



Fair Practice Code

IKF Group

Fair Practice Code

Version 3.0

Effective Date	31 st March 2015
Last Review Date	29 th May 2024
Prepared By	IKF Finance Limited
Reviewed By	IKF Finance Limited
Approved By	BOD- IKF Finance Limited

PREAMBLE

This fair practice code (“THE CODE”) has been formulated by IKF Finance Limited at a group level IKF FINANCE as a part of good corporate governance and in line with the guidelines issued by the National Housing Bank on Fair Practices Code as applicable for NBFCs and HFCs as per RBI Master Direction and aims at promoting good and fair practice, increasing transparency, promoting a fair and cordial relationship between IKF Group and its customers in fostering confidence of the customers.

For the purpose of this document, following RBI circulars are referred.

1. Master directions of RBI applicable to NBFCs [Master Direction – Reserve Bank of India \(Non-Banking Financial Company – Scale Based Regulation\) Directions, 2023 \(Updated as on March 21, 2024\)](#)
2. Master directions of RBI applicable to HFCs - [Master Direction – Non-Banking Financial Company – Housing Finance Company \(Reserve Bank\) Directions, 2021 \(Updated as on March 21, 2024\)](#)

1. OBJECTIVE OF THE CODE

- To promote good and fair practices by setting minimum standards in dealing with customers.
- To increase transparency so that the customer can have a better understanding on the key terms & conditions governing the grant of loan facility,
- To encourage market forces, through competition, to achieve higher operating standards.
- To promote a fair and cordial relationship between customer and IKF Group and
- To foster confidence in the company’s lending system.

2. APPLICATION

- Applicable to all persons/ entities who are offered the products and services of (IKF Group) in any manner and/or by any mode.
- The code is applicable under normal operating environment except in the event of any force majeure.
- The code is based on ethical principles of integrity and transparency and all actions and dealings shall follow the spirit of the code.
- The products and services of IKF Group companies will meet all applicable laws and regulations.
- Through regular training programs, meetings, seminars, circulars and other modes of communication, IKF Group employees would be made aware of the code so that a strong commitment for fairness, quality lending and efficient services is instilled in employees at all levels.
- This Code shall apply to all the products and services, whether provided by the HFCs, its subsidiaries or Digital Lending Platforms (self-owned and/or under an outsourcing arrangement) across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

3. IKF GROUP’S COMMITMENT TO CUSTOMERS

- Act fairly and reasonably with customers, by following all ethical principles of integrity and transparency.
- Be transparent in providing key & relevant information on the nature and benefits of the financial products and services.
- Explain the important terms and conditions outlined in loan documents etc. in English and/or the local language or a language understood by the customer as and when required.

- Representatives of IKF Group will not harass, threaten, or abuse customers physically or verbally or use offensive mannerisms or language at any given time.
- Representatives of IKF Group will not make any physical contact and advances; sexually colored remarks; or any other unwelcome physical, verbal or non-verbal conduct or sexual nature with customers irrespective of gender.
- Follow the Know Your Customer guidelines while obtaining information and documents from customers and obtain necessary information as required as per the anti-money laundering act and applicable guidelines issued from time to time by the regulatory body and relevant authorities.
- Handle customer grievances sympathetically and take all necessary steps to address issues.
- Not discriminate between customers on the basis of age, race, caste, gender, marital status, religion or disability.
- Ensure that all information about fees/charges that is payable for processing the loan application, the 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 re-set clause and all such matters that effect the interest of the borrower are disclosed to him/her. Such fees/charges should be non-discriminatory.
- Processing fee collected from the customer is non refundable and once the loan is approved, the documentation fees is also non refundable. The same will be mentioned in the application form, terms of sanction and MITC.
- Lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal interest, if any).

4. KNOW YOUR CUSTOMER POLICY GUIDELINES

IKF shall

- Carry out due diligence as required under “Know Your Customer” (KYC) policy of IKF Group before opening and operating the customer’s loan account and in furtherance of the policy.
- Request the customer to submit or provide necessary documents or proofs for the same as are required to meet IKF Group’s KYC, anti-money laundering or any other statutory requirements.
- Provide the loan application form/account opening forms and other material to the customer and the same shall contain amongst others, key and relevant details of essential information required to be furnished and documents to be produced for verification and/or for record for meeting the KYC requirements.
- Explain the procedural formalities and provide necessary classifications sought by the customer while opening a loan account.

5. ADVERTISING, SALES AND MARKETING

- Ensure that all advertising and promotional material in any media and promotional literature that draws attention to a service or product is clear and transparent, and not misleading.
- Ensure that all advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, shall also indicate that full details of the terms and conditions, if any, will be available on request of the customer.
- Ensure that information on interest rates, common fees and charges is provided on either the notice board at the branches, via telephone/helpline, via the company website, via designated help desk or by providing a tariff schedule.
- Ensure that third parties whose services may be availed for providing support services shall handle customer’s personal information (if any available to such third parties) with the same degree of confidentiality and security as handled by IKF Group. The company will execute

separate vendor agreements for this purpose the ensuring the confidentiality of the information provided by the customers.

- Communicate to customers various features of products availed by them. Such communication about the products or promotional offers in respect of the products/services may be conveyed to the customers only if/she has given his/her consent to receive such information/service either by mail or by registering for the same on the website or on the customer service number of IKF Group
- Ensure that a code of conduct for the Direct Selling Agents (DSA's) whose services are availed by IKF Group to market the products and services is prescribed by IKF Group which specifically requires them to identify themselves while approaching a customer for selling the products personally or via telephone.
- Ensure that in the event any complaint from a customer is received against any IKF Group representative/courier/DSA's for any improper conduct or violation of the code of conduct, then the complaint shall be adequately addressed and appropriate steps shall be initiated for investigation of the complaint and for making good the loss incurred basis the said investigation.

6. LOANS Disclosure and transparency

- IKF Group shall make available and disclose all material information to the customer, as may be required by the customer to understand the terms and conditions governing the grant of loan facility. The material information shall include all the terms and conditions applicable to the loan.
- In respect of prospective customers, provide clear information explaining the key features of its services and products that customers are interested in and also the terms and conditions governing the loan.
- The rates of interest and the approach for gradation of risks, and penal interest (if any) shall be made available on the website of the companies or published in the relevant newspapers.

Applications for loans and their processing

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Loan Applications must entail 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 interest/ 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. It should also be ensured that such charges/ fees are non-discriminatory.
- Loan application forms to include necessary information which would affect the interest of the customer, so that a meaningful comparison with the terms and conditions offered by other HFCs can be made and informed decision can be taken by the customer. The loan application form may indicate the list of documents required to be submitted with the application form.
- Acknowledgement for receipt of all loan applications shall be provided to the customers.

Loan appraisal, disbursement and changes in the terms, conditions, interest rates, charges etc.

- Normally, all particulars required for processing the loan application will be collected at the time of the loan application. In case any additional information is required, the customer will be informed that he would be contacted immediately again.
- The rate of interest and the approach for gradation 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. (As Part of transparency and disclosure).
- IKF will monitor the loan during the tenure and any deterioration in credit profile will reflect in change of pricing and the same will be communicated to the customer.
- It will be conveyed in writing to the customer in the vernacular language or a language as understood by 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 and written acceptance of these terms and conditions by the customer shall be kept in the record of IKF Group.
- A copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement will be invariably furnished to the customer at the time of sanction/disbursement of loans.
- Loan Agreement shall specify in bold the penal interest charged for late repayment.
- Communication of rejection of loan application: where the loan has been rejected, a communication in writing containing the reason(s) for rejection shall be provided to the customer.
- Disbursement should be made in accordance with the disbursement schedule given in the loan agreement/sanction letter.
- A notice will be given to the customer of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, other applicable fee/charges etc. Changes to terms and conditions will be made with prospective effect and may be given by personal intimation, notice board of each branch, website/email/SMS or newspaper, post/courier or any other method as may be desired by IKF Group, in English or a language as understood by the borrower. A suitable condition in this regard will be incorporated in the loan agreements.
- IKF Group shall ensure that changes in interest rates and charges are affected only prospectively. If such change is to the disadvantage of the customer, IKF Group shall ensure that the customer is able to close his/ her account or switch it without having to pay any extra charges or interest within 60 days and without notice.
- Decision to recall/accelerate payment or performance under the loan agreement or seeking additional securities, will be in consonance with the loan agreement.
- IKF Group 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 IKF Finance may have against the customer. If such right of set off is to be exercised, the customer shall be given notice about the same with full particulars about the remaining claims and the conditions under which IKF is entitled to retain the securities till the relevant claim is settled/paid.
- IKF through its Amortization Schedule shall indicate the bifurcation between interest and principal in all instalments collected/ to be collected from customers.

7. GUARANTORS–APPLICABILITY OF THE CODE

When a person is considering being a guarantor to a loan, he/she shall be informed about:

- His/her liability as guarantor.
- The amount of liability he/she will be committing him/herself to the IKF
- The customer has been informed the extent of his/her rights under the existing legal framework for accessing the personal records.
- Whether IKF has recourse to his/her other monies if he/she fall to pay up as a guarantor.
- Whether his/her liabilities as a guarantor are limited to a specific quantum or are they unlimited; and
- Time and circumstances in which his/her liabilities as a guarantor will be discharged as also the manner in which IKF will notify him/her about this.
- Any material adverse change/s in the financial position of the borrower to whom he/ she stands as a guarantor.
- That 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 willful defaulter.

8. PRIVACY AND CONFIDENTIALITY

Treat all personal information of customers as private and confidential even when the customers are no longer customers of IKF Group, no information or data relating to customer accounts, whether provided by the customers or otherwise, shall be revealed to anyone, including other company's entities in IKF group, unless:

- The information is to be given by law.
- There is a duty towards the public to reveal the information.
- In IKF Group reasonable opinion or interest, the information is required to be given.
- The customer asks the IKF Finance to reveal the information, or the information is given with customer's prior written permission.
- Authorized by the customer to give information to credit reference agencies.
- IKF Finance will not use customer's personal information for marketing purposes unless the customer has specifically authorized IKF Group to do so.

9. CREDIT REFERENCE AGENCIES

Inform the customer at the time when the customer is availing the loan facility or any time thereafter that his/her account details may be disclosed to credit reference agencies and the checks that may be made through them. Further, provide information to credit reference agencies about the personal debts of the customer, if:

The customer has defaulted with his/her payments of EMI.

- The amount owed is in dispute and
- The customer has not made satisfactory proposal for repaying the debt, following IKF Finance's formal demand.

In the above-mentioned cases, intimation in writing will be given to the customer stating that IKF Finance intends to give information about the debts the customer owes them, to the credit reference agencies. At the same time, customer shall be explained the role of credit reference agencies and the effect the providing of such information will have on the customer's ability to get credit.

Additional information about the customer may be given to credit reference agencies if the customer

has given his/her permission to do so. A copy of the information given to the credit reference agencies shall be provided to a customer, if so demanded.

10. COLLECTION OF DUES

At the time of disbursement of loan, the customer will be explained the repayment process including amount, tenure and periodicity of repayment detailed in the repayment schedule. If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and/or repossession of security if any.

IKF Finance’s collection policy has been built on courtesy, fair treatment and persuasion, fostering customer confidence and long-term relationship. IKF Group’s staff or any person authorized to represent IKF FINANCE in collection of dues or/and security repossession shall identify himself/herself and display the authority letter so issued and upon request, display his/her identity card so issued. Provide customers with all the information regarding dues and endeavor to give sufficient notice for payment of dues.

IKF Finance have a mechanism whereby the borrower grievances with regards to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower.

In the event of default in payment of loan amount by the customer, IKF Finance and/or its authorized agents:

- Shall contact the customer 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.
- Shall display and inform the customer of his/her identity and authority to represent IKF Finance in the first instance.
- Shall respect customer’s privacy.
- Shall remind the customer by sending him/her notice or by making personal visits.
- Shall provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.
- Shall use legal means to repossess the asset –both immovable and movable property.
- IKF Finance and/or its authorized representatives shall not use abusive language and/or force while undertaking collection/repossession activity.
- Shall always be polite to all the customers.
- Contact the customer ordinarily at the place of his/her residence and if unavailable at his/ her residence, at the place of business/occupation between 0700 hrs and 1900 hrs unless the special circumstances of the customer’s business or occupations require otherwise.
- Customer’s request to avoid calls at a particular time or at a particular place shall be honored as far as possible.
- Document time and number of calls and contents of conversation.

- Provide all assistance to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- Maintain decency and decorum during visits to customer's places.
- Not visit on inappropriate occasions such as bereavement in the family or such other calamitous occasions to collect dues.
- Not make any physical contact and advances; sexually colored remarks; or any other unwelcome physical, verbal or non-verbal conduct of sexual nature with customers irrespective of gender.

11. CUSTOMER GRIEVANCES AND REDRESSAL

IKF shall

- Have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- If a complaint has been received in writing from a customer, IKF shall endeavor to send him/her an acknowledgement/ response within a week. The acknowledgement should contain the name & designation of the official who will deal with the grievance. If the complaint is relayed over phone at IKF's 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.
- After examining the matter, IKF Group shall send the customer its final response or explain why it needs more time to respond and shall endeavor to do so within six weeks of receipt of a complaint and he/ she should be informed how to take his/ her complaint further if he/ she is still not satisfied.
- IKF Finance shall publicize its grievance redressal procedure (e-mail id and other contact details at which the complaints can be lodged, turnaround time for resolving the issue, matrix for escalation, etc.) for lodging the complaints by the aggrieved borrower and ensure specifically that it is made available on its website and shall clearly display in all its offices/ branches and on the website that in case the complainant does not receive response from the company within a period of one month or is dissatisfied with the response received, the complainant may approach the Complaint Redressal Cell of Reserve Bank of India or National Housing Bank by lodging its complaints online on the website of RBI Ombudsman or NHB GRIDS respectively
- Generally, a time limit of one month may be given to the customers for preferring the complaints/grievances. The grievance redressal procedure and the time frame fixed for responding to the complaints should be placed on the HFC's website.
- The grievances related to sexual harassment received from the customers will be addressed in the customer grievance redressal procedure. The investigation process and disciplinary actions will be in accordance with the POSH policy.
- IKF Finance shall provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management.

12. DEPOSIT ACCOUNTS:

The company does not accept public deposits currently. However, IKF Finance shall provide all information regarding its various deposit schemes, if and when the same are launched, including rate of interest, method of interest application, terms of the deposits, premature withdrawal, renewal, loan against deposits, nomination facilities etc. in the same manner as applicable to loan products.

13. GENERAL

IKF shall

- 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 by the IKF Finance .
- Convey its response to a request from the customer for transfer of borrower account within 21 days from the date of receipt of request. IKF Group shall process requests for transfer of a loan account from the borrower, in the normal course.
- Inform the customer to co-operate if IKF Group needs to investigate a transaction on the customer's account and with the police/other investigative agencies, if there is a need to involve the customer.
- Advise the customer that if the customer acts fraudulently or involves in any corruption, theft and other relevant malpractices, 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.
- Inform about the products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- Not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude IKF Group from instituting or participating in schemes framed for different sections of the society.
- Prepayment or pre-closure charges will be applicable based on the product availed by IKF customers which will be in line with the guidelines and policies released by RBI from time to time.
- Obtain a document containing the most important terms and conditions in all cases in addition to the existing loan and security documents being obtained by IKF Group.
- Publicize the code by:
 - Providing existing and new customers with a copy of the Code by electronic communication or mail.
 - Making this code available on request either over the counter or by electronic communication or mail.
 - Making available this code at every branch and on the website of the company
 - Ensuring that every employee of the company is aware of the code and trained to communicate the same to the customers of the company

The Board of Directors of IKF Finance 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.

14. OFFICE CLOSURE/CHANGE OF LOCATION:

In the event of shifting or closure of any office of IKF Group, adequate notice shall be given to the affected customers of the office.

The board of directors of IKF Group shall provide for periodical review of the compliance of the fair practices code at various levels of management. A consolidated report of such reviews may be submitted to the board at regular intervals, as may be prescribed by it.

The information contained herein is the property of IKF Home Finance Limited. And may not be copied, used or disclosed in whole or in part, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, reprographic, recording or otherwise) without prior written permission.

Notice to Borrowers

- RBI has implemented the NBFC Ombudsman scheme and the contact details of Nodal Officer at Group level in case of any Grievance in your dealings with the Company's executives are provided below. A detailed note on Ombudsman scheme is made available at branch and also in our website.

K S S Prasanna Krishna,
Land Phone No. 866-2474644, 2474633
Email ID: nodalofficer@ikffinapp.com

- **Contact the following in case your grievance is not redressed in one month .**

Officer In Charge,
Phone No. 040-23241270
Email ID: dnbsyderabad@rbi.org.in

XXXXXXX
XXXXXXX
XXXXXXX