

FAIR PRACTICES CODE

Version 4.0

Reviewed by Board of Directors on July 18, 2018



India InfraDebt Limited

Fair Practices Code for India Infradebt Limited

This document is entitled the Fair Practices Code of India Infradebt Limited (Infradebt) embodying the good practices evolved by Infradebt since its inception in its dealings with the constituents. These practices are none other than certain standards sought to be set by Infradebt for itself. Codification of these practices, which is being done in terms of Reserve Bank of India Circular No. DNBS(PD) CC No.80/03.10.042/2005-06 dated the 28th September 2006¹, is aimed at greater transparency because these are meant to be in the knowledge of those with whom Infradebt deals with. The code is voluntary and its object is to benefit the clients. These codified practices will also be displayed at the website of Infradebt.

The contents of the policy shall always be read in tandem/auto-corrected with the changes/modifications which shall be advised by RBI from time to time.

1. Application for loans and their processing

All communications to the borrower shall be in English or the language as understood by the borrower.

A loan application shall be collected from the party requesting for the loan [the Borrower / loan arranger / down-selling bank etc.] in a form agreed between Infradebt and the party by way of letter / e-mail, the record of which shall be maintained. The client should be provided the information requirements for the appraisal. Further, given that the appraisal process is information dependent, it may not be possible to commit any time-frames.

2. Loan appraisal and terms/conditions

- a) Infradebt will convey in writing to the borrower in English or the language as understood by the borrower by means of sanction letter or otherwise, the amount of facility sanctioned along with terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. Infradebt shall mention the penal interest charged for late repayment in bold in the facility agreement.
- b) A copy of the facility agreement as understood by the borrower along with a copy each of all enclosures quoted in the facility agreement shall be furnished to all the borrowers at the time of sanction/disbursement of facilities.

3. Disbursement and changes in terms and conditions

- a) Notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, processing charges, prepayment charges,

¹ Reserve Bank of India (RBI) Circular No. DNBS(PD) CC No.80/03.10.042/2005-06 dated the 28th September 2006 has been replaced by the RBI - Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016.

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etc. shall be furnished in English or the language as understood by the borrower. Any changes in interest rates and charges are affected only prospectively. A suitable condition in this regard shall be incorporated in the facility agreement.

- b) Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the facility agreement.
- c) Infradebt shall release all securities on repayment of all dues or on realization of the outstanding amount of the facility subject to any legitimate right or lien for any other claim 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 Infradebt is entitled to retain the securities till the relevant claim is settled/paid.

4. General

- a) Infradebt shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the facility agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of Infradebt).
- b) In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of Infradebt, if any, Infradebt shall convey 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 facilities, Infradebt shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of facility, etc. The staff will be adequately trained to deal with the clients in an appropriate manner.

5. Grievance Redressal Mechanism

- a) Infradebt would lay down the appropriate grievance redressal mechanism within the organisation to resolve disputes arising in this regard and grievances relating to services provided by the outsourced agency. Such a mechanism would ensure that all disputes arising out of the decisions of the functionaries are heard and disposed of at least at the next higher level.
- b) Infradebt will display at the places where business is transacted:
 - the name and contact details of the Grievance Redressal Officer (GRO) who can be approached by the public for resolution of complaints against Infradebt.
 - If the complaint/dispute is not redressed within a period of one month, the clients may appeal to the Officer-in-Charge of the Regional Office of Department of Non Banking Supervision of RBI, under whose jurisdiction the registered office of Infradebt falls.

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- c) Clients of Infradebt can forward their grievances to the GRO. The contact details of the GRO are as under:

Mr. Akash Deep Jyoti
Head - Risk & Compliance
E-mail: akashdeep.jyoti@infradebt.in
Tel No.: 022-68196909

In case of complaint/dispute is not redressed within a period of one month, the client may refer to -

Officer-in-charge
Department of Non-Banking Supervision
Mumbai Regional Office
Reserve Bank of India Building
3rd Floor, Opp. Mumbai Central Railway Station
Byculla, Mumbai - 400 008

- d) The Board of Directors shall periodically review 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 shall be submitted to the Board of Directors at regular intervals, as may be prescribed by it.
- e) Response to a complaint would be given within a maximum period of eight weeks from the date of complaint, unless the nature of complaint requires verification of voluminous facts and figures.

6. Regulation of Interest to be charged from the borrower

- a) Infradebt would lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- b) Infradebt would adopt an appropriate interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for facilities and advances.
- c) Internal Credit Rating Model would be adopted for gradation of risks which is considered to determine the rates of interest. All fixed/floating interest rates will be linked to an appropriate Benchmark Rate (as and when applicable), which will be published in the website and is updated whenever there is a change in the rates of interest.

[Note: Currently, there is no benchmark rate for Infradebt. As there are only institutional borrowers in the wholesale lending business of Infradebt and as the interest rate is subject to Board approval, it may not be possible to publish the rate of interest/ gradations of risk/ rationale for rate of interest].

- d) The rate of interest to be charged to the account will also be mentioned in annualized form.

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In order to comply with RBI Circular No. RBI/2012-13/416 dated February 18, 2013, Infradebt has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges in accordance with Fair Practices Code. Infradebt has framed an Interest Rate Policy containing the maximum interest rate to refinance the infrastructure projects and the same is uploaded on its website.