

Indira In Fin Lease Limited

Credit Policy

*Reviewed and updated by the Board at its meeting held on March 10, 2026.

1. INTRODUCTION, OBJECTIVE, AND SCOPE

1.1. Introduction

Indira In Fin Lease Limited (hereinafter referred to as the “Company”) is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) as a Non-Deposit Taking NBFC. Under the RBI's Scale-Based Regulation (SBR) framework, the Company operates compliance workflows aligned with its regulatory categorization. The Company engages in investment activities, corporate lending, retail lending, leasing, hire purchase, and asset financing as permitted under its Memorandum of Association and applicable statutory frameworks.

The Company conducts all operations in strict compliance with:

- The Reserve Bank of India Act, 1934
- The Companies Act, 2013
- RBI Master Directions, Circulars, and Guidelines updated from time to time
- All applicable local and national financial laws, rules, and regulations.

This Credit Policy establishes the overarching governance framework for credit administration, covering the lifecycle of underwriting, sanction, disbursement, monitoring, and recovery.

1.2. Objectives of the Policy

- Standardization: Establish an institutional framework for all financing, corporate lending, and retail leasing activities.
- Risk Appetite Execution: Define underwriting standards, risk parameters, and credit philosophies to protect the balance sheet.
- Prudent Administration: Ensure rigorous pre-sanction appraisal, post-disbursement monitoring, and proactive asset recovery.
- Regulatory Compliance: Maintain full adherence to RBI Fair Practices Code, Know Your Customer (KYC) norms, and transparency standards.
- Commercial Viability: Balance credit risk with fair, risk-based pricing structures to ensure stable equity and asset returns.

1.3. Scope and Applicability

This Policy applies universally to all credit facilities, retail loan instruments, inter-corporate deposits, lease structures, and investment exposures initiated by the Company. It governs all departments, committees, third-party agents (including DSAs and Business Correspondents), and employees involved in the sourcing, appraisal, processing, and management of the credit portfolio.

1.4. Ethical Standards and Compliance Zero-Tolerance

The Company operates under a zero-tolerance mandate for compliance omissions, unethical underwriting, or coercive recovery practices. Integrity, governance, and regulatory reporting form the foundation of all operational actions.

2. BUSINESS STRATEGY AND CREDIT SEGMENTS

2.1. Business Strategy

The Company's deployment of capital is targeted toward sustainable revenue generation, derived primarily from:

- Interest income from secured and unsecured credit assets.
- Lease rentals and hire-purchase financial incomes.
- Yields from treasury investments and high-quality liquid assets (HQLA).
- Fee-based incomes including processing fees, administrative charges, and allied commissions.

Credit assets may be extended to individuals, sole proprietorships, partnership firms, Limited Liability Partnerships (LLPs), trusts, societies, and corporate entities subject to explicit underwriting criteria.

2.2. Authorized Business Segments

Segment	Eligible Products / Activities	Target Entity Types
Retail Lending	Consumer durable loans, personal loans, travel/social event financing, educational loans, medical/emergency credit, and vehicle finance.	Individuals, Salaried Employees, Self-Employed Professionals.
Corporate Lending	Working capital loans, short-term bridges, trade finance, inter-corporate deposits (ICDs), and structured business expansion loans.	Corporate Bodies, LLPs, Registered Partnerships, MSMEs.
Leasing & Hire Purchase	Financial/operating leasing of motor vehicles, plant/machinery, IT/office infrastructure, industrial assets, and consumer appliances.	Both Corporate and Registered Commercial Entities.
Investment Portfolio	Direct equity, corporate bonds, commercial paper, mutual funds, government securities, and permitted alternative investment instruments.	Treasury deployment within Board-approved caps.

3. GOVERNANCE AND SANCTIONING FRAMEWORK

3.1. Board of Directors

The Board of Directors functions as the apex authority for credit strategy, risk tolerance, and concentration thresholds. The Board reserves exclusive powers to:

- Formulate and amend exposure limits, industry-wide ceilings, and risk-pricing methodologies.
- Direct actions regarding significant credit deviations.
- Authorize credit committees and establish delegated authority matrices.

3.2. Delegation of Power Matrix

To ensure operational velocity alongside rigorous oversight, credit sanctioning is managed via a tiered Delegation of Power (DoP) matrix. Sanction levels are determined based on asset types, collateral presence, and overall exposure sizing.

[Board of Directors]



[Credit Committee]



[Managing Director / KMPs]



[Senior Credit Officers]

All limits, operational parameters, and signing authorities within the DoP are systematically reviewed and updated via supplementary Board resolutions.

3.3. Ratification Process

Any facility approved under delegated operational authorities must be compiled and submitted to the Credit Committee or the Board of Directors on a quarterly basis for formal review, monitoring, and validation.

4. PURPOSE OF CREDIT FACILITIES

The Company permits capital deployment exclusively for lawful, productive, and economically viable uses. Capital utilization is restricted from:

- Speculative equity markets or unauthorized derivative trading.
- Any activity prohibited by local, national, or international legal frameworks.
- Real estate activities outside the explicit boundaries defined by RBI Master Directions.

5. CUSTOMER SELECTION AND DUE DILIGENCE (KYC)

5.1. Individual Borrowers

Eligible individuals include permanently salaried government, PSU, and corporate personnel; self-employed professionals (e.g., doctors, CAs, engineers); registered business owners; and students/pensioners meeting structural co-applicant criteria.

5.2. Non-Individual Borrowers

Eligible entities must possess verifiable legal existence and operational track records. This includes certified MSMEs, partnerships, limited companies, and public trusts with clean regulatory histories.

5.3. Customer Due Diligence (CDD) & KYC Standards

In compliance with the RBI Master Direction on Know Your Customer (KYC), the Company implements a comprehensive multi-layered check before establishing a customer relationship:

- Identity & Address Verification: Validation via officially valid documents (OVDs) utilizing digital locker systems, e-KYC platforms, or certified physical copies.
- Tax Identification: Compulsory collection and automated verification of Permanent Account Numbers (PAN) or Form 60/61 where permissible.
- Anti-Money Laundering (AML): Cross-referencing prospective borrowers against domestic and international sanctions lists, politically exposed persons (PEP) databases, and internal negative lists.
- Right of Rejection: The Company maintains the absolute right to decline credit proposals at the onboarding phase if information is verified as fraudulent, incomplete, or outside the accepted risk boundaries of the firm.

6. CREDIT UNDERWRITING AND APPRAISAL PROCESS

6.1. End-to-End Underwriting Lifecycle

[Sourcing / Application] —► [KYC & AML Scrubbing] —► [Credit Bureau Check]

[Sanction / Rejection] ◀— [Risk & Pricing Engine] ◀— [Financial Appraisal]

1. Credit Application Capture: Omni-channel collection via physical branches or encrypted API endpoints across digital platforms.
2. KYC & Document Verification: Verification of bank accounts via penny-drop mechanisms, automated financial data extraction (GST, Tax filings), and employment confirmation.
3. Credit Bureau Assessment: Verification of credit history across statutory credit bureaus (CIBIL, Experian, Equifax, CRIF High Mark).
4. Financial Appraisal: Assessment of repayment ability using standardized financial metrics:

$$FOIR = \left(\frac{\text{Total Monthly Debt Obligations}}{\text{Gross Monthly Income}} \right) \times 100$$

$$DSCR = \frac{\text{Net Operating Income}}{\text{Total Debt Service Obligations}}$$

5. Risk Profiling: Categorization of proposals into defined risk tiers (Low / Moderate / High) which dictate interest rate adjustments, required security margins, and monitoring frequencies.
6. Sanction or Rejection: Clear issuance of an immutable system-generated decision by the competent authority.

6.2. Unsecured Lending Operations

- Unsecured exposures are strictly tied to verified cash flows and stable disposable incomes.
- Borrowers without standalone verifiable income paths must include viable co-borrowers or financial guarantors.
- Risk mitigation requires the mandatory registration of National Automated Clearing House (NACH) mandates, e-mandates, or standing instructions alongside Post-Dated Cheques (PDCs) for statutory backup support.

6.3. Secured Lending and Collateral Rules

For facilities backed by assets, the Company maintains enforceable legal charges via:

- Hypothecation of commercial vehicles, plant machinery, and movable retail consumer durables.
- Equitable or Registered Mortgage of unencumbered immovable properties.
- Pledge of approved securities, corporate guarantees, and debt receivables.
- Valuation Standards: All collateral assets must undergo technical inspection and market valuation by independent, certified valuers. The Loan-to-Value (LTV) limits set by the Board and RBI must be maintained throughout the facility lifecycle.

6.4. Documentation Integrity

All loans must execute comprehensive binding agreements (Loan Agreements, Hypothecation Deeds, Guarantee Bonds) prior to any disbursement of funds. Digital signatures must comply fully with the Information Technology Act, 2000.

7. PROCESSING FEES, CHARGES, AND PENAL INTERESTS

7.1. Processing Fees

Processing fees are levied upfront to recover administrative and appraisal expenses. These costs vary transparently based on asset lines, exposure size, and underlying complexities, and are applied on a non-discriminatory basis.

7.2. Non-Interest Charges and Penal Regulations

All non-interest operational costs (e.g., foreclosure fees, bounce fees, legal search costs) are explicitly broken down within user documentation.

In strict compliance with RBI guidelines on Fair Lending Practices, penal charges for late payments or defaults must adhere to the following rules:

- Penal assessment will be treated as "Penal Charges" and shall not be compounded or capitalized into the principal balance as "Penal Interest."
- No additional interest is calculated on the accumulated charge balance.
- The scale of penal charges must be directly proportional to the default timeframe and severity, without acting as an unreasonable revenue source.

8. TENOR AND CREDIT EXPOSURE CEILINGS

8.1. Loan Tenor Parameters

- Retail Assets: Generally restricted to a maximum tenure of 5 years (60 months), subject to product-specific exceptions.
- Corporate & Secured Infrastructure Financing: Portfolio lengths match asset economic cycles, limited to a strict ceiling of 20 years (240 months) unless granted clear, specialized Board authorization.

8.2. Capital Deployment and Concentration Limits

To manage systemic risks, individual borrower and group exposure limits are bounded by the Company's available Capital Funds in accordance with RBI concentration rules:

Individual Borrower Exposure Limit ≤ 15% of the Company's Capital Funds

Group Borrower Exposure Limit ≤ 25% of the Company's Capital Funds

Surplus corporate liquidity may only be deployed in short-term money market instruments or high-grade inter-corporate deposits within these approved institutional caps.

9. RISK-BASED INTEREST RATE FRAMEWORK

9.1. Base Components of Interest Rates

Interest structures are determined through an objective Risk-Based Pricing Engine, derived from:

Final Interest Rate = Cost of Funds + Operational Load + Risk Premium + Target Margin

9.2. Pricing Drivers

INTEREST RATE DETERMINATION		
Internal Costs	Customer Profile	External Factors
Cost of Capital	Bureau Score	Repo Rates
Tech Stack Overhead	Cashflow Stability	Inflation
Opex Margins	Collateral LTV	Market Spreads

9.3. Transparency and Key Fact Statement (KFS)

The Company ensures complete transparency regarding pricing structures:

- Borrowers receive an explicitly structured Key Fact Statement (KFS) before execution of the loan agreement.
- The KFS details the exact Annual Percentage Rate (APR), inclusive of all processing fees, insurance premiums, and statutory costs.
- No charge or fee outside the signed KFS can be levied by the Company without formal written notification and agreement.

10. REPAYMENT MECHANISMS

Facilities are configured for systematic liquidation via Equated Monthly Instalments (EMIs), bullet structures, or structured cash-flow matched installments. Restructuring, payment rescheduling, or tenure changes are governed strictly under RBI's Prudential Framework for Resolution of Stressed Assets.

11. CUSTOMER SOURCING AND DIGITAL DELIVERY CHANNELS

Sourcing operations run via distributed networks:

- Digital Infrastructure: Encrypted mobile applications, institutional web portals, and secure API networks.
- Assisted Field Operations: Physical branches, authorized Direct Selling Agents (DSAs), and verified Retail Partners.
- Digital collection, onboarding, and customer underwriting procedures must maintain data governance workflows that comply with RBI Digital Lending Guidelines.

12. PRE-APPROVED CREDIT OFFERS

Pre-approved limits are offered exclusively to existing customers or vetted prospects via data analytics engines. These offers are subject to final bureau updates, non-violation of KYC baselines, and instant validation checks prior to fund release.

13. FAIR PRACTICES CODE AND RECOVERY STANDARDS

13.1. Customer Transparency & Language Accessibility

All communication, sanction parameters, letters, and statement terms must be delivered in English or the local vernacular language chosen by the customer.

13.2. Non-Discrimination Mandate

The Company guarantees absolute equity in all underwriting procedures. No application shall be denied or altered based on gender, race, religion, caste, community, or ethnic background.

13.3. Recovery and Collection Practices

- Debt resolution workflows must adhere strictly to law, avoiding coercive or intimidating practices.
- Harassment Avoidance: No communication or field visits to borrowers may occur during unreasonable hours (specifically avoiding the hours between 7:00 PM and 8:00 AM).
- Customers are provided regular, transparent advance warnings regarding payment shortfalls and potential classification shifts into Special Mention Accounts (SMA) or Non-Performing Assets (NPA).

14. CREDIT INFORMATION COMPANIES (CICs) REPORTING

In compliance with the Credit Information Companies (Regulation) Act, 2005, the Company uploads comprehensive portfolio data monthly to all authorized credit bureaus (CIBIL, Experian, Equifax, CRIF High Mark). Corrective updates requested by consumers must be resolved within statutory timelines to prevent regulatory penalties.

15. MONITORING, POST-SANCTION REVIEW, AND RISK MANAGEMENT

- Early Warning Systems (EWS): Real-time monitoring tracking technical payment patterns, bounce logs, and changing external industry risks.
- Comprehensive Risk Management: Independent risk oversight assessing Credit Risk, Operational Flaws, Liquidity gaps (\$ALM\$), and Technology vulnerabilities.
- Legal Action: Persistent, uncooperative defaults will be escalated to formal legal recovery through the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, Negotiable Instruments (NI) Act Section 138 actions, or Civil Courts.

16. DATA PROTECTION AND PRIVACY

Customer personal data and financial information are classified as strictly confidential. The Company maintains robust cyber defense firewalls, access controls, and data storage systems that comply with applicable national data protection frameworks and RBI IT governance rules.

17. POLICY EVOLUTION AND DISCREPANCIES

17.1. Annual Governance Review

This policy undergoes formal review by the Board of Directors on an annual basis to account for changing market dynamics and operational updates.

17.2. Legal Precedence Clause

If any term within this Policy conflicts with updated RBI Master Directions, statutory circulars, or national financial legislation, the prevailing statutory guidelines and RBI directions will automatically override internal provisions.

17.3. Effective Date

This Credit Policy becomes operational immediately upon receiving formal approval via a majority resolution from the Board of Directors of Indira In Fin Lease Limited.