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" and Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) 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.

d. Charging of interest shall be from the date of actual disbursement of funds to the customer and not from the date of sanction of loan or the date of execution of loan agreement. Similarly, in the case of loans being disbursed by cheque, interest shall be charged from the date of hand over to the cheque to the customer.

e. In the case of disbursal or repayment of loans during the course of the month, interest shall be charged only for the period for which the loan was outstanding.

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

(iv) General

a. The Company shall refrain from interference in the affairs of the borrower except for the purposes zprovided 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.). 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.

b. 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.

c. 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.

d. 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.

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

(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

Section - II - Additional Fair Practices Code Requirements Applicable to Microfinance Loans

Introduction:

In addition to the guidelines outlined in the Fair Practice Code, this Fair Practice Code for Microfinance Loans (“FPC-MFI”) will also be observed by HLF with respect to microfinance loans and their customers. The FPC-MFI should be read along with the Fair Practice Code of the company. However, if there is any conflict between the provisions of the Fair Practice Code and the FPC-MFI, the FPC-MFI will take precedence concerning microfinance loans and their customers.

Definition of Micro Finance Loan

A Microfinance loan means a collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.

All collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to ₹3,00,000, shall be considered as microfinance loans. To ensure collateral-free nature of the microfinance loan, the loan shall not be linked with a lien on the deposit account of the borrower.

Applications for Loans and their processing

(a) The Company shall provide a Key Facts Statement (KFS) to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardized format. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same.

(b) Further, the KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.

(c) The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the Company.

(d) Charges recovered from the borrowers by the Company on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the Company is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

(e) Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the Company to the borrower at any stage during the term of the loan, without explicit consent of the borrower. The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

Pricing of Loans

1. There shall be no pre-payment charges levied on microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount. HLF shall prominently display the minimum, maximum and average interest rates charged sson microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it and details on its website.
2. Any change in interest rate or any other charge shall be informed to the borrower well in advance and these changes shall be effective only prospectively.

Guidelines on Conduct towards Microfinance Borrowers

General

1. The FPC has been displayed by the HLF in all its offices and on its website. The FPC should be issued in a language understood by the borrower.
2. There shall be a standard form of loan agreement for microfinance loans in a language understood by the borrower.
3. HLF shall provide a loan card to the borrower which shall incorporate the following:
   i. Information which adequately identifies the borrower;
   ii. Simplified factsheet on pricing;
   iii. All other terms and conditions attached to the loan;
   iv. Acknowledgements by the HLF of all repayments including instalments received and the final discharge; and
   v. Details of the grievance redressal system, including the name and contact number of the nodal officer of HLF.

4. All entries in the loan card should be in a language understood by the borrower.

Training of Staff

HLF shall have a board-approved policy regarding the conduct of employees and system for their recruitment, training and monitoring. This policy shall, inter alia, lay down minimum qualifications for the staff and shall provide necessary training tools to deal with the customers. Training to employees shall include programs to inculcate appropriate behaviour towards customers. Conduct of employees towards customers shall also be incorporated appropriately in their compensation matrix.

Field staff shall be trained to make necessary enquiries regarding the income and existing debt of the household.

Training, if any, offered to the borrowers shall be free of cost.

Conduct and Engagement of Recovery Agents

(a) The Company shall put in place a mechanism for identification of borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available.

(b) Recovery shall be made at a designated/central place decided mutually by the borrower and the Company. However, field staff shall be allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated/ central designated place on two or more successive occasions.

(c) The Company or its agent shall not engage in any harsh methods towards recovery including the following:

- Use of threatening or abusive language.
- Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.
- Harassing relatives, friends, or co-workers of the borrower
- Publishing the name of borrowers
- Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
- Misleading the borrower about the extent of the debt or the consequences of non-repayment

(d) The Company shall have a dedicated mechanism for redressal of recovery related grievances. The details of this mechanism shall be provided to the borrower at the time of loan disbursal.

(e) The Company shall have a due diligence process in place for engagement of recovery agents, which shall, inter alia, cover individuals involved in the recovery process. The Company shall ensure that the recovery agents engaged shall carry out verification of the antecedents of their employees, which shall include police verification. The Company shall also decide the periodicity at which re-verification of antecedents shall be resorted to.

(f) the Company shall provide the details of recovery agents to the borrower while initiating the process of recovery. The agent shall also carry a copy of the notice and the authorization letter from the Company along with the identity card issued to him/her by the Company or the agency. Further, where the recovery agency is changed by the Company during the recovery process, in addition to the Company notifying the borrower of the change, the new agent shall carry the notice and the authorization letter along with his identity card.

(g) The notice and the authorization letter shall, among other details, also include the contact details of the recovery agency and the Company.

The up-to-date details of the recovery agencies engaged by the Company shall also be hosted on the Company's website.

Grievance/Complaint Redressal Mechanism

The Complaint redressal mechanism set out in the Fair Practices Code available at https://hindujaleylandfinance.com/ shall also apply to Microfinance loans and microfinance customers.

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 20th May,2026.