mechanism Policy adopted by the Company.
- 12.4. The Company will ensure that its grievance redressal procedure is made available on its website.



12.5. The Company shall not discriminate in extending products and facilities including loan facilities to physically / visually challenged applicants on grounds of disability. Further, the Company shall ensure redressal of grievances of persons with disabilities under the existing Grievance Redressal Mechanism provided herein.

13. Training and Awareness

13.1. It shall be ensured that the staff of the Company or any third party is adequately trained to deal with the Customers in an appropriate manner. Training to employees shall include programs to inculcate appropriate behavior towards customers. The conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix.

13.2. The Company shall place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day- end process with a view to increasing awareness among the Customers. The Company shall also display such consumer education literature in its branches by means of posters and/or other appropriate media. Further, the Company shall also ensure that its front-line officers educate Customers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans.

14. Review of the Code

The Board of Directors shall conduct an annual review of the compliance of this Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. The GRO shall periodically review the compliance of this Code and a consolidated report of such review may be submitted to the Board.
