Fair Practices Code

Introduction

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This Fair Practices Code has been prepared in compliance with the "Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025" issued by the Reserve Bank of India and aims to provide its borrowers an effective overview of the practices followed by the Company and to enable borrowers to take informed decisions in respect of the financial facilities and services offered by the Company. The Code covers the general principles on adequate disclosures on the terms and conditions of the loan and the procedures to be followed when dealing with the borrowers. The Code applies to all categories of products and services offered by Hinduja Leyland Finance Ltd ("the Company").

Objectives of the Code

The following are the primary objectives of this Code:

- Promote fair and transparent practices by setting standards in dealings with borrowers;
- Foster fair and cordial relationship between the borrowers and the Company;
- To ensure compliance with regulatory requirements with regard to customer interface;
- To strengthen mechanisms for redressal of customer grievances.

(i) Applications for loans and their processing

a. All communications to the borrower shall be in vernacular language or a language understood by the borrower.

b. Application forms for each of the product offered by the Company would be different depending on the information required for each product.

c. Loan Application Forms shall 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 shall also indicate all the documents that are required to be submitted with the application form.

d. The Company would give acknowledgement for receipt of all loan applications. The time frame within which loan applications shall be disposed of would also be indicated in the acknowledgement.

e. The Company would verify the loan applications within a reasonable period of time and if additional details / documents are required, it would intimate the borrowers immediately.

(ii) Loan appraisal and terms/conditions

The Company would ensure that there is proper assessment of credit application made by borrowers. The assessment would be in line with the Company's loan policies and SOP.

a. The Company shall convey in writing to the borrower in a vernacular language or a language as understood by the borrower by means of a sanction letter, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof. The Company shall also communicate to the borrower if the loan is rejected.

Penal charges / Default charges/ Additional Finance Charges

b. Penalty if charged for noncompliance of material terms and conditions of loan contract by the borrower shall be treated as penal charges and shall not be in the form of penal interest on the advances. There shall be no capitalization of penal charges ie No further interest computed on such charges.

c. This will not affect the normal procedures for compounding of interest in the loan account.

d. Penal charges shall be reasonable and commensurate with the non- compliance and company shall have board approved penal charges.

e. The company shall impose reasonable penal charges for non compliance of material terms and conditions of the loan contract and shall disclose the quantum and reason in the loan agreement /Key Fact statement and shall display on website under the head interest rate and Service charges.

f. No further interest shall be computed on such penal charges.

g. The penal charges in case of loans sanctioned to individual borrowers for purpose other than business shall not be higher than the penal charges applicable to Non individual borrowers for similar non compliance of material terms and conditions.

h. The Company shall keep the acceptance of these terms and conditions by the borrower on its record.

i. The Company will furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of disbursement of loans.

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

The Company would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction.

a. The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall ensure that changes in interest rates and charges are effected only prospectively. The Loan Agreement will contain necessary provisions to this effect.

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

c. The Company shall 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 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.

(iv) General

a. The Company 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 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 borrower for transfer of borrowal 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. The Company would not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude the Company from participating in credit-linked schemes framed for weaker sections of the society.

d. In the matter of recovery of loans, consistent with its policy over the years, the company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The Company shall adequately train the collection executives and other staff to deal with the borrowers in polite and appropriate manner.

e. The Board of Directors of NBFC has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism would 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. A report on the compliance of Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management would be submitted to the Board at quarterly intervals.

f. The company shall put up the Fair Practice Code on its website in vernacular language, for the information of various stakeholders.

g. The Company shall charge interest from the date of actual disbursement of the funds to the borrower and not from the date of sanction of loan or date of execution of loan agreement, if they are predated to the disbursement date.

h. In the case of disbursal or repayment of loans during the course of the month, the Company shall charge interest only for the period for which the loan was outstanding during the month and not for the entire month

i. The Company shall not collect advance instalments from the borrower but reckon the full loan amount for charging interest.

(v) Repossession of Vehicles:

Company has in-built re-possession clause in the contract with the borrower which is legally enforceable. To ensure transparency, the terms and conditions of the contract will contain provisions regarding:

a) Notice period before taking possession;

b) Circumstances under which the notice period can be waived;

c) The procedure of 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 security;

e) The procedure for giving repossession to the borrower and

f) The procedure for sale / auction of security.

A copy of such terms and conditions will be made available to the borrowers in the loan agreement along with a copy of each of all enclosures quoted in the loan agreement at the time of disbursement of loan.

Regulation of excessive interest rate charged

The Company shall follow the appropriate internal principles and procedures in determining interest rates and other charges in line with the approved policies from time to time.

The Company shall follow the interest rate model adopted and approved by the Board and made available on the website. 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 in the application form and communicated explicitly in the sanction letter.

(vi) Digital Lending

Whenever the Company resorts to lending through its own digital lending platform or through an external lending platform, the Company shall adhere to the Fair Practices Code guidelines.

(vii) Confidentiality

Unless authorized by the customer HLF will treat all personal information as private and confidential. Unless authorized by the customer, we will not reveal transaction details to any other entity other than in the following exceptional cases:

(a) If we have to provide the information by statutory or regulatory laws
(b) If there is a duty to the public to reveal this information
(c) If our interest requires us to provide this information (e.g., fraud prevention) to Banks / Financial Institutions / Our Group and Associate Companies.
(d) We will not use this reason for giving information about customers to anyone else for marketing purposes.

(viii) Grievance Redressal Mechanism

The escalation matrix in respect of Grievance Redressal shall also be displayed at all the offices of the company as follows:

1. Name and Contact Details of the concerned official – as per the grievance redressal policy
2. Name and Contact Details of the Principal Nodal Officer as mentioned below
3. Officer in Charge, Department of Non-Banking Supervision, Reserve Bank of India, Fort Glacis, Rajaji Salai, Chennai – 600001.

Grievances, if any, in connection with this Code or otherwise if not addressed at the Level of escalations as mentioned above shall be addressed to the Principal Nodal Officer (PNO) of the Company –

Mr. Anand Vasudev

Hinduja Leyland Finance Limited,

Corporate Office, No. 27-A, Developed Industrial Estate, Guindy,

Chennai-600032

or by email at pno@hindujaleylandfinance.com

In case complaint / dispute is not addressed within the period of one month of it being addressed to the Principal Nodal Officer (PNO) of the company the customer may appeal to the

Officer in Charge,

Department of Non-Banking Supervision, Reserve Bank of India,

Fort Glacis, Rajaji Salai, Chennai – 600001.

or by email to dnbschennai@rbi.org.in

(ix) Monitoring:

A review of the compliance of the Fair Practices Code including the grievances redressal mechanism would be done by the Management regularly and a consolidated report will be submitted to the Board of Directors periodically.

This Code was last reviewed and approved by the Board on 4th February 2026