

INDIA LEASE DEVELOPMENT LIMITED

Fair Practice Code

RATIONALE

The Reserve Bank of India, (RBI), vide its notification number DNBS (PD) CC No.80/03.10.042/2005- 06 dated September 28, 2006 and subsequently through various other notifications has prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs). All of this has been consolidated in last Master Circular – Fair Practices Code notification number DNBR.(PD).CC.No.054/03.10.119/2015-16 dated July 1, 2015.

The requirement further prescribes that the Fair Practices Code (FPC) so framed and approved by the Board of Directors should be published and disseminated on the web-site of the company, if any, for the information of the public.

Further, Reserve Bank of India vide its various master circulars directed all NBFC to make suitable amendments in their existing FPC. Pursuant to the circular, the company had framed and adopted the revised and amended guidelines which were approved by the Board of Directors at its meeting held on 27th May, 2022. The said code was also reviewed in the Board Meeting held on 04th May 2023.

As a result, India Lease Development Limited (“ILD”) or (the “Company”) has framed the comprehensive Fair Practice Code which is covered in this document.

1. OBJECTIVE OF THE CODE

This Code has been developed to:

- promote good, fair and trustworthy practices by setting minimum standards in dealing with the customers;
- increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services;
- encourage market forces, through competition, to achieve higher operating standards;
- promote a fair and cordial relationship between the customers and the Company.

The Fair Practices Code is aimed to provide to the customers effective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse.

2. OUR KEY COMMITMENTS AND DECLARATIONS

- a. We shall act efficiently, fairly and diligently in our dealings with all our customers by:



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- Meeting the commitments and standards in this Fair Practices Code for the financial products and services, we offer, and the procedures and practices our staff 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.
- b. We shall help the customer understand how our financial products and services work by;
- Giving verbal information about the financial schemes in Hindi and/or English and/or local vernacular language as understood by the borrower;
 - Ensuring that our advertising & promotional literature is clear and is not misleading;
 - Explaining financial implications of the transactions;
 - Helping the customer to choose the financial scheme.
- c. We shall deal quickly and proactively with things that go wrong by:
- Correcting mistakes quickly;
 - Attending to customer complaints quickly;
 - Telling our customers how to take their complaint forward if the customers are still not satisfied with our assistance;
 - Reversing any charges that we apply due to our mistake.

3. APPLICABILITY

ILD will ensure that the implementation of the Fair Practices Code (FPC) is the responsibility of the entire organization. ILD's fair lending practices shall apply across all aspects of its operations including loan origination, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of accountability, training, counseling, monitoring, auditing programs and internal controls and optimal use of technology. Additional guidelines on fair practices mandated by RBI vide notification dated March 26, 2012, for NBFC-MFI and for NBFCs engaged in lending against collateral of gold jewellery are not applicable to ILD, since it does not engage in such activities.

4. NON-DISCRIMINATION POLICY

ILD shall offer all financial products, to eligible qualified applicants, without discrimination on the basis of caste, colour, creed, race, religion, sex or handicap.

5. LOAN APPLICATION AND ITS PROCESSING

- a. All communications to the borrowers shall be made in vernacular language or a language as understood by the borrower.



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- b. The Company will offer credit to eligible qualified applicants who express their need to borrow through their loan request letter or loan application forms.
- c. Loan application forms issued by the Company shall include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrower.
- d. The Company shall issue an acknowledgement receipt for all loan applications. Subject to receipt of all the requisite documentation and information, loan applications shall be disposed of within 30 days, from the date of receipt of the application form complete in all respects. In any case the Customer will be kept informed by the sales person with regards to the status of his application from time-to-time. The Customer may also contact ILD customer service team at the prescribed toll-free number or email id to obtain an update on the status of application.
- e. If any additional details/ documents are required, the same shall be intimated to the borrowers immediately.

6. LOAN APPRIASAL AND TERMS / CONDITIONS

- a. The Company shall conduct a due diligence on the credit worthiness of the borrower, which will be an important parameter for taking decision on the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- b. The borrower would be informed in writing in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned. The said letter shall contain the terms and conditions including the annualized rate of interest and the method of application thereof. The Company shall keep on record the acceptance of these terms and conditions by the borrower.
- c. The Company shall invariably be bound to furnish a copy of the loan documents containing the terms and conditions of the loan ("Loan Documents"), preferably in the vernacular language as understood by the borrower, along with a copy of all enclosures quoted in the Loan Documents to all the borrowers at the time of sanction/ disbursement of loans. The Company shall ensure that the Loan Documents and all enclosures furnished to all borrowers contain the terms and conditions and the rate of interest. Further, the Company shall mention the penal interest charged for late payment in bold in the Loan Documents.
- d. The Company shall have a built-in repossession clause wherever applicable in the contract/Loan Documents so as to have legal enforceability.
- e. Wherever applicable, the terms and conditions contained in the Loan Documents of the Company shall also contain the following provisions:
 - Notice period before taking possession



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- Circumstances under which the notice period can be waived
- Procedure for taking possession of the security
- Provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property
- Procedure for giving repossession to the borrower and
- Procedure for sale/ auction of the property

7. **DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS / CONDITIONS**

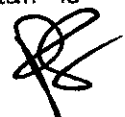
- a. The Company shall frame appropriate internal principles and procedures for determining and ensuring that the interest rates and processing and other charges are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and processing and other charges on loan and advances are in strict adherence to above referred internal principles and procedures.
- b. The disbursement will be done immediately upon compliance of all the terms and conditions of the sanction by the borrower.
- c. The Company shall give a notice to the borrower in the vernacular language as understood by 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. A condition to this effect shall be incorporated in the Loan Documents.

8. **POST DISBURSAL MONITORING / SUPERVISION**

- a. Any decision to recall/accelerate payment or performance under the Loan Documents shall be in consonance with the Loan Documents.
- b. All securities offered by the borrower shall be released 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.

9. **GENERAL**

- a. The Company shall not interfere in the affairs of the borrower except for the purposes provided in the Loan Documents, unless new information not earlier disclosed by the borrower has come to the notice of the Company.
- b. In the matter of recovery of loans, the Company shall not resort to undue harassment like bothering the borrowers at odd hours, 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.



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- c. The Company or its representative will call delinquent customers between 0900 hrs to 1800 hrs unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.
- d. The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues and will not be aimed at whimsical deprivation of the property.
- e. The Company shall ensure that the entire process of enforcing its security, valuation and realisation thereof be fair and transparent.
- f. In case of receipt of a request from the borrower for transfer of the borrower's account to other NBFC or Bank, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of such request in writing. Such transfer shall be as per transparent contractual terms in consonance with law.

10. COMPLAINT REDRESSAL MECHANISM

- a. The toll-free number for recording the grievances of the customers will be intimated the Application Form/Sanction Letter/other document issued to the borrower. In addition, a separate e-mail ID will be created where customer can send their grievances via e-mail.
- b. After examining the matter, the Company will endeavor to send the customer its response within four weeks and intimate the customer how to escalate the complaint to higher level, if he is not satisfied with the response. The Company has set up product wise turn-around time ("TAT") for resolution of customer grievances within the above period of four weeks and shall ensure to resolve the complaints within such defined TATs.
- c. At all the branches, if any / Head Office of the Company, notice will be put up informing the customers about the escalation mechanism and the Grievance Redressal Officer (including the name and contact details). If the grievance is not redressed within the Turn-Around-Time (TAT) referred above, the customer may appeal to:

The Officer in Charge,
Department of Non-Banking Supervision,
Reserve Bank of India,
6, Sansad Marg, Sansad Marg Area,
New Delhi, Delhi 110001
Email id: rdnewdelhi@rbi.org.in

- d. The Company shall request the customer to provide feedback on the services rendered. This can be done through direct contact by staff or through specific customer satisfaction surveys that may be conducted from time to time.
- e. A periodical review of the Fair Practices Code and the functioning of the Grievances Redressal Mechanism at various levels of management would be



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undertaken by the Company and a consolidated report of such reviews shall be submitted to the Board of Directors of the Company at regular intervals.

- 11. POLICY FOR DETERMINING INTEREST RATES, PROCESSING AND OTHER CHARGES**
- a. To ensure that there the Customers in future are not charged excessive interest rate and charges on loans and advances by the Company, the Board of the Company will adopt a Policy for Determining Interest Rates, Processing and Other Charges ("Interest Rate Policy") and the same will be put up on the Company's website www.indialease.com. Further the Board of the Company will also undertakes periodical review of the Interest Rate Policy from time to time.
 - b. ILD will be lending at interest rate based on weighted average cost of funds, operating cost, administrative cost, risk premium, and expected return for stakeholder value on a sustainable basis as approved/revised by the Board as an when required. The rate of interest shall be fixed on the basis of the risk gradation of the client and shall be charged on per annum basis. The risk committee will monitor the rates periodically.
 - c. The Company intimates the Borrower, the loan amount and Rate of Interest at the time of sanction of the loan along with the tenure.
 - d. The processing fee, if any, shall be determined on the basis of quantum of work involved in credit appraisal, volume of documentation and other expenses involved in the transaction. The rate of interest is subject to change as the situation warrants due to market compulsions and change in regulatory norms and is subject to the discretion of the management on a case to case basis.
 - e. 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.



Fair Practices Code

Pursuant to the Notification issued by the Reserve Bank of India by its Circulation No.RBI/2006-07/138 DNBS(PD) CC No.80/03.10.042/2005-06 Dated 28th September, 2006, India Lease Development Limited (ILD) (referred to as the "Company") has formulated this Fair Practices Code to lay down the following procedures/practices in dealing with the business transactions. This Code shall come into effect immediately.

1 Sanctioning of Proposals of Assets Financing

- a. Standardised Application Forms depending on the segment to which the hirer/lessee belongs shall include necessary information for arriving at a meaningful comparison with the terms and conditions offered by other NBFCs. On the basis of said information, decision can be taken by the hirer/lessee. The Loan Application Form will Indicate the documents which are required to be submitted with the Application Form.
- b. The Company would give acknowledgement for receipt of all applications for financing of assets. The time frame within which applications shall be disposed of shall not be exceeding one week and the same will be indicated in the acknowledgement.
- c. In accordance with the company's policy, each application will be processed and assessed. Suitable margin and the guarantee required to be given by the guarantor will be stipulated based on each proposal and amount of finance involved therein. However, the proposal will not be compromised on due diligence.
- d. In case of rejection of application, the same would be conveyed in writing alongwith the main reasons which led to rejection of the application.
- e. The company shall convey in writing to the Hirer/Lessee by means of a sanction letter, the amount of finance to be made alongwith the terms and conditions including annualized rate of interest and method of application thereof. The company shall keep the acceptance of these terms and conditions by the hirer/lessee on its record.

2 Sanctioning and Finalizing the Proposal

- a. The Company shall give notice to the Hirer/Lessee of any change in the terms and conditions including disbursement schedule, finance charges, service charges, prepayment charges etc. The company shall ensure that changes in finance charges and any other charges are effected in accordance with the Hire Purchase/Lease Agreement.



- b. Any decision to prepay the instalment/finalization of the total agreed amount shall be in consonance with the Hire Purchase/Lease Agreement. However, performance of the Hirer/Lessee in finalizing the deal will always be looked into and based on the same, rebate, if any, will be arrived at.
- c. The company shall release all securities on repayment of all dues or on realization of the outstanding amount of agreed amount, subject to any legitimate right or lien for any other claim the company may have against the hirer/lessee. If such right of set off is to be exercised, the Hirer/Lessee 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.

3 General

- a. The company shall refrain from interference in the affairs of the hirer/lessee except for the purposes provided in the terms and conditions of the Hire Purchase/Lease Agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company)
- b. In case of receipt of request from the Hirer/Lessee for transfer of account, the consent or otherwise i.e. the company's objection, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c. In the matter of recovery of dues, consistent with its policy over the years, the company shall resort to practice which is permissible under the law.

4 Grievances, if any, in connection with the Code shall be addressed to

Sh. Rohit Madan
Manager & Company Secretary
India Lease Development Limited
MGF House, 4/17 B, Asaf Ali Road,
New Delhi - 110002

by letter with copy marked to

Sh. Arun Mitter
Director
India Lease Development Limited
MGF House, 4/17 B, Asaf Ali Road,
New Delhi - 110002
email - info@indialease.com

