



Fair Practice Code

Laxmi India Finance Limited

(Formerly known as Laxmi India Finance Private Limited)

(Formerly known as Laxmi India Finleasecap Private Limited)

(Sapne Dekho, Bade Dekho, Hamare Saath Unhe Pura Hote Dekho)



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1. Introduction

Laxmi India Finance Limited (Formerly known as Laxmi India Finance Private Limited) (Formerly known as Laxmi India Finleasecap Private Limited) (hereinafter referred as “the Company” or “LIFL”) a Non-Banking Financial Company (‘NBFC’) holding a valid Certificate of Registration (“CoR”) with Reserve Bank of India (‘RBI’) vide registration no. B-10.00318 dated March 31, 2023 under current RBI classification as NBFC-Investment and Credit Company (NBFC-ICC)-NBFC-Middle Layer (NBFC-ML) as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (the Directions), with more than 20 years of experience in asset finance business.

It is focused on offering financing of MSME, Loan against property, Vehicle Loan, Loan for Vehicle Insurance, Personal and Business Loan.

2. About the Code

The code is applicable on all the services, rendered by the company from all its operating/service locations covering its every single establishment. The officials and authorized signatories of the company are required to follow the code meticulously, irrespective of the place and location as well as the medium through which they render services. The company has adopted a Fair Practices Code and will implement this Code in our organization, which has duly been approved by the Board of Directors.

3. Regulatory Requirement

The Reserve Bank of India has issued its extant guideline in respect of Fair Practice code, to be followed by an NBFC, by defining and setting standards, which are expected to comply with, while dealing with its existing or prospective customers, vide master circular. **DNBR (PD) CC. No. 054/03.10.119/2015-16** dated July 01, 2015 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time. These guidelines are issued under section 45 L of Reserve Bank of India Act, 1934.

The Company has put in place the best practices to be followed while operating (which has been set out forth in this document) and implemented a “Fair Practice Code”.

4. Objectives of the Code

Our Company Declares and undertakes that the primary objectives of the Code are as follows:

- a) To provide and promote professional, efficient, diligent and fast services.
- b) Not to discriminate any borrower on the basis of religion, caste or sex.
- c) To be fair & honest in advertisement and marketing of loan products.
- d) To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities regarding loan transactions and to promote cordial relationship between customer & company.
- e) To attempt in good faith to resolve any disputes or differences with customers by setting up complaint resolution process within the organizations.



f) To comply with all the regulatory requirements in good faith.

5. Applications for loans and their processing

A prospective customer shall be given all the necessary information, in a vernacular language or a language as understood by customer, adequately explaining the range of loan products available with our Company to suit his needs.

On exercise of choice, the customer shall be given the relevant information about the loan product of his choice. All information about the fees/charges, if any payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interests of the borrower shall be prescribed in the Application Form. This information will enable the applicants to have a meaningful comparison with similar provisions of other companies and thereafter to take an informed decision. The loan application form shall also indicate the documents required to be submitted with the application form.

The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily in our Company.

The Company has a system of giving acknowledgement for receipt of all loan applications indicating the time frame within which the applications will be disposed of.

6. Loan appraisal and terms/conditions

The Company shall make proper and prompt assessment of all Loan applications.

The Company shall conduct a due diligence on the credit worthiness of the applicants. Mere offering of Hypothecation on Asset will not be the sole consideration for sanctioning loans.

When sanctioned, the company shall convey to the applicant the details of Loan amount, interest rates, penal interest for late payment, repayment schedule, terms & conditions for loan and other charges in Loan Agreement in writing to the borrower in the vernacular language or any other language as understood by the borrower by means of sanction letter or otherwise and keep the acceptance of these terms and conditions by the borrower on Company's record. The Company will also mention the penal charge which will be charged for late repayment and / or any other default on the part of the customer, in bold in the loan agreement.

The company shall furnish a copy of the loan agreement 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.

7. Penal charges in loan accounts

- a) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- b) The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.



- c) The Company shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- d) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- e) The penal charges in case of loans sanctioned to ‘individual borrowers, for purposes 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.
- f) The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company’s website under Interest rates and Service Charges.
- g) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

A separate Policy on Fair Lending Practice- Penal Charges on Loan accounts has been put in place and included in the Interest Rate and Penal / Service Charges Policy and duly approved by the Board of Directors by Circular resolution passed on December 29, 2023.

8. Disbursement of loans including changes in terms and conditions

The Company will ensure timely disbursement of loan sanctioned in conformity with the terms & conditions. The Company will give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms & conditions including disbursement schedule, interest rates, service charges, prepayment charges and any other charges. The Company shall ensure that the changes in interest rates and charges are affected only prospectively. Further, a suitable condition in this regard will be incorporated in the Loan Agreement.

If the company decides to recall/accelerate payment or performance under the agreement or to seek additional securities, it shall give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.

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 it may have against borrowers. If such right to set off is exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which the company is entitled to retain the securities till the relevant claim is settled/paid.

9. Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

a) Release of movable/immovable property documents

- i. The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.
- ii. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the head office/branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.
- iii. The timeline and place of return of original movable/immovable property documents will be mentioned in the loan sanction letters.
- iv. In order to address the contingent event of demise of the sole borrower or joint borrowers, the



Company is having a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure is displayed on the website of the Company along with other similar policies and procedures for customer information.

b) Compensation for delay in release of movable/immovable property documents

- i. In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay.
- ii. In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (ii) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

10. Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans

At the time of sanction of EMI based floating rate personal loans, the company is required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the interest rates during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the NBFCs are advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

- i. At the time of sanction, the Company shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
- ii. At the time of reset of interest rates, the company shall provide the option to the borrowers to switch over to a fixed rate as per its Board approved policy. The policy, inter alia, specifies the number of times a borrower will be allowed to switch during the tenor of the loan.
- iii. The borrowers shall also be given the choice to opt for-
 - a) enhancement in EMI or elongation of tenor or for a combination of both options; and,
 - b) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
- iv. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the Company from time to time.
- v. The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
- vi. The Company shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The Company shall ensure that the statements are simple and easily understood by the borrower.

Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities.



11. General

The company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).

In case of receipt of request for transfer of borrower account, either from the borrower or from another lender, which proposes intends to take over the account, the consent or otherwise i.e. objection of the Company, if any, depending on case to case basis, shall be conveyed to the customer and the other lender within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

In the matter of recovery of loans, the company will not resort to harassment viz., persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. The company shall ensure about the adequate training of staff to deal with the customer in an appropriate manner.

The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-borrower (s).

12. Grievance Redressal Cell

The Company will always make effort to redress the complaints of the customers at the earliest and in the best possible way and provide the customer with our best services.

Level- 1

The customer may visit to the nearest Branch of the Company and the complaint logged in the “Complaint Register” maintained at the branches (During the working hours from 09.30 A.M to 6.30 P.M.). The Branch Manager will act as a first point contact for the customer wherein he can make his complaint in writing.

In the event of non-disposal of complaint by the designated Branch manager **within 15 days**, the same will escalate to the Grievance Redressal Officer, who would take steps to resolve the same expeditiously.

Level- 2

Mr. Gaindi Lal Kumawat, the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company at the following address: -

Mr. Gaindi Lal Kumawat
Grievance Redressal Officer,
Laxmi India Finance Limited
(Formerly known as Laxmi India Finance Private Limited)
(Formerly known as Laxmi India Finleasecap Private Limited)
Registered Office: 2 DFL, Gopinath Marg,
M.I. Road, Jaipur-302001, Rajasthan
Mail ID: customerhelpdesk@lifc.in
Contact No.: +91 8440009995



Landline No.: 0141-4031166

Toll Free- 1800 121 7747

Level- 3

If the complaint / dispute is not redressed or remains unresolved **within a period of 7 days** by the Grievance Redressal Officer, the customer may mail to Compliance Officer of the company at cs@lifc.in.

Level- 4

For the complainants who are not satisfied with the response or do not receive a response from Compliance Officer within 8 days of receiving the complaint. **If more time is required, the Company will inform the customer expected timeline.** the Reserve Bank of India has introduced a web based mechanism “Complaint Management System (CMS)”, for lodging Complaints / Grievances by Citizens of India which may include the customers as well. This is known as Public Grievance portal (<https://cms.rbi.org.in/>). Customers may make use of the said Portal to communicate their grievances to the Company.

The complaint may also be submitted through electronic or physical mode to the Centralised Receipt and Processing Centre as notified by the Reserve Bank. The complaint, if submitted in physical form, shall be duly signed by the complainant or by the authorised representative. The complaint shall be submitted in electronic or physical mode in such format and containing such information as may be specified by RBI on below address:

Centralised Receipt and Processing Centre,
Reserve Bank of India,
4th Floor, Sector 17,
Chandigarh — 160017

The Board of Directors makes periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board on annual basis in the prescribed format specified in **Annexure-I**.

13. Interest Rate and Penal / Service Charges Policy

The Board has adopted an Interest Rate and Penal / Service Charges Policy taking into account relevant factors such as cost of funds, margin, risk premium, customer profile, underlying security etc. and determines 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 is disclosed to the borrower and rate of interest is communicated explicitly in the welcome/sanction letter.

Risk gradation is determined based on the risk associated with customer profile products, type of loans, value of collateral available, tenor, quantum of loan etc.;

The rate of interest mentioned are annualized rates so that the borrower is aware of the exact rates that would be charged to the account. The same is mentioned on the sanction letter/welcome letter also.



14. Details regarding repossession of vehicles

Loan agreements have a built in re-possession clause with the borrower which is legally enforceable.

The terms and conditions of the contract/loan agreement shall contain provisions regarding:

- a) notice period before taking possession;
- b) circumstances under which the notice period can be waived;
- c) the procedure for 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 property;
- e) the procedure for giving repossession to the borrower and
- f) the procedure for sale / auction of the property.

A copy of such terms and conditions shall be made available to the borrowers.

15. Loan facilities to the physically/visually challenged by the Company

The Company does not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company render all possible assistance to such persons for availing of the various business facilities. The Company includes a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company also ensures redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

16. Review

The Board shall review and amend this Code as and when required.

If at any point a conflict of interpretation / information between the Code and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Code shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.



Annexure-I

The statement of complaints received by the Company:

S. No.	Complaints	Particulars
1.	No. of complaints pending at the beginning of the quarter	
2.	No. of complaints received during the quarter	
3.	No. of complaints disposed of during the quarter	
4.	No. of complaints unresolved at the end of the quarter.	