

INDUSTRIAL INVESTMENT TRUST LIMITED

FAIR PRACTICES CODE

for

LOAN SANCTIONING AND DISBURSEMENTS

The Board of Directors (the “Board”) of Industrial Investment Trust Limited (“the Company”) adopt the following Fair Practices Code for sanctioning and disbursement of loans as required by the Reserve Bank of India Notification No. DNBS (PD) CC No. 80 / 03.10.042 / 2005-06 dated September 28, 2006.

(i) Applications for loans and their processing

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (b) The Loan application forms should include necessary information which would affect the interest of the borrower and also list out the documents required to be submitted alongwith the application form.
- (c) The Company shall acknowledge the receipt of the loan applications by affixing the Company stamp and date. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.

(ii) Loan appraisal and terms/conditions

The Company shall issue to the borrower, a sanction letter giving details of the amount of loan sanctioned, annualised rate of interest and other terms and conditions in the vernacular language as understood by the borrower and keep the acceptance of these terms and conditions by the borrower on its record.

The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.

The Company shall also maintain all the records pertaining to the loans sanctioned to the borrower.

The Company shall furnish a copy of the loan agreement preferably in the vernacular language or a language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

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

- (a) The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower for any change in the terms and conditions of the loan including disbursement schedule, interest rates, service charges and prepayment charges. The Company should also ensure that changes in interest rates and charges are effected only prospectively. The loan agreement shall stipulate a condition in this regard.
- (b) The Company shall recall / accelerate payment as provided in the loan agreement.
- (c) The Company shall release all securities upon 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 the borrower.

The Company shall give notice to the borrower for any right of set off to be exercised 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 disclosed by the borrower, is required to be submitted.
- (b) The Company shall convey its intention / objection to the borrower within 21 days of the request for transfer of his borrowal account, which shall be as per transparent contractual terms in consonance with law.
- (c) The Company shall not persistently harass or bother the borrower for the purpose of recovery of loans. The Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

(v) Redressal of Grievances

The Committee of Directors shall redress the grievances of the borrower pertaining to any dispute arising out of non-fulfillment of loan obligations or any other purpose. The Board of Directors shall redress the grievances unsolved by the Committee.

The Board of Directors shall also periodically review the compliance of Fair Practices Code and the functioning of the grievance redressal at different levels of management.

(vi) Display of Fair Practices Code on the Company's website

This Fair Practices Code (which should preferably in the vernacular language or a language as understood by the borrower), as approved by the Board of Directors of the Company should be put up on their website, if any, for the information of various stakeholders.

(vii) Regulation of excessive interest charged by NBFCs

The Board of Directors should lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

- (a) The Board of Directors of the Company shall adopt an 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 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.
- (b) The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.
- (c) The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.