



KIFS Housing Finance Limited

FAIR PRACTICES CODE

Version 1.1/February, 2025

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Version	Prepared by	Reviewed by	Approved by	Approved Date
1.0	Swarnpal Singh Bais	Board	Board	27th April, 2017
ANNUAL REVIEW		Board	Board	04th May, 2018
ANNUAL REVIEW		Board	Board	12th April, 2019
ANNUAL REVIEW		Board	Board	11th June, 2020
ANNUAL REVIEW		Board	Board	03rd June, 2021
ANNUAL REVIEW		Board	Board	27th May, 2022
ANNUAL REVIEW		Board	Board	30th May, 2023
ANNUAL REVIEW		Board	Board	14th August, 2024
1.1	Gayatri Rane - Policy Manager	Sandeep Verma – Operations Head	Board	March 21, 2025

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Chapter 1: Intent

In keeping with the guidelines on Fair Practices Code for Housing Finance Companies (HFCs), KIFS Housing Finance Limited has formulated this Code. In this Code, 'we' denotes KIFS Housing Finance Limited.

Chapter 2: Objectives and Application of Code

2.1 Objective of the Code:

KIFS Housing Finance Company has set their objective to pursue leading corporate practices and to bring about transparency in business practice. Accordingly, a Fair Practice Code has been set with an objective to:

- i. Promote good and fair practices by setting minimum standards in dealing with customers;
- ii. Increase transparency so that the customer can have a better understanding of what he/she can reasonably expect of the services;
- iii. Encourage market forces, through competition, to achieve higher operating standards;
- iv. Promote a fair and cordial relationship between customer and HFC; and
- v. Foster confidence in the housing finance system.

2.2 Application of the Code:

All parts of this Code apply to all the products and services which are presently being provided or which may be introduced hereafter, in any manner and/or by any mode.

Chapter 3: Fair Practices with Customers

We shall act fairly and reasonably in all dealings with customers by:

- a) Meeting the commitments and standards in this Code for our products and services and in the procedures and practices followed by our staff.
- b) Offering products and services that meet relevant laws and regulations in letter and spirit.
- c) Meeting with ethical principles of integrity and transparency during its interaction with customers

KIFS Housing will 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, penalty 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, KIFS Housing will disclose 'all in cost' inclusive of all charges involved in processing / sanction of loan application in a transparent manner. It should also be ensured that such changes / fees are non-discriminatory.]

Chapter 4: Loans

4.1 (i) Applications for loan and their processing

- a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- b) We 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.
- c) Our loan application forms shall include necessary information which affects the interest of the borrower. Our loan application form shall indicate the list of documents required to be submitted with the application form.
- d) We shall give acknowledgement for receipt of all loan applications containing time frame within which loan applications will be disposed of.

(ii) Loan appraisal and terms/ conditions

- a) Typically we shall collect all particulars required for processing the loan application at the time of application. In case we need any additional information, the customer shall be told that she/he would be contacted immediately again.
- b) We shall convey in writing in vernacular language to the borrower by means of sanction letter, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, method of application, EMI Structure, Prepayment Charges and keep the written acceptance of these terms and conditions by the borrower at the time of disbursement of loans.
- c) We shall mention the penal charges which are charged for late repayment in bold in the loan agreement

(iii) Communication of rejection of Loan Application

If we cannot provide the loan to the customer, we shall communicate in writing the reason(s) for rejection.

(iv) Disbursement of loans including changes in term and conditions

- a) Disbursement shall be made in accordance with the disbursement schedule given in the Loan Agreement.
- b) We shall give notice to the borrower in vernacular language of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/charges etc. We shall not effect change in interest rates in the retrospect. A suitable condition in this regard shall be incorporated in the agreement.
- c) When such change is considered to be a disadvantage by the customer, the borrower will be allowed to, within 60 days and without notice, close his / her account or switch it without having to pay any extra charges or interest.
- d) Any decision to recall / accelerate payment or performance under the agreement or seeking additional securities shall be in consonance with the loan agreement.
- e) We 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. If such right of set off is to be exercised, the borrower will be notified about the same with full particulars about the remaining claims and the conditions under which we are entitled to retain the securities till the relevant claim is settled /paid.

4.2 Regulation on Excessive Interest Rate Charged by HFCs:

- a) We would 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 gradation of risk and rationale for charging different rate of interest to different categories of borrowers would be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- b) Policy for penal charges (if any) would be laid down by the Company.

- c) The rates of interest and the approach for gradation of risks, and penal 4 charges (if any) would be made available on the website of the Company or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- d) The rate of interest would be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- e) We shall not add penal charges to the rate of interest. There shall be no capitalisation of penal charges i.e. no further interest should be computed on such charges.
- f) The instalments collected from borrowers would clearly indicate the bifurcation between interest and principal.
- g) We shall would put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

4.3 Guarantors:

When a person is considering to be a guarantor to a loan, he/she should be informed about

- a) His/her liability as guarantor;
- b) The amount of liability he/she will be committing him/herself to the company;
- c) Circumstances in which HFC will call on him/her to pay up his/her liability;
- d) Whether HFC has recourse to his/her other monies in the company if he/she fail to pay up as a guarantor;
- e) Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- f) Time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which HFC will notify him/her about this.
- g) In case the guarantor refuses to comply with the demand made by the creditor /lender, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

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We shall keep him/her informed of any material adverse change/s in the financial position of the borrower to whom he/ she stands as a guarantor.

4.4 Privacy and Confidentiality:

We shall treat all personal information of customers as private and confidential, and are guided by the following principles and policies. We shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, other than in the following exceptional cases:

- a) If the information is to be given by law.
- b) If there is a duty towards the public to reveal the information.
- c) If the HFC's interests require them to give the information (for example, to prevent fraud) but it should 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 HFC to reveal the information, or with the customer's permission.
- e) If HFCs are asked to give a reference about customers, 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 an HFC holds about him /her.
- g) HFCs shall not use customer's personal information for marketing purposes by anyone including HFCs unless the customer specifically authorizes them to do so.

4.5 Credit Reference Agencies:

- a) We shall inform the customer when we may make the checks with credit reference agencies and when we may pass his / her account details to them, if a loan account is opened.
- b) We may give information to credit reference agencies about the personal debts the customer owes them if:
 - i. The customer has fallen behind with his / her payments;

- ii. The amount owed is not in dispute; and
- iii. The customer has not made proposals that are satisfactory for repaying his / her debt, following our formal demand
- c) In these cases, we shall intimate the customer in writing that we plan to give loan account details of the customer to credit reference agencies. At the same time, we shall explain to the customer the role of credit reference agencies and how the information we provide might affect customer's ability to get credit.
- d) We may give credit reference agencies other information about the customer's account only if the customer has given us the permission to do so.
- e) A copy of the information given to the credit reference agencies shall be provided to customers, if so demanded.

4.6 Collection of Dues:

4.6.1 When a loan is given, the repayment process by way of amount, tenure and periodicity of repayment shall be explained to the customer. However if the customer does not adhere to repayment schedule, a defined process, conforming to prevailing law, is followed for recovery of dues which involve reminding the customer by sending him / her notice or by making personal visits and /or repossession of security if any.

4.6.2 Courtesy, fair treatment and persuasion from the basis of our collection policy. Our staff or any person authorized to represent us in collection of dues or/ and security repossession shall identify themselves and display the authority letter and identify card issues by KIFS Housing Finance Limited or under authority of Company. We shall provide customers with all the information regarding dues and shall endeavour to give sufficient notice for payment of dues.

4.6.3 All the members of the staff or any person authorised to represent us in collection or/and security repossession shall follow the guidelines 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) Identity and authority to represent MBIND shall be made known to the customer at the first instance.
- c) We shall not use muscle power for recovery of loans etc

- d) Customer's privacy should be respected.
- e) Interaction with the customer shall be in a civil manner
- f) We shall contact the customers between 0700 hrs and 1900 hrs, unless the special circumstances of the customer's business or occupation require otherwise
- g) Customer's request to avoid calls at a particular time or at a particular place shall be honoured as far as possible.
- h) Time and number of calls and contents of conversation would be documented.
- i) All assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- j) During visits to customer's place for dues collection, decency and decorum shall be maintained.
- k) Inappropriate occasions such as bereavement in the family or such other calamitous occasions shall be avoided for making calls/visits to collect dues.
- l) We shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner

4.7. Complaints and Grievances:

4.7.1 Internal Procedures

- a) We shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- b) An appropriate mechanism for grievance redressal laid down by our board of directors shall form the basis to resolve complaints and grievances.
- c) We shall convey to customers where to find details of our handling of complaints.
- d) If the customer wants to make a complaint, he/she will be told:
 - i. How to complain
 - ii. Where a complaint can be made
 - iii. When to expect a reply
 - iv. Whom to approach for redressal
 - v. What to do if the customer is not happy about the outcome.
 - vi. Our staff shall help the customer with any other questions the customer has
- e) If we receive a complaint in writing from a customer, we shall endeavour to send him/her an acknowledgement / response within a week. The acknowledgement shall

contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at our designated telephone helpdesk or customer service number, the customer shall be provided with a complaint reference number and be kept informed of the progress within a reasonable period of time.

- f) After examining the matter, we shall send the customer our final response or explain why it needs more time to respond and be endeavoured to do so within six weeks of receipt of a complaint and we shall inform the customer how to take his/her complaint further if he/she is still not satisfied.
- g) We shall publicise our grievance redressal mechanism and specifically make it available on our website, branches and offices.

Chapter 5: Advertising, Marketing and Sales

We Shall:

- a) Make all advertising and promotional material clear, and truthful.
- b) In any our advertisement, in any media that includes information on interest rate of loan, shall cite our commercial terms that may apply, and on request, complete terms and conditions will be made available or on the website.
- c) Provide information on interest rates, common fees and charges (including penal charges, if any) through putting up notices in our branches; and through any other media intended for customer interaction
- d) Have the third parties oblige to handle customer's personal information with the same degree of confidentiality and security as we would, whenever such support service are availed from third parties
- e) From time to time, communicate to customers various features of our products availed by them. However information about our other products or promotional offers in respect of products/ services, shall be conveyed to customers only upon receiving their consent over mail or through registration on website or customer service number to receive such information/ services
- f) Prescribe a code of conduct for our business associates or direct selling agencies whose services are availed to market products/ services which amongst other matter require them to identify themselves when they approach the customers for selling products personally or through phone.

- g) Initiate appropriate steps to investigate and to handle complaints, if any, and to make good the loss, regarding complaints received from customer related to improper conduct or any act in violation of this code by our business associate/ representative/ courier or direct selling agent.

Chapter 6: General

- a) We shall inform customer about verification of details furnished by them in the loan application directly or through our business associate or agencies appointed for the purpose
- b) We 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 information, not earlier disclosed by the borrower, has been noticed).
- c) We shall not impose 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).
- d) We shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - a. Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - b. Where the housing loan is on fixed interest rate basis and the loan is pre closed by the borrower out of their own sources.
- e) We shall inform the customers to cooperate if there is a need to investigate a transaction on the customer's account and with the police/ other investigative agencies, if they are needed
- f) We shall advise the customer that 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
- g) We shall inform customer about our products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- h) We shall not discriminate on grounds of sex, caste and religion in the matter of lending. Also we shall not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities etc.

- i) We shall process requests for transfer of a loan account, either from the borrower or from a bank/financial institution, in the normal course.
- j) To publicise the Code, we shall:
 - i. Provide existing and new customers with a copy of the Code
 - ii. Make this Code available on request either over the counter or by electronic communication or mail;
 - iii. Make available this Code at every branch and on our website; and
 - iv. Provide training to the staff on providing relevant information about the Code and to put the Code into practice.
- k) The Board of Directors shall carry out 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 will be made available to Board at regular intervals, as may be prescribed by it.

Further, Company shall comply circulars/notifications/Directions or any material change as and when updated by the regulator.