



**Heritage Finlease Limited**

**Fair Practices Code**

<b>INDEX</b>	
<b>Sr.No</b>	<b>Particulars</b>
1.	Preamble
2.	Applications for loans and their processing
3.	Loan appraisal and terms/conditions
4.	Disbursement of loans including changes in terms and conditions
5.	General
6.	Grievance Redressal Mechanism
7.	Regulation of excessive interest charged by NBFCs
8.	Gradation of Risk
9.	Disclosure of this policy
10.	Review

## Fair Practices Code

### 1. Introduction

HERITAGE FINLEASE LIMITED (“HFL” or “the Company”); is a registered non-Deposit taking Non-Systematically Important Non-Banking Finance Company categorized as Investment and Credit Company (i.e., NBFC-NDSI-ICC) with Reserve Bank of India (RBI) and commits itself for implementing and adopting Fair Practices in all its activities and transactions with the stakeholders. The Company has adopted the code to promote good and fair practices by setting minimum standards in dealing with the clients and increasing transparency so that the clients have a better understanding of services provided. The Company commits itself for implementing and adopting these fair practices in all its activities and transactions with its clients while functioning as an NBFC-ICC.

The Fair Practices Code (“FPC”) has been devised by Heritage Finlease Limited (“the Company”) in accordance with the Reserve Bank of India's circular RBI/201112/470DNBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012, and consolidated as of June 30, 2013 and as per Master Direction – Non-Banking Financial Company – Non-Systematically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016 as amended from time to time.

The Fair Practices Code is aimed to provide to the customers/borrowers an effective overview of the practices followed by the Company in respect of the financial facilities and services offered by the Company to its customers/borrowers.

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.

### 2. Loan processing

- a) All the loans are being processed within a period of minimum of 3 days and maximum of 15 days and in case of retail loans the maximum time period is within 7 days.
- b) Primary data is collected from the borrower along with KYC (Know-Your-Customer) document as per the KYC policy framed through a prescribed Format along with the Loan Application. The KYCs are being collected as per the prescribed KYC norms laid by Reserve Bank of India.
- c) The Company’s authorized staff shall verify the loan application along with all the sureties and approvals, applicable as per the policies of the Company. The staff shall ensure that the following information is filled and completed the loan application form(s):
  - i. Date of Application
  - ii. Borrower Identification particulars
  - iii. Loan amount and Product details
  - iv. Applicable Interest rate
  - v. Terms of the Loan
  - vi. Repayment particulars
  - vii. Income and Indebtedness particulars (obtained through CICs)
  - viii. Purpose of the Loan
  - ix. Nominee details of the Non-Credit Product offered along with the Loan (or) separately
  - x. Bank Account Details

- xi. Details of the Security Interest details (or) Guarantee(s) in the form of PDCs / Guarantee(s)
- d) All applications shall be processed digitally, ensuring that all guidelines are followed.
- e) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- f) The Company's loan application forms shall include necessary information which affects the interests of the borrower, so that a meaningful comparison with the terms and conditions offered by the Company can be made and informed decision can be taken by the borrower. The Loan application forms shall also indicate the documents required to be submitted with the application form.
  - i. KYC document (both ID Proof and Address Proof)
  - ii. Income Proof
  - iii. Passport size photograph of the client.
  - iv. Udhog Aadhar (or) Shops-Establishment Licenses for Business Loan customer(s).
  - v. SME / MSME License certificate(s)
  - vi. GST Returns and Income-Tax Return(s) for assessment purposes for Cash-flow(s).
  - vii. Business Cash-flow(s) statement(s) for next 1 year to 5 years as applicable.
- g) The Company shall explain to the customers the contents of various loan documents in the language understood by the customer and further ensures that the customer understands the terms and conditions governing the Loan.
- h) The Company shall on receipt of loan application form, give acknowledgement through SMS.

### **3. Loan appraisal and terms/conditions**

- a) The designated staff of the Company will convey in writing to the borrower in vernacular language as understood by the borrower by means of sanction letter or otherwise in the following manner:
  - i. The amount of loan sanctioned
  - ii. The terms and conditions of the loan
  - iii. Annualized rate of Interest applicable on the Loan
  - iv. Method of application of the annualized rate of Interest.
- b) The Company shall keep acceptance of these terms and conditions by the Borrower on its records.
- c) The Company shall convey the message of approval and loan sanction through either a written message or through the confirmation by telephone communication or through electronic mode.
- d) The Company shall conduct a due diligence on the creditworthiness of the customer/borrower, which will be an important parameter for taking a decision on the application. The assessment would be in line with the Company's credit policies, norms and procedures in respect thereof.
- e) The Company shall 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 sanction/disbursement of loans.
- f) Penal Charges:

To ensure that the customers/borrowers are not charged excessive interest rates and charges on loans and advances by the Company, the Board of the Company will adopt a policy for determining the interest rates, processing and other charges ("Interest Rate Policy") and the same has been put up on the Company's website [www.heritagefinlease.in](http://www.heritagefinlease.in). The Board of the Company undertakes periodical review of the Interest Rate Policy, and any changes instituted will be uploaded on the Company's website regularly.

**4. Disbursement of loans including changes in terms and conditions**

- a) The company shall keep the acceptance of the terms and conditions by the borrower and shall all the other concerned documents on its record / safe custody by the authorized persons.
- b) Loan amount along with the interest will be recovered in Equated Instalments over the loan period and each instalment will fall due on every fortnight commencing from the next fortnight providing a one instalment moratorium period for each loan in the week the loan was sanctioned / disbursed. Any delay or default in payment of instalments, the commission will be adjusted towards such delays or defaults which will be mutually agreed upon.
- c) It is expressly agreed that in case of any dispute between the parties concerning this agreement or any part there of including the interpretation of any of the clauses of the agreement, the courts in the city of Hyderabad alone shall have jurisdiction.
- d) The Company will give a notice to the borrower in the vernacular language or a language as understood by the borrower of any change in terms and conditions including the disbursement schedule, interest rate, service charges, prepayment charges etc. The Company will also ensure that changes in interest rates and charges are affected only prospectively.
- e) The Company will take decision to recall payment under the loan agreement as agreed with the borrower under intimation. And any decision to recall / accelerate payment or performance under this agreement shall be in-consonance with the loan agreement.
- f) Any decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- g) 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 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.

**5. Collection, Maintaining and Release of Security (Individual Lending Only)**

- a) The Company shall release all the Security Interest documents on repayment and clearance of all the 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.
- b) If the Company has any claim against the borrower in respect of the loan outstanding and repayment of all dues or on realization of the outstanding amount of loan, the Company shall give prior notice about the same with the 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.

**6. 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 lender.)
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the Company; 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) In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours., visiting the borrower premises at the odd hours, use of muscle power for recovery of loans, etc.
- d) The company will ensure that its staff is adequately trained to deal with the customers in an appropriate manner without resorting to rude behaviour.
- e) The company shall not levy foreclosure charges/pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

**7. Grievance Redressal Mechanism**

- a) The Company has setup a system for receiving, registering and disposing of complaints and grievances of customers.
- b) The customer has to send all the relevant details and the nature of complaint to the Grievance Redressal Officer.
- c) To ensure that all disputes arising out of the decisions of the Company’s functionaries are heard and disposed of at least at the next higher-level, clients may contact the client grievance cell through multiple channels as follows:

<b>Designation</b>	<b>Grievance Redressal Office / Principal Office – Grievances</b>
Contact Number	Tel: +91-40-23301095 (The Contact number have been allocated exclusively to the Grievance Cell Officer. Calls will be taken between 10.00 am to 5.00 pm) on all working day(s) and at the time of making such calls; client needs to provide details such as Client ID, Loan Number etc.
Email ID:	<a href="mailto:customersupport@heritagefinlease.com">customersupport@heritagefinlease.com</a>
Letter Desk:	Heritage Finlease Limited, Plot No 83, 2 <sup>nd</sup> Floor, Dwaraka Summit, Kavuri Hills, Hyderabad - 500033, Telangana, India.
Website	<a href="http://www.heritagefinlease.in">www.heritagefinlease.in</a>

- d) All the grievances shall be attended within 7 - 15 days from the date of receipt of the complaint.

- e) A consolidated report of periodical review of compliance of fair practice code and functioning of the grievance redressal mechanism at various levels of management may be submitted to the Board/Committee of Directors at regular intervals as may be prescribed by it.
- f) In case complaint / dispute is not redressed within a period of one month or if the borrower /customer is not satisfied with the decision of the Grievance Redressal Officer, the borrower /Customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of Reserve Bank of India at the below address:

Designation	Officer in Charge
Contact Address	Department of Non-Banking Supervision (DNBS), Secretariat Road, Saifabad, Hyderabad 500004
Contact Number:	<b>Tel:</b> 040-23241270 <b>Fax:</b> 040-23232648
Email ID:	<a href="mailto:dnbshyderabad@rbi.org.in">dnbshyderabad@rbi.org.in</a>
Website of RBI Omdusman	cms.rbi.org.in

**g) The Reserve Bank – Integrated Ombudsman Scheme 2021**

In accordance with the Reserve Bank- Integrated Ombudsman Scheme 2021 dated November 12, 2021 (“Scheme), the Company is required to appoint a Principal Nodal Officer. In line with the requirements, the Company has designated Mr. Bhudhar Kumar Karuturi as the Grievance Redressal Officer cum Principal Nodal Officer (“PNO”) for all the locations of the Company for receiving and addressing complaints in a fair and expeditious manner. The Principal Nodal Officer shall be responsible for representing the Company and furnishing information on behalf of the Company in respect of complaints filed against the Company. The Company may appoint other Nodal Officers to assist the Principal Nodal Officer for operational efficiency.

The contact details of the Principal Nodal Officer and the salient features of the Scheme is annexed to this code as Annexure A.

The Company shall display prominently for the benefit of its customers at places where the business is transacted, the name and contact details (Telephone / mobile number and E-mail ID) of the Principal Nodal Officer along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>). The Company shall ensure that a copy of the Scheme is available at the places where the business is transacted and to be provided to the customer for reference upon request.

The salient features of the Scheme along with the copy of the Scheme and the contact details of the Principal Nodal Officer shall be displayed and updated on the website of the Company.

**8. Regulation of rate of interest**

To ensure that the customers/borrowers are not charged excessive interest rates and charges on loans and advances by the Company, the Board of the Company will adopt a policy for determining the interest rates, processing and other charges (“Interest Rate Policy”) and the same has been put up on

the Company's website [www.heritagefinlease.in](http://www.heritagefinlease.in). The Board of the Company undertakes periodical review of the Interest Rate Policy, and any changes instituted will be uploaded on the Company's website regularly.

#### **9. Gradation of Risk**

The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as the type of asset being financed, borrower profile and repayment capacity, borrower's other financial commitments, past repayment track record if any, the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the borrower, end use of the asset etc.

The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case-to-case basis. The Company shall disclose the interest rates and gradation of risks on its website.

#### **10. Privacy of the Client Information**

- a) Shall keep personal client information strictly confidential.
- b) Shall disclose client information to a third party only under the following conditions:
  - i. Client has been informed about such disclosure and permission has been obtained in writing.
  - ii. The party in question has been authorized by the client to obtain client information from the Company.
  - iii. It is legally required to do so.
  - iv. This practice is customary amongst financial institutions and available for close group on reciprocal basis (such as a Credit bureau)

#### **11. Internal Control System**

The Company shall make necessary organizational arrangements to assign responsibility for compliance to designated individuals within the Company and establish systems of internal control including audit and periodic inspection to ensure the same.

#### **12. Disclosure**

Fair Practices Code, shall be placed on the website of the Company for the information of the various stakeholders.

#### **13. Review**

The Company shall abide by this Fair Practice Code following the spirit of the Code and in the manner, it may be applicable to its business. The policy shall be reviewed by the Board on quarterly basis.

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### Salient Features of Integrated Ombudsman Scheme, 2021

#### A. Applicability

To services provided by Regulated Entity (RE) under the provisions of the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, and the Payment and Settlement Systems, Act, 2007. Regulated Entity means a bank or a Non-Banking Financial Company or a System Participant as defined in the scheme or any other entity as may be specified by Reserve Bank from time to time to the extent not excluded under the scheme.

#### B. Benefits

Following are the benefits to the customers with upgraded CMS:

- i. Simplification in the process of filing the complaint on CMS portal;
- ii. A complaint can be filed on CMS portal/ CRPC from anywhere in the country irrespective of the address of the complainant, RE or branch involved;
- iii. One address and one email for lodging of physical/ email complaints from anywhere in the country;
- iv. Automatic acknowledgement to the complainant on registration of online complaint;
- v. Facility for real-time tracking of the status of complaint;
- vi. Convenience from 'One Nation One Ombudsman' approach;
- vii. Facility for online submission of additional documents on the CMS itself;
- viii. Detailed letter intimating decision/ closure of complaint;
- ix. Facility for online and voluntary feedback submission by the complainant regarding redress provided by RBI.

#### C. Matters not considered under the scheme

- Commercial Judgement/ commercial decision of a Regulated Entity (RE).
- Dispute between vendor and Regulated Entity relating to outsourcing contract.
- Grievance not addressed to Ombudsman directly.
- General grievances against Management or Executives of a Regulated Entity.
- Dispute in which action is initiated by a Regulated Entity in compliance with the order of a statutory or law enforcing authority.
- Service not within regulatory preview of the Reserve Bank.
- Dispute between Regulated Entities.
- Dispute involving the employer-employee relationship of a Regulated Entity.

#### D. Complaint under the scheme shall not lie unless

1. Complainant had before making a complaint under the scheme, made a written complaint to Regulated Entity and-
  - a. Complaint got rejected wholly or partially and the complainant is not satisfied with reply or complainant had not received a reply within 30 days after Regulated Entity received complaint and
  - b. Complaint is made to Ombudsman within 1 year after complainant received reply from Regulated Entity or where no reply is received within 1 year and 30 days from date of the complaint.
2. The complaint is not in respect of the same cause of action which is already –

- a. Pending before Ombudsman or settled or dealt with on merit by Ombudsman, whether or not received from the same complainant or along with 1 or more complainant or parties concerned.
  - b. Pending before any court, tribunal or arbitrator or settled or dealt with on merit by any Court, Tribunal or Arbitrator, whether or not received from the same complainant or along with 1 or more complainant or parties concerned.
  - c. Complaint in respect of the same cause of action does not include criminal proceeding pending or decided before a court or tribunal or any police investigation initiated in a criminal offence.
3. Complaint is not abusive or frivolous or vexatious in nature.
  4. Complaint to Regulated Entity was made before the expiry of a period of limitation under the Limitation Act, 1963 for such claims.
  5. The complainant provides complete information as per clause 11 of the scheme.
  6. The complaint is lodged by the complainant personally or through the complainant personally other than the advocate unless complainant itself is an advocate.

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