

FAIR PRACTICE CODE



IFL FINANCE LIMITED

(Formerly known as IFL Housing Finance Limited)



FAIR PRACTICE CODE

Objectives & Application:

1. Objectives of the Code:

IFL Finance Limited (Formerly known as IFL Housing Finance Limited) ensures fair and transparent dealings with its customers who approach it for obtaining a loan and for transactions with customers after the loan has been granted. This code will enable employees to provide better customer service and maintain transparency in business dealings with its customers. Accordingly, a Fair Practices Code has been set with an objective to:

- a) to promote good and fair practices by setting minimum standards in dealing with customers;
- b) to increase transparency so that the customer can have a better understanding of what he/she can reasonably expect of the services;
- c) to encourage market forces, through competition, to achieve higher operating standards;
- d) to promote a fair and cordial relationship between the customer and the Company;
- e) to foster confidence in the finance system.

2. Application of the Code:

This Fair Practices Code has been framed with a view to providing to all its stake holders, especially customers an effective overview of the practices followed by the Company while offering its products and services. This Fair Practices Code has been prepared taking into account the “Guidelines on Fair Practices Code for NBFCs” issued by the Reserve Bank of India and is updated from time to time and aims to enable customers to take informed decisions in respect of the facilities and services offered by the Company.

Commitments:

Company will adhere to this code to act fairly and reasonably in all dealings with customers, by ensuring that:

- a) The company shall meet the commitments and standards in this Code for the products and services it offers and, in the procedures, and practices their staff follows.
- b) Products and services of the company will meet relevant laws and regulations in both letter and in spirit.
- c) The company will act quickly in correcting the mistakes and attend to complaints lodged by its customers in light of objective of this code.
- d) Company will not discriminate in any manner between genders, castes, religions or disability while dealing with the customers visiting/approaching for services from us.

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However, the restrictions, if any, as mentioned in the loan products, shall continue to apply.

- e) The Company undertakes to desist from introducing any products / services having elements of 'hidden charges' or lack of transparency.
- f) The Company undertakes not to take advantage of any unintentional or clerical error made by the customer while transacting business.
- g) The Company shall display the FPC on its website.
- h) The Company shall give at least three months public notice prior to the date of closure of any of its branches/offices in, at least, one leading national newspaper and a leading local (covering the place of branch/ office) vernacular newspaper indicating therein the purpose and arrangements being made to service the depositors, etc.

Disclosure and Transparency:

1. Our company believes in complete disclosures and transparency in dealing with our customers. We shall provide all relevant information which may have a bearing on the transactions between the Company and the customers including but not limited to the interest rates, common fees and charges through all possible means including:
 - a) Putting up notices in branches;
 - b) Providing tariff schedule as and when requested.
 - c) Through the company's website
 - d) Through designated staff

2. Confidentiality

The Company will collect personal information that it believes to be relevant and required to understand the profiles of the customer and conduct its business. The Company will keep all personal information of customers as private and confidential and will not disclose any information to a third person unless required by any law or Government authorities including Regulators or Credit agencies or where the sharing of information is permitted by the customer. If company shall avail services of any third party for providing support services, Company shall require that such third parties handle customers' personal information with the same degree of confidentiality.

ADVERTISING, MARKETING AND SALES

The Company shall:

- a) Ensure that all advertising and promotional material is clear, and factual.
- b) The Company shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.
- c) The Company shall not deliberately promote a product with any ulterior / selfish motives or contrary to the customer requirements or expectations as disclosed by the customer. The Company will ensure that its personnel engaged in marketing and operations are suitably trained and instructed so as to preclude selling of its products by misrepresentation to the customer / prospective customer.

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- d) The Board of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium 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.
- e) If the Company avail services of third parties for providing support services, it shall require that such third parties handle customer's personal information (if any available to such third parties) with the same degree of confidentiality and security as the NBFCs would.

LOANS

Applications for loans and their processing

1. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
2. The Company shall transparently disclose to the borrower all information about fees/ charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/ disbursed, pre-payment options and charges, if any, penal charges for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. In other words, the Company shall disclose 'all in cost' inclusive of all charges involved in processing/ sanctioning of loan application in a transparent manner. It should also be ensured that such charges/ fees are non-discriminatory.
3. Loan application forms shall include 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 may indicate the list of documents required to be submitted with the application form.
4. The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.
5. In case of gold loan, the loan agreement shall cover the description of the eligible collateral taken as security, value of such collateral, details of auction procedure and the circumstances leading to the auction of the eligible collateral, the notice period which shall be allowed to the borrower for repayment or settlement of loan before the auction is conducted, timelines for release of pledged eligible collateral upon full repayment or settlement of loan, refund of surplus, if any, from the auction of the pledged eligible collateral and other necessary details. All applicable charges payable by the borrower, including those related to assaying, auction, etc., shall be clearly included in the loan agreement and Key Fact Statement (KFS).
6. In case of gold loan, Company, while accepting the eligible collateral, prepare a certificate in duplicate on the letterhead mentioning all the required regarding the assay of the collateral and state therein the purity (in terms of carats); gross weight of the eligible

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collateral pledged; net weight of gold or silver content therein and deductions, if any, relating to weight of stones, lac, alloy, strings, fastenings, etc.; damage, breakage or defects, if any, noticed in the collateral; image of the collateral; and the value of collateral arrived at the time of sanction and one copy shall be part of the loan documents and the other copy be given to the borrower under their acknowledgements.

7. The Company shall not in the normal course make any changes / modifications in the terms and conditions of the loan, including rate of interest, which could adversely affect the customer financially or otherwise. In abnormal circumstances when such changes / modifications are inevitable, keeping in view the new circumstances, adequate and proper notice shall be given to the customer in the vernacular language, or a language as understood by the borrower about any such change/modification.

Loan Appraisal, Terms/Conditions & Communication of Rejection of Loan Application and Key Facts Statements for Loans and Advances.

- a) Normally all particulars required for processing the Loan Application will be collected by the Company at the time of application. In case it needs any additional information, the customer will be informed to provide the same.
- b) The Company will convey in writing in vernacular language as understood to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, prepayment charges, if any and keep the written acceptance of these terms and conditions by the borrower on its record.
- c) The Company shall mention the penal charges which are charged for late repayment in bold in the loan agreement.
- d) Borrower shall be entitled to a copy of the Loan Agreement along with a copy of each of all enclosures quoted in the Loan Agreement at the time of sanction / disbursement of loans, against acknowledgement.
- e) No pre-payment penalties/foreclosure charges will be levied on gold loans in the normal course. In case such charges are applicable for any scheme, it will be disclosed in the sanction letter.
- f) NBFC shall comply with the instructions contained in the circular of Key Facts Statements for Loans & Advances.

Disbursement of Loans including changes in terms and conditions

- a) Disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter where applicable.
- b) The Company shall give notice in a vernacular language or a language understood to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, penal charges (if any), service charges, prepayment charges, other applicable fee/ charges, etc. The Company should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement, if applicable.



Decision to Recall or Acceleration of repayment of loan amount:

The Company will not, as a matter of fair dealing, normally recall the loan before the initially agreed tenure except in unanticipated or abnormal circumstances where the Company's interests are adversely affected e.g. when the security value diminishes substantially when the quality of gold is not found to be acceptable, due to any regulatory / government directives etc. In all such cases proper and reasonable notice shall be given to the customer recalling the loan before expiry of the normal tenure. Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

Closure of Loan Account and release of Securities/Documents:

- a) 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 that 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, where applicable.
- b) The Company shall release all the original movable/ immovable property documents (other than Gold Loan) and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account, wherever applicable.
- c) The borrower shall be given the option of collecting the original movable/ immovable property documents either from the branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/ his preference, where applicable.
- d) The timeline and place of return of original movable/ immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date, where applicable.
- e) The Company shall have a well laid out procedure for return of original movable/ immovable property documents to the legal heirs in case of demise of the sole borrower or joint borrowers. The procedure shall be displayed on the website of the Company for customer information, where applicable.
- f) Gold Ornaments shall be released to the Borrower on the same day of repayment but not later than 3 (three) working days of receipt of full dues. Payment must be received from the borrower's own account. Third-party payments shall be subject to additional verification.

Compensation for delay in release of movable/immovable property documents:

- a) 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.
- b) In case of loss/ damage to original movable/ immovable property documents, either in

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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 sub-paragraph (a) 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).

- c) The compensation provided shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.
- d) In case of gold loan, in case of delay in release of the pledged collateral after full repayment or settlement of loan by the borrower, where reasons for delay are attributable to the lender, the lender shall compensate the borrower(s)/ legal heir(s) at the rate of ₹5,000 for each day of delay beyond the timeline prescribed as per RBI norms. If the delay is not attributable to the lender, it shall communicate reasons for such delay to the borrower(s)/ legal heir(s). Further, where the borrower(s)/ legal heir(s) has not approached the lender for release of pledged eligible collateral after full repayment or settlement of loan, the lender shall issue periodic reminders to borrower(s)/ legal heir(s) through letters, email or SMS if the email and mobile number are registered with the lender.

Privacy and Confidentiality

All personal information of customers shall be treated as private and confidential [even when the customers are no longer customers], and shall be guided by the following principles and policies. Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies/entities in their group, other than in the following exceptional cases:

- a. If the information is to be given by law or by the direction of the regulator/s.
- b. If there is a duty towards the public to reveal the information.
- c. If the company's interests require them to give the information (for example, to prevent fraud) but the same will not be used as a reason for giving information about customer or customer accounts (including customer name and address) to anyone else, including other companies in the group, for marketing purposes.
- d. If the customer asks the company to reveal the information, or with the customer's permission.
- e. If the company is asked to give a reference about customers, with his / her written permission, they shall obtain his/her written permission before giving it.
- f. The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that holds about him /her.
- g. The company will not use customer's personal information for marketing purposes by anyone unless the customer specifically authorizes to do so.

Collection of Dues

- 1. Whenever loans are given, the Company shall explain to the customer the repayment
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process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land and the customer's contract with the Company will be followed for recovery of dues. The process will involve reminding the customer by sending him / her a notice or by making personal visits and / or repossession of security if any.

2. Our collection policy is based on courtesy, fair treatment and persuasion. The Company believes in fostering customer confidence and long-term relationship. The staff or any person authorized to represent the Company in collection of dues or / and security repossession shall identify himself / herself and display the authority letter issued by the Company. He/She shall upon request, display his / her identity card issued by the Company or under authority of the company. Company ' shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.
3. The Company will make all possible soft or persuasive efforts to get the customer to repay the dues without resorting to disposal of the security. The Company does not accept nor will it encourage the use any coercive or hard measures to recover its dues from the customer.
4. Even though the loan sanction letter contains all applicable terms and conditions of the loan the Company shall, nevertheless, endeavor, on a best effort basis to make reminder calls regarding due date for payment of interest, principal etc.
5. The company staff or any person authorised to represent the Company shall strictly follow the Codes set out below:
 - a. Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.
 - b. The Company will not interfere in the affairs of the customers except for the purposes mentioned in the terms & conditions of the loan or when constrained to do so due to inadequate or false disclosures made by the borrower at the time of putting through the transactions.
 - c. Customer's privacy shall be respected.
 - d. Interaction with the customer shall be in a civil manner. Utmost care shall be taken in the use of language while interacting, so that at any point of time the customer should not feel hurt/feel any un-courteous treatment. While interacting with women borrowers, due respect as per Indian culture and tradition shall be maintained.
 - e. Customer's request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
 - f. All assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

Customer Service & Grievance Redressal

- a) The Board of Directors of the Company will put in place an effective Customer Grievance Redressal mechanism details of which will be displayed on the website and in all the branches. Such a mechanism shall ensure that all disputes arising out of the decisions of

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lending institution's functionaries are heard and disposed of at least at the next higher level. The mechanism will specify inter alia the names & designations of the officials with whom complaints can be registered, their postal address / telephone numbers/ email address, escalation matrix. It will also put in place at all offices where business is transacted, the complete contact details of the Regional Office of RBI, Delhi, within whose jurisdiction the registered office of the company is situated, so that the customers may directly approach the RBI in case their grievances are not redressed within one month of the receipt of complaints by the company.

- b) The Company will have a sympathetic approach to the problems faced by the customer, especially the poor and underprivileged sections.

PENAL CHARGES

- Penal charges, 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.
- The company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- The quantum of penal charges shall be reasonable and without being discriminatory within a particular loan / product category.
- The quantum and reason for penal charges shall be clearly disclosed by the company to the customers in the loan agreement/MITC, in addition to being displayed on the company's website.

LENDING AGAINST COLLATERAL OF GOLD JEWELLERY

They shall put in place Board approved policy for lending against gold that shall inter alia, cover the following:

- (i) Adequate steps to ensure that the KYC guidelines stipulated by the Reserve Bank are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- (ii) Proper assaying procedure for the jewellery received,
- (iii) Internal systems to satisfy ownership of the gold jewellery,
- (iv) Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff, and to compensate the customer for any accidental, inadvertent, or fraudulent loss of the security whilst in the custody of the Company and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery,
- (v) The jewellery accepted as collateral shall be appropriately insured,

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- (vi) Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
- (vii) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper,
- (viii) As a policy, the NBFCs themselves shall not participate in the auctions held,
- (ix) Gold pledged shall be auctioned only through auctioneers approved by the Board,
- (x) The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
- (xi) The Company must insist on a copy of the PAN Card of the borrower for all transaction above ₹2 lakh when financing against the collateral of gold.
- (xii) Documentation across all branches must be standardized.

The company has established separate and comprehensive policies for gold loans and gold auctions, which are also made available on its official website.

Loan facilities to the physically/visually challenged

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for availing of the various business facilities. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

Language and mode of communicating Fair Practice Code

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the directions outlined hereinabove shall be put in place by the Company with the approval of their Board. The same shall be put up on their website, for the information of various stakeholders.

GENERAL

1. The company may verify the details mentioned by the customer in the loan application by contacting him/her at his/her residence and / or on business telephone numbers and or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary.
2. The customer should be informed to co-operate if the company needs to investigate a transaction on the customer's account and with the police/ other investigative agencies. If the customer acts fraudulently, he / she will be responsible for all losses on his/her account and that if the customer acts without reasonable care and this causes losses, the customer may be responsible for the same.

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3. The Company's Grievance Redressal Machinery will also deal with the issue relating to services provided by the outsourced agency.

Fair Practice Code was approved by the Board of Directors in their meeting held on 06th April, 2026.

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