



FAIR PRACTICES CODE

VERSION CONTROL

Version Control No.	Author	Date Created / updated	Date Effective	Version Description
V.1	Pankaj Thapar	15 September 2009	15 September 2009	-
V.2	Pankaj Thapar	19 April 2012	19 April 2012	Amended in line with Circular No. DNBS.CC.PD.No.266/03.10.01/2011-12 dated 26 March 2012
V.3	Pankaj Thapar	14 March 2013	14 March 2013	Amended in line with Circular No. DNBS.CC.PD.No.320/03.10.01/2012-13 dated 18 February 2013
V.4	Pankaj Thapar	15 May 2015	15 May 2015	Amended in light of commencement of SME Finance Business
V.5	Prashant Joshi	08 August 2019	08 August 2019	Amendment inter-alia in line with RBI Circular No. DNBR (PD) CC.No.101/03.10.001/2019-20 dated 02 August 2019
V.6	Prashant Joshi	6 February 2020	6 February 2020	Amendment to explicitly include (i) statement on responsibility of the Directors, (ii) details of the Grievance Redressal Officer, and (iii) details of the Nodal Officers/ Principal Nodal Officer
V.7	Amol Joshi	12 August 2020	12 August 2020	Amendment to update details of Grievance Redressal Officer / Principal Nodal Officer
V.7	Jaya Janardanan	4 February 2021	4 February 2021	Amendment to add reference of website for referring details of Nodal Officers and RBI Ombudsmen.

INTRODUCTION AND APPLICABILITY OF THE CODE

The Reserve Bank of India has prescribed broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs) and should be published and disseminated on the website of the Company, for the information of the public.

IndoStar Capital Finance Limited (hereinafter referred to as “ICF” or “the Company”) is a public limited company incorporated under the provisions of the Companies Act, 1956 and is a Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company, registered with the Reserve Bank of India.

ICF is engaged in the business of Corporate Lending, Vehicle Financing and Small & Medium Enterprises Finance. Further, ICF may carry on such other business as may be permitted to be carried out by an NBFC from time to time after obtaining necessary approvals.

(I) Applications for loans and their processing

- (a) ICF official language for all communications within the Company or with third parties shall be English.
- (b) All communications to the borrower shall be in English or in vernacular language / the language as understood by the borrower.
- (c) ICF will take a confirmation from the prospective borrower that all communications with the borrower shall be in English or in vernacular language / the language as understood by the borrower.
- (d) Loan application of ICF will 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 informed decision can be taken by the borrower.
- (e) The documents required to be submitted with the loan application including KYC documents will be informed to the borrower separately.
- (f) ICF shall provide to the prospective borrower an acknowledgement for receipt of loan application. The time frame within which loan applications will be disposed of, will be indicated in the acknowledgement.

(II) Loan appraisal and terms/conditions

- (a) ICF shall convey in writing to the borrower in English or in vernacular language / the language as understood and confirmed by the borrower, the fate of the loan application by means of sanction letter or otherwise. In case of sanction of loan, the sanction letter shall contain the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof.
- (b) The acceptance of the terms and conditions communicated by the borrower shall be preserved by ICF on its record and copy of same shall be provided to the borrower upon request.
- (c) ICF shall mention the penal interest charged for late repayment in bold, in the sanction letter and loan agreement.
- (d) ICF will invariably furnish a copy of loan agreement alongwith a copy of each enclosures quoted in the loan agreement to all borrowers at the time of sanction/disbursement of loan in English or in vernacular language / the language as understood by the borrower.

(III) Disbursement of loans including changes in terms and conditions

- (a) ICF shall give notice to the borrower in English or in vernacular language / the language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Changes in interest rates and charges shall be effected prospectively and a suitable condition in this regard shall be incorporated in the loan agreement.
- (b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- (c) In cases of financing of vehicles by the Company, the loan agreement shall contain a legally enforceable built-in re-possession clause and also contain provisions regarding notice period before taking possession, circumstances under which the notice period can be waived, the procedure for taking possession of the security, a provision regarding final chance to be given to the borrower for repayment of loan before sale/auction of the property, the procedure for giving repossession to the borrower and procedure for sale/auction of the property.
- (c) ICF shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim ICF 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 ICF is entitled to retain the securities till the relevant claim is settled/paid.

(IV) General

- (a) ICF will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement, unless new information, not earlier disclosed by the borrower, has come to its notice.
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of ICF, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per contractual terms entered into with the borrower and in consonance with statutes, rules, regulations and guidelines as may be applicable from time to time.
- (c) In the matter of recovery of loans, ICF shall resort only to remedies which are legally and legitimately available to it and will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- (d) ICF shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- (e) ICF shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- (f) Pursuant to notification no. DNBS.204/CGM (ASR)-2009 dated 2 January 2009 in respect to regulation of excessive interest charged by NBFCs, ICF has adopted an Interest Rate Policy taking into account relevant factors such as cost of funds, margin and risk premium, etc. to determine the rate of interest to be charged for loans and advances. The Interest Rate Policy also covers the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers and same is published and disseminated on the website of the Company.

(V) Responsibility of Board of Directors - Grievance Redressal Mechanism

As a part of putting in place an appropriate grievance redressal system, the Board of Directors has constituted a Grievance Redressal Committee (“GRC”) comprising of two members. The GRC has been delegated with the responsibility of (i) carrying out functions for the redressal of the borrowers and clients complaints; (ii) periodically reviewing the Customer Grievance Redressal Mechanism to ensure that process deficiencies, if any, are addressed; and (iii) periodically reviewing the Statement of Complaints received, resolved and pending, along with reasons for the same. Grievance Redressal Committee shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.

ICF will display on its website and at its branches or places where business is transacted the name and contact details of the Grievance Redressal Officer, details of Nodal Officers of the Company and Ombudsmen in terms of Ombudsman Scheme for Non-Banking Financial Companies, 2018 issued by the Reserve Bank of India, who can be approached for resolution of complaints against the Company.

ICF will also display at its branches or places where business is transacted the contact details of the Regional Office of Department of Non-Banking Supervision of the Reserve Bank of India, under whose jurisdiction the registered office of ICF falls, which can be approached if the complaint / dispute is not redressed within a period of one month by ICF.

(VI) Periodic Review

The Board of Directors of ICF shall periodically review the compliance of the Fair Practices Code and the functioning of the Grievances Redressal Committee. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

Note:

In compliance with the guidelines on ‘Fair Practices Code’, ICF shall publish and disseminate the Fair Practices Code on the website of the Company.