



INDO ASIA FINANCE LIMITED

FAIR PRACTICE CODE

Adopted on the 10th Day of August 2022 as per the guidelines issued by the RBI.

Introduction

INDO ASIA FINANCE LIMITED (IAFL) has devised Fair Practice Code (FPC) as per the guidelines issued by The Reserve Bank of India (RBI) for Non-Banking Finance Companies (NBFCs) in Master Direction DNBR. PD. 008/03.10.119/2016-17 (as and when amended) which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice.

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

Objective

The Primary objective of this code is

- To promote fair and trustworthy practises in dealing with customers.
- To provide professional, efficient, courteous, diligent and speedy services.
- To increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.
- Not to discriminate the customers on the basis of their gender, race or religion.

Our Commitments

1. Applications for loans and processing

IAFL Loan application forms will include all 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. The loan application form may indicate the documents required to be submitted with the application form.

IAFL will devise a system of giving acknowledgement for receipt of all loan applications mentioning the time frame within which loan applications will be disposed of.

All communications to the customer by IAFL shall be in **English or vernacular language** as understood by the customers of IAFL.

2. Loan appraisal and terms/conditions

IAFL will ensure that the Sanction letter includes the sanctioned loan amount along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

IAFL in the loan agreement shall mention in bold text the penal interest charged for any late repayment.

IAFL shall furnish a copy of the loan agreement as agreed and signed by the borrower along with a copy each of all enclosures quoted in the loan agreement to the borrowers at the time of disbursement of loans.

3. Disbursement of loans including changes in terms and conditions

IAFL shall give notice to the borrower in English or in vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.

IAFL ensures that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.

Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

4. Confidentiality

IAFL shall treat all personal information of the borrower as private and confidential.

IAFL will not reveal any transaction details to other entity including other than the following exceptional cases:

- ❖ if IAFL has to provide the information by statutory or regulatory laws.
- ❖ If there is a duty to the public to reveal this information.
- ❖ If IAFL's interest requires to provide this information (e.g., fraud prevention) to Banks / Financial Institutions / Group and Associate Companies.
- ❖ IAFL will not use this information for marketing purposes.

5. General

- ❖ IAFL shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- ❖ In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of IAFL, 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.
- ❖ In the matter of recovery of loans, IAFL shall not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. IAFL will ensure that the staff are adequately trained to deal with the customers in an appropriate manner.
- ❖ IAFL shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned for purposes other than business to individual borrowers, with immediate effect.

- ❖ **Lending against collateral of gold jewellery**

While lending to individuals against gold jewellery, IAFL shall adopt the following in addition to the general guidelines as above.

IAFL shall put in place Board approved policy for lending against gold that should inter alia, cover the following:

- Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- Proper assaying procedure for the jewellery received,
- Internal systems to satisfy ownership of the gold jewellery,
- Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Also, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery,
- The jewellery accepted as collateral should be appropriately insured,

- Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
- The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper,
- As a policy, the IAFL shall not participate in the auctions held, Gold pledged will be auctioned only through auctioneers approved by the Board,
- The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- The loan agreement shall also disclose details regarding auction procedure.

6. Clarification regarding repossession of vehicles financed

IAFL has included re-possession clause in the contract/loan agreement with the borrower which is legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall contain provisions regarding:

- (a) notice period before taking possession;
- (b) circumstances under which the notice period can be waived;
- (c) the procedure for taking possession of the security;
- (d) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- (e) the procedure for giving repossession to the borrower; and
- (f) the procedure for sale / auction of the property.

A copy of such terms and conditions shall be made available to the borrower.

IAFL ensures the release of 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 the Company may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the

conditions under which company is entitled to retain the securities till the relevant claim is settled/paid.

7. Responsibility of Board of Directors

Regulation of Excessive Interest Charged

The Board of IAFL shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

The rates of interest and the approach for gradation of risks shall also be made available on the website of the IAFL or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

The Board of IAFL shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

Grievance Redressal Mechanism

The Board of Directors of IAFL shall lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism will ensure that all disputes arising out of the decisions of IAFL are heard and disposed of at least at the next higher level.

The Board of Directors shall also provide for 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 may be submitted to the Board at regular intervals, as may be prescribed by it.

Grievance Redressal Officer (GRO)

IAFL shall appoint a GRO to whom customers can approach for their grievance and the GRO will examine the matter and respond to complaints within 30 days from the date of receipt of such complaint.

GRO will submit the Grievances Redressal report to management within 15 days from the end of each quarter.

IAFL will ensure that the details of the GRO, the Nodal Officers and Ombudsmen in terms of Ombudsman Scheme for Non-Banking Financial Companies, 2018 issued by the Reserve Bank of India are displayed in the website and in all places of business/Branches.

IAFL