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FAIR PRACTICE CODE  
3<sup>rd</sup> Edition  
March-2025

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<b>HUMANA FINANCIAL SERVICES PRIVATE LIMITED</b> <b>POLICY ON FAIR PRACTICES CODE ("FPC")</b> <b>(Version- 3)</b>		
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## 1. Introduction

Humana Financial Services Private Limited (“**HFSPL**”) is a private limited company registered with the Reserve Bank of India (RBI) as an NBFC and has been licensed as NBFC-MFI since August 04, 2017. It is also classified as a Non-Systemically Important Non-Deposit Taking Non-Banking Finance Company.

HFSPL provides microfinance services to low-income households and individuals to improve their quality of life. HFSPL constantly endeavors to deliver quality services to its Borrowers by maintaining the highest levels of transparency and integrity.

HFSPL ensures that the principles of responsible lending, transparency, and core values are followed in letter and spirit. HFSPL follows various guidelines issued by the Reserve Bank of India (“**RBI**”) on the Fair Practices Code for NBFC-MFIs, Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 and has also adopted the unified Industry Code of conduct developed by the Self-Regulatory Organizations Microfinance Institutions Network (**MFIN**) and Sa-Dhan.

## 2. Objectives of the Fair Practices Code

- To formulate Fair Practices Code (FPC) and lay down the process and guidelines for effective implementation of FPC which is in compliance with the guidelines prescribed by the regulator and Self-Regulatory Organizations (SROs) and enhancing the scope of FPC by drawing from the experiences gained by HFSPL.
- To protect Borrowers from fraud, misrepresentation, deception, and unethical practices.
- To ensure that all practices related to lending and recovery of loans are fair and maintain respect for Borrower’s dignity.
- To train all the employees and borrowers on the FPC in an effective manner and to ensure that they follow the FPC at all times.
- To monitor the effective implementation of the FPC and maintain zero tolerance to deviations.
- To constantly review and revise the FPC based on the RBI and SRO guidelines in addition to the experiences gained by HFSPL.

## 3. Target Audience

The Fair Practice Code shall be available in public domain at company’s website and shall also be placed at the notice board of all the offices of the Company.

## 4. Regulatory Reference

Pursuant to the RBI Master Direction- (Regulatory Framework for Microfinance Loans) Directions, 2022 updated circular RBI/DOR/2021-22/89 DoR.FIN.REC. 95/03.10.038/2021-22 dated March 14, 2022(Annexed), RBI/2015-16/16 DNBR (PD)CC.No.054/03.10.119/2015-16 dated July 1, 2015, and revised framework Via Master direction RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 company has adopted the following guidelines as regulatory reference RBI and approved in the Company’s Board meeting.





## 5. Commitments and Declarations

We shall act efficiently, fairly and diligently in our dealings with all our loan applicants by:

- Meeting the commitments and standards in this Fair Practices Code for the financial products and services, we offer, and the procedures and practices our employees follow;
- Ensuring that all the financial services meet relevant Laws and Regulations;
- Providing professional, courteous and speedy services;
- Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transactions. We shall help the loan applicant understand how our financial products and services work by:
- Providing verbal information about our financial schemes;
- Ensuring that our advertising & promotional literature is clear and self-explanatory;
- Explaining financial implications of the transactions;
- Helping the loan applicant to choose the preferred financial scheme.

We shall deal quickly and proactively with things that go wrong by:

- *Correcting mistakes quickly;*
- *Attending customer complaints quickly;*
- *To Aware the loan applicants how to take their complaints forward if they are still not satisfied with our assistance;*
- *Reversing any charges imposed unintentionally or by oversight.*

## 6. Non-Discrimination Policy

We shall not discriminate between our loan applicants based on disability-physically/visually challenged, race or religion, caste, creed, political association, colour, etc.

## 7. Applications for loans and their processing:

- All communication to the borrower should be in the vernacular language or the language understood by the borrower.
- Loan application shall be in the vernacular language or a language as understood by the borrower.
- The 'Know Your Customer' (KYC) documents like registration documents, address and ID proof of promoters, managers, PAN card etc. or any other proof suggested by Reserve Bank of India under KYC norms, along with other documents like housing location, name, age, education, asset details, expense details and other baseline information of the family shall be collected.
- Borrower shall be provided with acknowledgment for receipt of the loan application. The acknowledgment shall be in vernacular language clearly communicating the timeframe within which the loan application will be disposed of.
- Loan application shall contain the effective interest rate, processing fee, and insurance premium and the borrower shall be informed of the same while taking the loan application so that a meaningful comparison with the terms and conditions offered by

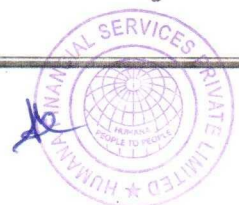


other lenders can be made and informed decision can be taken by the borrower.

- The loan application form should indicate the documents required to be submitted with the application form.
- Loan applications shall be disposed of within 4 weeks or such extended time as may be mutually agreed between the Borrower/Centre Leader and the Company from the date of receipt of the application form complete in all respects.
- If any additional details/ documents are required, the same shall be intimated to the borrowers immediately.
- The Company will charge the interest rate from the borrower as Approved by the Board.

#### **8. Loan appraisal and terms/ conditions**

- Loan applications shall be subject to guidelines from RBI and the company's credit appraisal processes which are to be adopted in terms of RBI instructions and framework.
- Loan appraisal is done based on the following aspects of the Borrower:
  - Past repayment track record
  - Attendance to centre meeting
  - Current income, stated purpose for loan and its feasibility
  - Repayment capacity on sustained basis.
- Upon approval of the loan, a sanction letter indicating the amount of loan sanctioned, rate of interest applicable, method of interest calculation along with other terms and conditions shall be conveyed to the loan applicant in writing in vernacular language.
- A written acceptance of such terms and conditions will be taken from the borrower.
- Loan appraisal will adhere to the method of assessing income and repayment capacity mentioned in RBI's directions RBI/DOR/2021-22/89 DoR.FIN.REC. 95/03.10.038/2021-22 dated March 14, 2022, or such directions as may be issued by RBI in future.
- Key Fact Statement: -Each borrower will be provided all pricing related information (including any fee, charge, penalty or any other amount deducted) in the Key Fact Statement factsheet.
- Furnish a copy of the Loan Agreement or enclosure quoted in the Loan Agreement.
- Loan agreement shall disclose following information –
  - All the terms and conditions of the loan, that the pricing of the loan as mentioned in Key Fact Statement , that there will be no penalty charged on prepayment of any loan (incentive for on time payment or payment holiday)
  - That no Security Deposit / Margin is being collected from the borrower,





- We shall not charge foreclosure charges / pre-payment penalties on the loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.
- An assurance that the privacy of borrower data will be respected.
- A copy of the loan agreement along with the fact sheet will be furnished to all the borrowers

**9. Disbursement of loans including changes in terms and conditions:**

- The Company shall frame appropriate internal principles and procedures for determining and ensuring that the interest rates and processing and other charges are not excessive. The Company 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 procedures.
- The Company shall invariably be bound to furnish a copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loans. The Company shall ensure that the terms and conditions and the rate of interest are intimated to the borrower in the form of a Loan Card.
- LOAN CARD- Company shall issue loan card containing following information –
  - i. Borrower's photograph, KYC details and other relevant information
  - ii. Fact sheet on pricing
  - iii. All terms and conditions attached to the loan
  - iv. Company acknowledgement for the repayments including installments received and final discharged.
  - v. All the entries in the loan card shall be in the local language or in the language understandable by the borrower
  - vi. Details of grievance redressal system, including the name and contact number of nodal office of the company, SRO and RBI
  - vii. Fee structure and details of any non-credit product
- We shall prominently display our Grievance Redressal System including the Toll free no. 1800 1023 195 and designation of the nodal officer apart from Branch address and telephone number of the branch
- All the communications shall be made in vernacular language so that borrowers understand the contents of the communication.
- The disbursement will be done immediately upon compliance of all the terms and conditions of the sanction by the Borrower.
- The Company shall give a notice in vernacular language to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, pre-payment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively.
- The effective rate of the minimum, maximum and average interest rates charged on microfinance loans on each loan product, processing fees and insurance premium shall



be prominently displayed in all branches & head office, in the literature issued (in vernacular language) and on the website of the company.

#### **10. Fair Practices and Ethical Behavior**

- All dealings of the Company with Borrower shall be open, fair and ethical.
- All Employees of HFSPL shall treat Borrowers with respect and dignity.
- We provide microfinance services to all eligible Borrowers as per RBI guidelines.
- Our rate of interest & charges is in accordance with RBI guidelines.
- The rates of interest and the approach for gradation of risks shall also be made available on the web- site of the Company. The information published in the website shall be updated whenever there is a change in the rates of interest.
- We will obtain copies of relevant documents from Borrowers, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
- We will not bundle products. The only exception to bundling may be made with respect to credit life insurance products (if applicable), which are typically offered bundled with loans. The terms of insurance should be transparently conveyed to the Borrower and must comply with RBI & Insurance Regulatory and Development Authority (IRDA) norms.
- Training offered to the borrowers shall be free of cost. Field staff shall be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loans/other products.

#### **11. Avoiding Over-indebtedness**

- Branch Managers shall make proper inquiries with regard to the current indebtedness of the borrowers before sanctioning the loan.
- We will ensure that the loan is provided on basis of the assessment of the annual household income of the Borrower considering the broad parameters viz., Household profile, Household income, and Household expenses.
- We provide accurate data to credit information companies (CIC's) on level of indebtedness and ascertain by way of obtaining declaration from the borrowers, verification of bank account statements wherever available, and local enquiries etc.
- We assess the repayment of monthly obligations of households with monthly household income to ascertain the outflow
- We shall not exceed the indebtedness cap as decided by the Industry Associations and the overall prescribed limit set by RBI.

We shall educate Borrowers on the bad effects of over-borrowing.

#### **12. Collection Practices**

- We will train all employees on the collection policy and deal with Borrowers in an appropriate manner.
- We will ensure that the employees use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interactions with Borrowers.
- In the matter of recovery of loans, we will instruct our employees not to follow coercive collection practices such as collecting at odd/late hours or during the bereavement/sickness of borrowers, behaving rudely / aggressively, or use of muscle power during collection etc.



- We will ensure the employees shall not adopt any harsh practices viz., use of threatening or abusive language, persistently calling the borrower and/or calling the borrower before 9:00 AM and after 6:00 PM, harassing relatives, friends, co-workers of the borrower, publishing the name of the borrowers, use or threat of use of violence or other similar means to harm the borrower or borrower's family/assets/reputation, misleading the borrower about the extent of the debt or the consequences of non-repayment.
- We will have strict vigilance to ensure that staff do not misbehave, disrespect the borrowers. We will incorporate this in the loan agreement/document.
- Disciplinary action shall be taken against the employees for any misbehavior, or deviation against the Fair Practice Code.
- We will display FPC in all the branch premises, Head Office/ Registered Office, and upload on our website.

### 13. Privacy of Borrower Information

- We shall respect Borrowers' privacy and shall treat Borrower information as private and confidential.
- We shall incorporate an adequate disclosure in the loan document on sharing Borrower data with credit bureaus, statutory organizations, and third parties.
- We will train our staff on fidelity and secrecy of Borrower data. We will incorporate this clause in the appointment letter.

### 14. Feedback and Grievance Redressal Mechanism

The grievance redressal mechanism is being set up to resolve the disputes arising out of the decisions of the functionaries in relation to the products and services. In case a Company's staffs are involved in any kind of inappropriate behaviour, disciplinary actions against such staff shall be taken immediately. The clients will be made aware of the grievance settlement procedure at the time of disbursement of loans and during the group meetings. The monitoring and audit team will verify the awareness of the clients' in this regard.

All branches shall have a suggestion and complaint box in their premises where the clients can make their grievances. All the clients' shall have access to the higher level of staff (i.e. Branch Manager, Regional Manager or District Manager) to highlight and discuss their issues/grievances, if any. The senior staff at the field level has been empowered to take certain actions/decisions to address the needs/issues of the clients immediately. Our clients' can also call at our Customer Service Helpline on Toll Free no 1800- 1023 195 and or also can write to us at the below mentioned address:

- Channel 1: Physical receipt of the complaint by the Company's officials
- Channel 2: Complaint to Company's Nodal Officer
- Channel 3: MFIN Toll Free Number
- Channel 4: RBI contact details

#### 1) Head Office

To,  
 Humana Financial Services Private Limited  
 111-9, Second Floor, Near Primary School, Kishangarh,  
 Vasant Kunj, New Delhi - 110070  
 Or  
 Email: [info@humanafinancial.com](mailto:info@humanafinancial.com)





All grievances shall be addressed within 48 hours to a week time on a case-to-case basis.

In case the complaint is not resolved within the given time or if the client is not satisfied with the solution provided, the client can approach the Complaints Redressal Officer/Nodal Officer. The name and contact detail of the Officer is as follows:

**2) Nodal officer of HFSPL**

Details of Nodal Officer

Name : Sudhanshu Shekhar  
Designation : Chief Financial Officer  
Contact Details : 011 4101 8367 (Calls will be taken between 10.00 a.m. to 5.00 p.m. on all working days)  
Email id. : grievance@humanafinancial.com

In case the complaint is not resolved within the given time or if the client is not satisfied with the solution provided by Nodal Officer, the client can approach the MFIN within 15 days. The name and contact detail of the Officer is as follows:

**3) Contact details of MFIN**

MFIN Helpline No. 1800 102 1080

Email id: contact@mfinindia.org

If the complaint/dispute is not addressed within a period of one month, the client may appeal to the Officer-in-charge of the Regional Office of DNBS of RBI:

**4) Reserve Bank of India**

To,  
The Officer-in-Charge,  
Department of Non Banking Supervision,  
Reserve Bank of India  
6, Sansad Marg, New Delhi - 110001  
Contact No. 011-23325247  
Email id: crpc@rbi.org.in or cepcnewdelhi@rbi.org.in

Or, Complainant may lodge a complaint against the company by clicking the link here Online - on CMS portal of RBI at <https://cms.rbi.org.in> [cepcnewdelhi@rbi.org.in](mailto:cepcnewdelhi@rbi.org.in)

**15. Dissemination of FPC and GRM (Fair Practice Code & Grievance Redressal Mechanism)**

- Our HR policy has criteria for the recruitment of all staff, their training, and the reporting structure. The criteria cover qualifications, skill sets, and social and behavioral aspects. Each employee is trained on FPC, GRM, Code of Conduct, Whistle Blower Mechanism, and the appropriate way of dealing with the Borrowers. Guidelines provided in the Industry Code of Conduct by MFIN & Sadhan, which was already approved and adopted by the Board, shall be implemented effectively **Employee Training**.



- i. Every employee is trained on the FPC including the grievance redressal mechanism. Besides, they are also trained on soft skills so as to behave properly and respectfully with borrowers without adopting any abusive or coercive debt collection/recovery practices.
- ii. Each employee is trained in a way that the Borrower is given due respect and is treated with dignity and self-esteem.
- iii. The employees are trained to make necessary enquiries regarding the income and existing debt of the household of the prospective Borrowers.

#### 16. Review and Monitoring

- Status of resolutions shall be monitored on a daily basis by the Concerned Employee.
- On a monthly basis, compliance with the fair practices code including all the grievances received, resolutions provided, and the turn-around time shall be reviewed by the Compliance Officer who in turn presents to the Board of Directors.
- The Board reviews the functioning of the fair practice code including the effectiveness of the grievance redressal mechanism on a quarterly basis.

A periodical review of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management would be undertaken by the Company and a consolidated report of such reviews shall be submitted to the Board of Directors of the Company Quarterly.

*The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business.*

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