

PIRAMAL CAPITAL & HOUSING FINANCE LIMITED

FAIR PRACTICE CODE

Intent and Content

This Code has been formulated by Piramal Capital & Housing Finance Ltd (“The Company/PCHFL”) pursuant to the Guidelines on Fair Practices Code (FPC) for Housing Finance Companies issued by the National Housing Bank (NHB) vide its circular bearing No. NHB (ND)/DRS/POL- No. 38/2010-11 dated April 25, 2011. This Code has come into force from May 10, 2011.

PCHFL being an Housing Finance Company registered with the National Housing Bank shall adopt all the best practices prescribed by NHB from time to time and shall make appropriate modifications if any necessary to this Code to conform to the standards so prescribed. The Company’s policy is to treat all the clients consistently and fairly. The employees of the Company will offer assistance, encouragement and service in a fair, equitable and consistent manner.

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

Objectives

- Follow good, fair and transparent business practices by setting reasonable standards;
- Encourage market forces, through fair competition, to achieve higher operating standards;
- Relate to the customer in such manner so as to promote a fair and cordial relationship;
- Set such standards and practices so as to foster confidence in the housing finance system;
- Recovery and enforcement, where necessary, is conducted following due process of law;
- Promote a fair and cordial relationship between customer and HFC. Foster confidence in the housing finance system.

Application

- Normally all particulars required for processing the loan application shall be collected by the HFCs at the time of application. In case it needs any additional information, the customer should be told that he would be contacted immediately again. Loan appraisal and terms/conditions.
- The HFCs should convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualized rate of

interest, method of application, EMI Structure, prepayment charges and keep the written acceptance of these terms and conditions by the borrower on its record.

- HFCs shall invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to every borrower at the time of sanction / disbursement of loans.
- Disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.

Disbursement of loans including changes in terms and conditions

- HFCs should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- If such change is to the disadvantage of the customer, he/she may within 60 days and without notice close his / her account or switch it without having to pay any extra charges or interest.
- Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.
- HFCs should 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 HFCs 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 particulars about the remaining claims and the conditions under which HFCs are entitled to retain the securities till the relevant claim is settled /paid.

Guarantors

- When a person is considered to be a guarantor to a loan, PCHFL shall inform him/her the following under acknowledgement:
 - a. Letter/ Deed of Guarantee stating the terms of liability as guarantor.
 - b. PCHFL shall keep him/her informed of any default in servicing of the loan by the borrower to whom he/she stands as a guarantor.

Rate of interest /policy

- To be applicable to all persons offering the Products and Services of the Company as an employee or otherwise in any manner and/or by any mode.
- The Code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the Code.

Commitment

- The Company shall at all times do its best to act fairly, reasonably and meet the standard practices prevalent in the housing industry.
- The Company shall abide by all the relevant laws, regulations and meet with the ethical principles of integrity and transparency during its interaction with customers.
- While interacting with customers, the Company may take all steps as may be required to provide clear information either in English or Hindi or the appropriate local language regarding:
 - its various products and services;
 - the terms and conditions, the interest rates/service charges;
 - benefits available to customers and the implications, if any;
 - contact persons for addressing the queries, if any;
- The Company will provide a copy of this Code, at request, to the customer. The Code will also be made available on its Website and at every branch/ office.
- The Company would not discriminate on grounds of sex, caste and religion in the matter of lending. However this does not preclude the Company from participating in credit-linked schemes for the weaker sections of society and in respect of schemes formulated by NHB/ other Government Agencies, implemented through the Company.
- The Company shall treat the information relating to customers as strictly confidential and shall not share any information, unless required under law or waived or permitted by the customer.
- The Company shall take necessary steps to inform its customers of their right to information regarding their account and the facilities available to them.
- The Company shall be clear and not misleading in any of its advertising and promotional materials.
- The Company shall inform its customers of all financial information such as rates of interest, charges, method of calculation etc through brochures, posters or during the course of meeting with the customers etc prior to entering into any transaction.
- 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.
- The Company shall disclose, by such mode and in such manner as deemed fit, to ensure transparency, all information affecting the interest of the borrower including but not limited to :
 - fees/charges payable for processing loan application;
 - the amount of fee refundable, if any, if the loan amount is not sanctioned;
 - Prepayment options and charges, if any;
 - Penalty for delayed payment, if any;
 - Conversion charges (Switching loan from fixed to floating rate or vice –versa);
 - Existence of interest re-set clause, if any;
 - any other matter which affects the interest of the borrower.
- The disclosure shall be done so as to ensure that the borrower is aware of “all in cost” parameters involved in processing and sanctioning of loan. The Company shall not indulge in any act which is discriminatory among equals.

- The Company shall explain the requirements of KYC guidelines to its customers and inform them about the documents required for establishing the identity of the customer before loan sanctioning, account opening and operation. The Company would obtain only such information to meet with company's KYC, Anti-Money Laundering or any other statutory requirements. In case any additional information is asked for, it will be sought separately and shall specify the objective of obtaining such additional information. The Company will review the compliance of this Code and a consolidated report of such review may be submitted to the Board.

Loans

- The Company in the normal course of its business shall endeavour at all times to guide its customers about the process and procedure to be followed for availing a loan.
- Each application shall be considered independently on merit, upon scrutiny of all the information, documents required for verifying the title of the property, identity of the person, entity and the security to be offered, including guarantees.
- The Company shall give an acknowledgement for receipt of all loan applications and the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
- The letter of guarantees to be executed by the guarantors would cover their obligations, liabilities and circumstances in which they can be called upon to pay the dues of the customer/borrower.
- The Company shall communicate in writing to the customer whose application has been rejected.
- HFCs should convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, prepayment charges and keep the written acceptance of these terms and conditions by the borrower on its record.
- HFCs shall invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to every borrower at the time of sanction / disbursement of loans.

Collection of Dues

- The Company shall provide the customers with all the information regarding their dues and provide reasonable time for payment of the same.
- 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.

Credit Information Companies

- When a customer opens an account, HFCs shall inform him / her when they may pass his / her account details to credit reference agencies and the checks HFCs may make with them.

- HFCs may give information to credit reference agencies about the personal debts the customer owes them if:
 - i. The customer has fallen behind with his / her payments;
 - ii. The amount owed is not in dispute; and
 - iii. The customer has not made proposals that the HFCs are satisfied with, for repaying his / her debt, following HFC's formal demand
- In these cases, HFCs shall intimate the customer in writing that they plan to give information about the debts the customer owes them to credit reference agencies. At the same time, HFCs shall explain to the customer the role of credit reference agencies and the effect the information they provide can have on customer's ability to get credit.
- HFCs may give credit reference agencies other information about the customer's account if the customer has given them his / her permission to do so.
- A copy of the information given to the credit reference agencies shall be provided by the HFC to a customer, if so demanded.

Complaints and Grievances

- The Company shall endeavour to address/respond to all complaints and grievances within a reasonable time and keep the customers informed about the status of their complaints. A board approved customer grievance redressal policy covering relevant guidelines will be put in place.
- The Company shall make available facilities at each of its branches and offices for the customers to lodge and/or submit their complaints or grievances, if any.
- The Company will ensure that its grievance redressal procedure is made available on its website.

Review of the Code

The Board of Directors shall conduct annual review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.