

Fair Practices Code

(Effective from November 15, 2019)

**IFCI Limited
New Delhi**

CIN No: L74899DL1993GOI053677

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Guidelines for Fair Practices Code for IFCI

Applications for loans and their processing

- 1.1. All communications to the borrower shall be in vernacular language or language as understood by the borrower.
- 1.2. Loan application forms of all the products offered by IFCI are given on its website along with list of documents required to be submitted with application form. Application forms can also be obtained from any of the Regional Offices of IFCI in person or by post. Along with the application form, IFCI charges processing fees based on the quantum of loan sought by the borrower, which will be refundable in case the proposal is not sanctioned. IFCI has come out with an internal benchmark rate and risk adjusted return matrix taking into account relevant factors such as, borrowing cost of fund, operation cost, margin on fund, tax on fund, risk premium, etc. for determining the rate of interest to be charged for loans and advances. The detailed standard terms & conditions would be provided if asked for by the applicants. Besides, the standard conditions and other conditions would also be stipulated based on the appraisal of the proposal. Additional information/support documents may occasionally be obtained from the clients in case found necessary during appraisal. Applications complete in all respects would be processed within a reasonable time frame. For evaluating the proposals, IFCI has laid out eligibility criteria as part of its General Lending Policy. The proposals that are eligible for lending are put through screening committee and other competent authorities. In case the proposal is not approved by the competent authority, the borrower would be intimated accordingly.
- 1.3. Further IFCI is making reasonable efforts to determine true identity and beneficial ownership of the borrowers, the nature of customer's business, reasonableness of operations in the account in relation to the customer's business, etc. which in turn helps the IFCI to manage their risks prudently.

1. Loan appraisal and terms/conditions

The borrowers would be conveyed in writing, by means of a sanction/offer letter or otherwise in vernacular language or language as understood by the borrower, amount of loan sanctioned along with all the terms and conditions thereof including annualized rate of interest thereon and method of application thereof, and the borrower would, in turn, accept in writing the aforesaid terms and conditions, and the said acceptance would be kept on record by IFCI. The Loan Agreement contains, in bold, details of penal interest charged for loan repayment. All the borrowers would be provided with a copy of loan agreement along with all enclosures referred in the loan agreement, in vernacular language or language as understood by the borrowers at the time of sanction/disbursement of loan.

2. Disbursement of loans including changes in terms and conditions

The borrowers would be given an advance notice in vernacular language or language as understood by the borrower as to any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc. The said changes in interest rates and charges would be with prospective effect and a clause in this regard would be incorporated in the loan agreement. Further, IFCI

reserve the right to reset the Interest Rate/Risk premium on such reset dates as specified in Letter of Intent and Loan Agreement. Decision to recall / accelerate payment or performance under the agreement would be in consonance with the loan agreement. IFCI would release all securities 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 IFCI may be having against the said borrower. In case such right of set off is to be exercised, IFCI shall give notice to the borrower about the same with full particulars about the remaining claims and the conditions under which IFCI is entitled to retain the securities till the relevant claim is settled / paid.

Any change in terms and conditions based on the decisions in the meetings of the consortium of lenders/Lead Lender, including interest rate and other charges/levies will be informed individually to the borrowers in case of account specific changes.

In other cases, the same may be informed by way of Public Notice / display on IFCI's website, from time to time.

3. General

- 4.1 IFCI would refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement and unless new information, not earlier disclosed by the borrower, has come to the notice of IFCI. However, IFCI reserve its right to appoint nominee director(s) on the board of the company in order to safeguard its interest as Lender/Investor. In case of receipt by IFCI of a request from the borrower for transfer of borrower account, the consent or otherwise i.e. objection of IFCI, if any, would be conveyed to the borrower within 21 days from the date of receipt of such request, and such transfer, if consented to, shall be as per transparent contractual terms in consonance with law. However, in case where legal due diligence is required then aforesaid time limit may get extended accordingly. In the matter of recovery of loans, IFCI would not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. Recovery process shall be as per Law and Loan Agreement. IFCI shall ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.
- 4.2 As part of making the evaluation process more effective, IFCI seeks consent from the prospective borrower and its directors/promoters for obtaining Credit Opinion from CIBIL or any other credit rating agency or Banks/FIs/NBFCs.

4. Responsibility of Board of Directors

- 5.1 In addition to the Grievance Redressal Officer (GRO), the following grievance redressal mechanism is proposed. In case of complaints received, the matter with full details will be brought before the Grievance Redressal Authority within 7 days from the date of receipt, as under:

Matters approved by	Grievance Redressal Authority
Delegated Authority	Next higher authority
Matters approved by officials under delegated authority	
Upto the level of General Manager	Chief General Manager at Head office
Chief General Manager	Executive Director
Executive Director	Deputy Managing Director
Deputy Managing Director	Chief Executive Officer and Managing Director
Chief Executive Officer and Managing Director	Board of Directors

- 5.2 The Grievance Redressal Authority would take all necessary steps to redress and resolve the grievance/dispute, preferably within a maximum period of 30 days.
- 5.3 The compliance of the Fair Practice Code and the functioning of the grievances redressal mechanism at various levels of management would be periodically (quarterly) reviewed at various levels of management and a consolidated report of such reviews would be submitted to the Board on half yearly basis.

5. Grievance Redressal Officer (GRO)

- 6.1 The grievances will be addressed directly to GRO which is to be disposed of within a maximum period of 30 days from the receipt of Grievance. The name and contact details (Telephone / Mobile Nos. as also e-Mail address) of the GRO may be displayed at the prominent place of all offices of IFCI as under –

Shri Biswajit Banerjee, Executive Director & Grievance Redressal Officer, IFCI Limited, IFCI Tower, 61, Nehru Place, New Delhi-110019.
E-Mail: biswajit.banerjee@ifciltd.com
Telephone No. +91-11-41732610, Mobile No.+91-8527192387.

CEO & MD is the competent authority to approve change of the Grievance Redressal Officer and/or updation of his/her contact details, in the Fair Practices Code. CEO & MD is also the competent authority to approve updation of changes in the contact details of the Officer-In-Charge of the concerned Regional Office of DNBS Reserve Bank of India, in the Fair Practices Code.

- 6.2 If the complaint/dispute is not redressed within 30 days, the Borrower may appeal to the Officer-In-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the IFCI falls. The name and contact details of DNBS may be displayed at the prominent place of all offices of IFCI as under

The Officer-In-Charge, Department of Non-Banking Supervision, Reserve Bank of India, 6, Sansad Marg, New Delhi – 110001.
Telephone No.+91-11-23710538 to 42, Fax No.+91-11-23711250.

- 6.3 Display of information for the benefit of the Borrowers, with regard to the grievance redressal mechanism followed by IFCI, together with details of the grievance redressal officer shall be complied with and also be displayed on the website of IFCI and all offices of IFCI.

6. Language and mode of communicating Fair Practices Code

The Fair Practices Code will be made available in Hindi and English language after approval of the Board of Directors of IFCI.

7. Regulation of excessive interest charged by NBFCs

- 8.1 The rates of interest and the approach for gradation of risks shall also be made available on the website of IFCI or published in relevant newspapers or communicated to the borrower and the same shall be updated whenever there is a change in the rates of interest. Formulation of Risk gradation-wise risk premium is carried out by Integrated Risk Management Department separately and is communicated to the concerned departments. However, where there are some risk perceptions which cannot be quantified, IFCI reserve the right to change the interest rate accordingly. The rate of interest shall be annualized rates so that the borrower is aware of the exact rates that would be charged.
- 8.2 In order to enhance value and relevance to the borrowers this code would be reviewed once every 2 years or as and when fresh guidelines are issued by RBI, whichever is earlier.
- 8.3 Any subsequent revision in the RBI guidelines related to Fair Practice Code, the revised RBI guidelines will supersede, the current Fair Practice Code to the extent it is not in compliance with the updated guidelines / instructions.

8. Complaints about excessive interest charged by NBFCs

- 9.1 IFCI shall adopt an interest rate model taking into account relevant factors such as, borrowing cost of fund, operation cost, margin on margin, tax on fund, risk premium, etc. for determining 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 to the borrower.
- 9.2 To bring transparency in interest rate IFCI has introduced IFCI Benchmark Rate for lending.
