

Manappuram Home Finance Limited Fair Practice Code

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Introduction:

This code has been formulated by Manappuram Home Finance Limited (MAHOFIN), based on relevant NHB circulars and the Reserve Bank of India (Housing Finance Companies) Directions, 2025 and Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 updated from time to time.

A. Fair Practice Code**1. Application of the Code**

This Code shall apply to all the products and services, whether they are provided by the Company, 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.

2. Applications for loans and their processing

- 2.1.** All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- 2.2.** 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 Company 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.
- 2.3.** 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 should also be indicated in the acknowledgement.
- 2.4.** The Company shall transparently disclose to the borrower(s) all information about
 1. fees/ charges payable for processing the loan application,
 2. the amount of fees refundable if loan amount is not sanctioned/ disbursed or rejected,
 3. pre-payment options and charges, if any,
 4. penal charges for delayed repayment, if any,
 5. conversion charges for switching loan from fixed to floating rates or vice-versa,
 6. existence of any interest reset clause and any other matter which affects the interest of the borrower(s).

In other words, Company must 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 appraisal, terms/ conditions and communication of rejection of loan application

- 3.1. Normally all particulars required for processing the loan application shall be collected by the Company at the time of application. In case it needs any additional information, the customer should be told immediately that he would be contacted again.
- 3.2. Company shall convey in writing to the borrower 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 and method of application thereof, and keep the written acceptance of these terms and conditions by the borrower on its record.
- 3.3. Company shall mention the penal charges which are charged for late repayment in bold in the loan agreement.
- 3.4. Company shall furnish a copy of the loan agreement as understood by the borrower along with a copy of each of the enclosures quoted in the loan agreement to every borrower at the time of sanction/ disbursement of loans, against acknowledgement.
- 3.5. If Company cannot provide the loan to the customer, it shall communicate in writing the reason(s) for rejection.

4. Disbursement of loans including changes in terms and conditions

- 4.1. The Company shall ensure that disbursement should be made in accordance with the disbursement schedule given in the Loan Agreement/ Sanction Letter.
- 4.2. The Company shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, penal charges (if any), service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively and necessary clause is incorporated in the loan agreement.
- 4.3. If such change is to the disadvantage of the customer, he/ she may within 60 days and without notice close his/ her account or switch it without having to pay any extra charges or interest.
- 4.4. Decision to recall/ accelerate payment or performance under the agreement or

seeking additional securities, should be in consonance with the loan agreement.

- 4.5.** 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 against the 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 are entitled to retain the securities till the relevant claim is settled/ paid.

4A. Loans sourced over Digital Lending Platforms

Outsourcing of any activity by the Company does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with the Company. Wherever the Company engage digital lending platforms as their agents to source borrowers and/ or to recover dues, they must follow the following instructions:

- 4A.1.** Names of digital lending platforms engaged as agents shall be disclosed on the website of the Company.
- 4A.2.** Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the Company on whose behalf they are interacting with them.
- 4A.3.** Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the Company.
- 4A.4.** A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
- 4A.5.** Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
- 4A.6.** Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

Currently, the Company is not sourcing loans over digital lending platforms.

5. Responsibility of Board of Directors

- 5.1.** The Board of Directors of the Company has laid down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances. Such a mechanism should ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.
- 5.2.** The Board of Directors of the Company shall provide for 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 may be submitted to the Board at regular intervals, as may be prescribed by it.

6. Complaints and Grievance Redressal

- 6.1.** The Company shall have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices, including those received on-line.
- 6.2.** If a complaint has been received in writing from a customer, the Company 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 to 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.
- 6.3.** After examining the matter, the Company 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.
- 6.4.** The Company 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. The Company 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 National Housing Bank by lodging its complaints online on the website of NHB or through post to NHB, New Delhi.

7. 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 Boards. The same shall be put up on their website, for the information of various stakeholders.

8. Regulation of excessive interest charged by the Company

- 8.1.** 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 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.
- 8.2.** The rates of interest and the approach for gradation of risks, and penal charges (if any) shall also be made available on the website of the companies 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.
- 8.3.** The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- 8.4.** Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.

9. Excessive interest charged by the Company

The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges (including penal charges, if any). In this regard the directions in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view. The Company has put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

10. Advertising, Marketing and Sales

The Company shall;

- 10.1.** Ensure that all advertising and promotional material is clear, and factual.
- 10.2.** In any advertising in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate, the Company shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available on request or on the website.
- 10.3.** The Company shall provide information on interest rates, common fees and charges (including penal charge, if any) through putting up notices in their

branches; through telephone or help-lines; on the company's website; through designated staff/ help desk; or providing service guide/ tariff schedule.

- 10.4.** In case the Company avail of the services of third parties for providing support services, the Company 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 Company would.
- 10.5.** The Company shall, from time to time, communicate to customers various features of their products availed by them. Information about their other products or promotional offers in respect of products/ services, may be conveyed to customers only if he/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 customer service number.

11. Code of Conduct for DSAs/DMA

- 11.1.** The Company shall prescribe a code of conduct for their Direct Selling Agencies (DSAs) whose services are availed to market products/ services which amongst other matters require them to identify themselves when they approach the customer for selling products personally or through phone.
- 11.2.** The Company shall adopt the following Model Code of Conducts for DSAs/ DMAs

(1) Model Code of Conduct for DSAs / DMAs is a code of conduct for adoption by the Company in respect of DSAs/ DMAs operating as their Agents. The Code is a set of guidelines designed to ensure that DSAs/ DMAs of the Company act and conduct in conformity with the laid down policies and procedures as set in the Code.

(2) Applicability

- i. Upon adoption and inclusion as part of agreement between the Company and the DSA / DMA, this Code will apply to person/ legal entity involved in marketing and distribution of any loan or other financial products or services of the Company.
- ii. The DSA / DMA or / and its employees / representatives must agree to abide by this Code prior to undertaking any direct marketing operation and distribution on behalf of the Company.
- iii. Any employee / representative of DSA / DMA found to be violating this Code may be blacklisted and such action taken be reported to the Company from time to time by the DSA / DMA.

- iv. Failure to comply with this requirement may result in permanent termination of business of DSA / DMA with the Company and may even lead to permanent blacklisting.
- v. A declaration-cum-undertaking to be given by DSA / DMA to the Company and be obtained from its employees / representatives by the DSAs / DMAs before assigning them duties.

(3) Tele-calling a prospective customer

- (i) Not engage Telemarketers (DSAs / DMAs) who do not have any valid registration certificate from DoT, Government of India, as telemarketers; the Company shall engage only those telemarketers who are registered in terms of the guidelines issued by TRAI, from time to time, for all their promotional / telemarketing activities.

Furnish the list of Telemarketers (DSAs / DMAs) engaged by them along with the registered telephone numbers being used by them for making telemarketing calls to TRAI; and

Ensure that all agents presently engaged by them register themselves with DoT as telemarketers.

- (ii) A prospect is to be contacted for sourcing the Company's product / service or Company related product / service only under the following circumstances:
 - (a) When a prospect has expressed desire to acquire any loan or other financial product or services through the Company's internet site/ digital platforms including mobile applications/ call centre/ branch or through the Relationship Manager at the Company or has been referred to by another prospect/ customer or is an existing customer of the Company who has given explicit consent in writing/ digitally for accepting calls on other products/ services of the Company.
 - (b) When the prospect's name/ telephone number/ address is available and obtained after taking his/ her explicit consent in writing/ digitally on a separate document.
- (iii) DSA / DMA or / and its employees / representatives should not call a person whose name / number is flagged in any "Do Not Disturb" list.

(4) Timing to contact a prospect on telephone

- i. DSA/ DMAs must introduce themselves and before calling must share their contact details through message or any other written mode including his/ her name, contact number, DMA/ DSA they are employed with and the

- Company they are representing.
- ii. Telephonic contact must normally be between 09:30 hours and 19:00 hours. However, it may be ensured that a prospect is contacted only when the call is not expected to inconvenience him/ her;
 - iii. Calls earlier or later than the prescribed time period may be placed only when the prospect has expressly authorized the DSA/ DMA or/and its employees/ representatives to do so either in writing or orally;
 - iv. Residence/ Business/ Office address visit must normally be limited between 09:30 hours and 19:00 hours. Visit earlier or later than the prescribed time period may be made only when prospect has expressly authorized DSA or/and its employees/ representatives to do so either in writing or orally.
- (5) DSA/ DMA or/and its employees/ representatives should respect a prospect's privacy and his/ her interest may normally be discussed only with the prospect and with any other individual/ family member such as prospect's accountant/ secretary/ spouse only when authorized to do so by the prospect.
- (6) For leaving message Calls must first be placed to the prospective customer. If the prospective customer is not available, a message may be left for him / her. The aim of the message should be to get the prospective customer to return the call or to check for a convenient time to call again. Ordinarily, such messages may be restricted to:
- "Please leave a message that (name of officer) representing the Company called and requested to call back at _____(phone number)". As a general rule, the message must indicate that the purpose of the call is regarding selling or distributing a product of the Company.
- (7) DSA/DMA or/and its employees /representatives shall not:
- a. mislead the prospective customer on any service / product offered by MAHOFIN;
 - b. mislead the prospect about their business or organization's name, or falsely represent themselves;
 - c. Make any false / unauthorized commitment on behalf of MAHOFIN for any facility / housing loan / service.
- (8) Telemarketing Etiquette

Pre Call

- a. No calls prior to 09:30 hours or post 19:00 unless specifically requested;
- b. No serial dialing;

- c. No calling on lists unless list is cleared by the Head of the Associate.

During Call

- a. Identify yourself, your company and your principal;
- b. Request permission to proceed;
- c. If denied permission, apologize and politely disconnect;
- d. State reason for your call;
- e. Always offer to call back on landline, if call is made to a cell number;
- f. Never interrupt or argue;
- g. To the extent possible, talk in the language which is most comfortable to the prospective customer;
- h. Keep the conversation limited to business matters;
- i. Check for understanding of “Most Important Terms and Conditions” by the customer if he plans to buy the product;
- j. Reconfirm next call or next visit details;
- k. Provide your telephone number, your supervisor’s name or the MAHOFIN’s officer’s contact details if asked for by the customer; and
- l. Thank the customer for his / her time.

Post Call

- a. Customers who have expressed their lack of interest for the offering should not be called for the next 3 months with the same offer;
 - b. Provide feedback to the Company on customers who have expressed their desire to be flagged “**Do Not Call**”;
 - c. Never call or entertain calls from customers regarding products already sold;
 - d. Advise them to contact the Customer Service Staff of the Company.
- a. The Company shall adopt the Model Code of Conducts for Direct Selling Agents (DSAs)/Direct Marketing Agents (DMAs) with the approval of their Board.
 - b. In the event of receipt of any complaint from the customer that the Company’s representative/ courier or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.
- (9) DSA/DMA or/and its employees /representatives will
- a. not accept gifts from prospective customers or other gratification of any kind. Any employee/representative of the Associate, who is offered a bribe or payment of any kind by a customer, must report the offer to his /her management.
 - b. Not offer any gifts / gratitude in cash or in kind to the prospect / Customer to

Solicit Business.

- (10) DSA/DMA or/and its employees /representatives should
 - a. respect personal space – maintain adequate distance from the prospective customer;
 - b. ensure that prospect/ customer is not visited within a period of 3 months of expression of lack of interest for the offering by him/ her.
 - c. not enter the prospective customer’s residence / office against his / her wishes;
 - d. not visit in large numbers, i.e. not more than one employee / representative of the Associate and one supervisor, if required;
 - e. respect the prospective customer’s privacy;
 - f. if the prospective customer is not present and only family members / office persons are present at the time of the visit, he / she should end the visit with a request for the prospective customer to call back;
 - g. provide his / her telephone number, name of the supervisor or the concerned officer of the Company and contact details, if asked for by the customer; and
 - h. at all times limit discussions with the prospective customer to the business – maintain a professional distance.
- (11) DSA / DMA or/and its employees / representative must be in proper formal attire while meeting up with prospect / customer.
- (12) Any communication sent to the prospect shall only be in the mode and format approved by the Company.
- (13) While there is no specific qualification requirement for individuals, corporate entities depending upon the nature of the entity, shall ensure that the Partnership Deed, Memorandum of Association or any other document evidencing the constitution of the entity shall contain as one of its main objects soliciting or procuring DSA business.
- (14) DSA/DMA seeking of engagement / empanelment with the Company shall submit the application for empanelment in prescribed format.
- (15) Outsourcing Agreement
 - i. The terms and conditions governing the contract between the Company and the service provider should be carefully defined in written agreements and vetted by the Company’s legal counsel on their legal effect and enforceability.
 - ii. Every such agreement should address the risks and risk mitigation strategies. The

agreement should be sufficiently flexible to allow the Company to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations.

- iii. The agreement should also bring out the nature of legal relationship between the parties – i.e. whether the agent, principal or otherwise. Some of the key provisions of the contract should be the following:
 - a) The contract should clearly define what activities are going to be outsourced including appropriate service and performance standards;
 - b) The Company must ensure it has the ability to access all books, records and information relevant to the outsourced activity available with the service provider;
 - c) The contract should provide for continuous monitoring and assessment by the Company of the service provider so that any necessary corrective measure can be taken immediately;
 - d) A termination clause and minimum period to execute a termination provision, if deemed necessary, should be included;
 - e) Controls to ensure customer data confidentiality and service providers' liability in case of breach of security and leakage of confidential customer related information should be incorporated;
 - f) There must be contingency plans to ensure business continuity;
 - g) The contract should provide for the prohibition of further outsourcing by the service provider for all or part of an outsourced activity;
 - h) It should provide the Company with the right to conduct audits on the service provider whether by its internal or external auditors, or by agents appointed to act on its behalf and to obtain copies of any audit or review reports and findings made on the service provider in conjunction with the services performed for the Company;
 - i) Outsourcing agreements should include clauses to allow the National Housing Bank or persons authorised by it, to access the Company's documents, records of transactions, and other necessary information given to, stored or processed by the service provider, within a reasonable time.
 - j) Outsourcing agreement should also include a clause to recognise the right of the National Housing Bank, to cause an inspection to be made of a service provider of the Company and its books and account by one or more of its officers or employees or other persons.

- k) The outsourcing agreement should also provide that confidentiality of customer's information should be maintained even after the contract expires or gets terminated.
- l) The outsourcing agreement should provide for the preservation of documents and data by the service provider in accordance with the legal/ regulatory obligation of the Company in this regard.
- (16) Termination of Agreement
- i. A termination clause and minimum period to execute a termination provision, should be included.
 - ii. The agreement shall automatically be terminated unless renewed by a fresh contract by the Company immediately after the expiry of the period of agreement.
 - iii. No DSA/ DMA shall be allowed to do any fresh business on behalf of the Company after termination of agreement until and unless renewed by a fresh agreement.
- (17) Where DSA / DMA is seeking of engagement / empanelment with the Company , it or/and its employees / representative will have to go through two-day preliminary training and a day training every year which shall be organized by the Company OR its Group Company. Company shall also maintain record of training provided by them.
- (18) Company availing the services of DSA / DMA shall maintain up-to-date database of DSAs/DMA's engaged / empanelled with them. Company shall keep the inspection report of the inspection conducted in terms of the provisions of the agreement entered into with the DSA/DMA, and action taken report (ATR) thereon.
- (19) General
- a) Company shall , at least on an annual basis review the financial and operational conditions of the service provider to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about service provider, should highlight any deterioration or breach in performance standard confidentiality and security, and in business continuity preparedness.
 - b) Company shall place a management structure to monitor and control the outsourcing activities. It should ensure that outsourcing agreements with the service providers contain provisions to address their monitoring and control of outsource activities.
 - c) Regular audits by either the internal auditors or external auditors of the Company shall assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, the Company compliance with its risk management framework and the requirements of these guidelines.

- d) In the event of termination of the agreement for any reason, this should be publicized so as to ensure that the customers do not continue to deal with that service provider.
- e) Company shall constitute a Grievance Redressal Machinery within the company and give wide publicity about it through electronic and print media.
- f) The name and contact number designated grievance Redressal officer of the Company should be made known and wide publicized.
- g) The designated officer should ensure that genuine grievance of customers and redress promptly without involving delay.
- h) It should be clearly indicated that Company Grievance Redressal Machinery will also deal with the issue relating to services provided to the outsourced agency.
- i) Generally, a time limit of 30 days may be given to the customers for preferring the complaints/grievances. The grievance Redressal procedure of the Company and the time frame fixed for responding to the complaints should be placed on the Company website.
- j) No payment to DSAs/ DMAs shall be made in cash. The fee, incentive etc. shall be made only by way of direct credit to their bank account.
- k) The Company will prescribe the operational area for DSA/ DMA within which they can work.
- l) The lead shall be shared by the DSA/ DMA in the prescribed format.
- a) By virtue of contract/ agreement, the DSA/ DMA or/and its employees/ representatives may have access to personal and business information of the Company and/or the Company's customer. DSA/ DMA shall ensure the preservation and protection of the security and confidentiality of the customer information or data which are in the custody or possession.
- b) DSA / DMA should acknowledge that he/she/it has read the said Model Code of Conduct and has fully understood all the terms and conditions mentioned there in and declare that the DSA/DMA shall agree to abide by the said code of conduct in letter and spirit.
- c) The DSA/ DMA shall report the fraud committed by erring employees/ representatives periodically to the Company's and consolidated data/ information on the same shall be submitted by the Company's to NHB. The information shall include name of the person, address, name of the DSA associated with and nature of fraud. Such employees/ representatives shall be barred permanently for doing the business of DSA/ DMA in future with the Company.

- (20) In the event of receipt of any complaint from the customer that Company's representative/ courier or DSA has engaged in any improper conduct or acted in violation of this Code, appropriate steps shall be initiated to investigate and to handle the complaint and to make good the loss.

12. Guarantors

The Company shall inform the following information to a person when he/ she is considered to be a guarantor to a loan,

- 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 the Company will call on him/her to pay up his/ her liability;
- d. whether the Company 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 the Company 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.

The Company 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.

13. Privacy and Confidentiality

All personal information of customers, both present and past, shall be treated as private and confidential and shall be guided by the following principles and policies.

- a. The 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:
 - i. If the information is to be given by law.
 - ii. If there is a duty towards the public to reveal the information.
 - iii. If the Company's interests require them to give the information (for example, to prevent fraud). However, 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.
- iv. If the customer asks the Company to reveal the information, or with the customer's permission.
 - v. If the Company is asked to give a reference about customers, they shall obtain his/her written permission before giving it.
- b. The customer shall be informed the extent of his/ her rights under the existing legal framework for accessing the personal records that the Company holds about them.
 - c. The Company shall not use customer's personal information for marketing purposes by anyone including the Company, unless the customer specifically authorizes them to do so.

14. General

- a. The Company 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).
- b. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c. In the matter of recovery of loans, the Company shall not resort to harassment viz. persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behavior from the staff of the companies, the Company shall ensure that the staff is adequately trained to deal with the customers in an appropriate manner.
- d. The Company shall strictly ensure that it or its agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.
- e. Whenever loans are given, the Company shall explain to the customer the repayment 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 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.

- f. The Company shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
- i Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - ii Where the housing loan is on fixed interest rate basis and the loan is pre- closed by the borrower out of their own sources.
The expression “own sources” for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution.
 - iii All dual/ special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/ floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate.
 - iv In case of a dual/ special rate housing loans, the pre-closure norm for floating rate will apply once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This applied to all such dual/ special rate housing loans being foreclosed hereafter.
 - v It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.
 - vi In case of existing loans sanctioned or renewed on or before December 31, 2025, the Company 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).
 - vii The Company shall adhere to the following directions regarding levy of pre-payment charges on loans and advances (term loans as well as demand loans) sanctioned or renewed on or after January 1, 2026:

The Company currently not providing loans on floating rate of Interest. In case the Company initiates to provide loans on floating rate of interest, respective guidelines shall be adhered.

- a. For all floating rate loans granted for purposes other than business to individuals, with or without co-obligant(s), the Company shall not levy pre-payment charges.
- b. For all floating rate loans granted for business purpose to individuals and Micro

and Small Enterprises (MSEs), as defined in Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, with or without co-obligant(s):

- i. an NBFC-Upper Layer shall not levy any pre-payment charges.
 - ii. an NBFC-Middle Layer shall not levy any pre-payment charges on loans with sanctioned amount/ limit up to ₹50 lakh.
 - c. The Directions at paragraphs vii(a) and vii(b) above shall be applicable irrespective of the source of funds used for pre-payment of loans, either in part or in full, and without any minimum lock-in period.
 - d. Applicability of above Directions for dual/ special rate (combination of fixed and floating rate) loans will depend on whether the loan is on floating rate at the time of pre-payment.
- viii In cases other than those mentioned at paragraphs vii (a) and vii (b) above, pre- payment charges, if any, shall be as per the approved policy of the Company. However, in case of term loans, pre-payment charges, if levied by the Company, shall be based on the amount being prepaid. In case of cash credit/ overdraft facilities, pre-payment charges on closure of the facility before the due date shall be levied on an amount not exceeding the sanctioned limit.
- ix. In case of cash credit/ overdraft facilities, no pre-payment charges shall be applicable if the borrower intimates the Company of his/ her/ its intention not to renew the facility before the period as stipulated in the loan agreement, provided that the facility gets closed on the due date.
 - x. The Company shall not levy any charges where pre-payment is effected at the instance of the Company.
 - xi. The applicability or otherwise of pre-payment charges shall be clearly disclosed in the sanction letter and loan agreement. Further, in case of loans and advances where Key Facts Statement (KFS) is to be provided as specified, the same shall also be mentioned in the KFS. No pre-payment charges which have not been disclosed as specified herein shall be charged by the Company.
 - xii. The Company shall not levy any charges / fees retrospectively at the time of pre-payment of loans, which were waived off earlier by the Company.
- f. Further, to facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between the Company and the individual borrower, the Company shall obtain a document containing the most important terms and conditions (MITC) of such loan(i.e other than the details included in KFS) in all cases in the

prescribed format. The document will be in addition to the existing loan and security documents being obtained by the Company. The Company is advised to prepare the said document in duplicate and in the language understandable by the borrower. Duplicate copy duly executed between the Company and the borrower should be handed over to the borrower under acknowledgement.

- g. Display of various key aspect such as service charges, interest rates, Penal charges (if any), services offered, product information, time norms for various transactions and grievance redressal mechanism, etc. is required to promote transparency in the operations of the Company. The Company shall follow the instructions on “Notice Board”, “Booklets/ Brochures”, “Website”, “Other Modes of Display” and on “Other Issues” as per the prescribed format.
- h. The Company shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- i. The Company shall not discriminate on grounds of sex, caste and religion in the matter of lending. Further, the Company shall also not discriminate visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society.
- j. To publicise the Code, the Company shall:
 - a. provide existing and new customers with a copy of the Code;
 - b. make this Code available on request either over the counter or by electronic communication or mail;
 - c. make available this Code at every branch and on their website; and
 - d. ensure that their staff are trained to provide relevant information about the Code and to put the Code into practice.

15. Guidelines for engaging Recovery Agents

The Company shall adopt the following practices:

1. The Company, as principal, is responsible for the action of their agents. Hence, the Company should ensure that their agents, engaged in recovery of their dues should strictly adhere to these guidelines and instruction including the fair practice code of the Company, while engaging in the process of recovery of dues.
'Agents' for the purpose of these guidelines would include agencies engaged by Company and the agents/ employees of the agencies concerned.

It is expected that the Company would, in the normal course, ensure that their own employees also adhere to these guidelines during the loan recovery process.

2. Engagement of Recovery Agents

- i. Company should have a due diligence process in place for engagement of recovery agents, which should be structured to cover, among others, individuals involved in the recovery process.
- ii. The Company should also ensure that the agents engaged by them in the recovery process, carry out verification of the antecedents of their employees, which may include pre-employment police verification, as a matter of abundant caution and Company may decide the periodicity at which re-verification of antecedents should be resorted to.

3. Training of Recovery Agents

- i. Company should ensure that, among others, the recovery agents are properly trained to handle with care and sensitivity, their responsibilities, in particular aspects like hours of calling, privacy of customer information etc.
- ii. Company should ensure that over a period of one year, all their recovery agents undergo the training as prescribed by Indian Institute of Banking and Finance (IIBF) and obtain the certificate from the institute.
- iii. Further, the service providers engaged by the Company, should also employ only such personnel who have undergone the above training and obtained the certificate from the IIBF.

4. Intimating borrowers about Recovery Agents

- i. Company shall prominently display the list of recovery agency firms/ companies/ individual as the case may be, empanelled with it including name and period of empanelment on its website, branches/ offices, mobile applications or any other platform which is being used for engagement with customer.
- ii. To ensure due notice and appropriate authorization, the Company should inform the borrower, the details of recovery agency firms/ companies while forwarding default cases to the recovery agency.
- iii. Further, in some of the cases, the borrower might not have received the details about the recovery agency due to refusal/ non-availability/ avoidance.
- iv. To ensure identification, it would be appropriate if the agent also carries a copy of the notice and the authorization letter from the Company along with the identity card

issued to him by the Company or the agency firm/ company.

- v Where the recovery agency is changed by the Company during the recovery process, in addition to the Company notifying the borrower of the change, the new agent should carry the notice and the authorization letter with his identity card.
- vi The notice and the authorization letter should, among other details, also include the telephone numbers of the relevant recovery agency. MAHOFIN should ensure that there is a tape recording of the content/ text of the calls made by the recovery agents to the customers and vice-versa, with the knowledge of the customer. MAHOFIN may take reasonable precautions such as intimating the customer that the conversation is being recorded, etc.

5. Incentives to Recovery Agents

- i. Stiff targets or high incentives may induce agents to use intimidatory and questionable methods for recovery of dues.
- ii. The Company shall ensure that the contracts with the recovery agent do not induce adoption of uncivilised, unlawful and questionable behaviour or recovery process.

6. Methods followed by Recovery Agents

All the members of the staff or any person authorised to represent MAHOFIN in collection or/and security repossession should follow the guidelines set out, such as:

- 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 the Company should be made known to the customer at the first instance.
- c. Customer's privacy should be respected.
- d. Interaction with the customer shall be in a civil manner.
- e. Company representatives shall contact customers between 8.00 a.m. to 7.00 p.m. for recovery of overdue loans.
- f. Customer's request to avoid call at a particular time or at a particular place shall be honoured as far as possible.
- g. The time and number of calls and contents of conversation should be documented.
- h. All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

- i. During visits to customer's place for dues collection, decency and decorum should be maintained.
 - j. Only employees of the Recovery Agency shall visit the borrower's premises for the recovery/ collection activity and no other person shall accompany such Recovery Agent.
 - k. Inappropriate occasions such as bereavement in the family or such other calamitous occasion, or marriage functions, festivals etc. should be avoided for making calls/ visits to collect dues.
 - l. The written communication sent by the collection agent to the borrower should have the approval of the Company.
 - m. The Company shall interact only with the customer/ borrower or the guarantor (only if so required) and shall not approach any other relatives/ contacts of the borrower.
7. Taking possession of property mortgaged
- i. The Company shall rely on legal remedies available under the relevant statutes while enforcing security interest without intervention of the courts. In this context, it may be mentioned that the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002, framed thereunder have laid down well-defined procedures not only for enforcing security interest but also for auctioning the movable and immovable property after enforcing the security interest.
 - ii. The Company have incorporated a pre-possession clause in the contract with the borrower and rely on such pre-possession clause for enforcing their rights, the Company should ensure that the pre-possession clause is legally valid, complies with the provisions of the Indian Contract Act in letter and spirit, and ensure that such prepossession clause is clearly brought to the notice of the borrower at the time of execution of the contract. The terms and condition of the contract should be strictly in terms of the disclosed recovery policy and should contain provisions regarding:
 - i. Notice period before taking possession;
 - ii. circumstances under which the notice period can be waived;
 - iii. the procedure for taking possession of the security;
 - iv. a provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property;
 - v. the procedure for giving repossession to the borrower; and
 - vi. the procedure for sale/ auction of the property.

8. Use of forum of Lok Adalats

- i. The Honourable Supreme Court has also observed, inter alia, that loans, personal loans, credit card loans and housing loans with less than ₹10 lakh can be referred to Lok Adalats.
- ii. The Company shall use the forum of Lok Adalats for recovery of housing loans with less than ₹10 lakh as suggested by Honourable Supreme Court.

9. Utilisation of Credit Counsellors

The Company should have in place an appropriate mechanism to utilize the service of credit counsellors for providing suitable counselling to the borrowers where they become aware that the case of a particular borrower deserves sympathetic consideration.

10. Complaints against the Company/ its Recovery Agents

- i. Complaints received by NHB regarding violation of the above guidelines and adoption of above practices followed by recovery agents of the Company would be viewed seriously.
- ii. Supervisory actions could be attracted when the High Courts or the Supreme Court pass strictures or impose penalties against any HFC or its Directors/ Officers/ agents with regard to policy, practice and procedures related to the recovery process.
- iii. Where a grievance/ complaint has been lodged, the Company should not forward cases to recovery agencies till they have finally disposed of any grievance/ complaint lodged by the concerned borrower. However, where the Company is convinced, with appropriate proof, that the borrower is continuously making frivolous/ vexatious complaints, it may continue with the recovery proceedings through the Recovery Agents even if a grievance/ complaint is pending with them.
- iv. In case where the subject matter of the borrower's dues might be *sub judice*, HFCs should exercise utmost caution, as appropriate, in referring the matter to the recovery agencies, depending on the circumstances.
- v. The Company's Customer service Team shall address borrower grievances with regards to the recovery process. The details of the mechanism should also be furnished to the borrower while advising the details of the recovery agency as at Paragraph 4 above.

11. Periodical review, monitoring and control

The Company engaging recovery agents shall undertake a half-yearly periodical review of the mechanism to learn from experience, to effect improvement and to bring to the notice of the Bank suggestion for improvement in the guidelines.

12. General

- i The Company should, at least on an annual basis, review the financial and operation condition of the service providers to assess their ability to continue to meet their outsourcing conditions. Such due diligence reviews, which can be based on all available information about the service provider should highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.
- ii The outsourcing agreement should provide for the prohibition of further outsourcing by the service provider for all or part of an outsourced activity;
- iii The Company's Outsourcing Committee shall monitor and control its outsourcing activities. It should ensure that outsourcing agreement with the service providers contain provisions to address their monitoring and control of outsourced activities.
- iv Regular audits the internal auditors of the Company should assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, the Company's compliance with its risk management framework and the requirements of these guidelines.
- v In the event of termination of the agreement for any reason, this should be publicized so as to ensure that the customers do not continue to deal with that service providers.
- vi The Company shall give wide publicity of Grievance Redressal Mechanism about it through electronic and print media.
- vii The name and contact number of designated grievance redressal officer of the Company
- viii The designated officer should ensure that genuine grievances of customers are redressed promptly without any delay. It should be clearly indicated that Companys Grievance Redressal Machinery will also deal with the issue relating to services provided by the outsourced agency.
- ix Generally, a time limit of one month may be given to the customer for preferring their complaints/ grievances. The grievance redressal procedure and the time frame fixed for responding to the complaints should be placed on the Company's website.

16. loan facilities to Visually Impaired Persons

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. The Company shall include 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 shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

1. All products, services, facilities, etc. offered by the company should be made available to visually impaired persons and should be offered at all branches/ offices of the Company.
2. All products, services, facilities, etc. must be made available to visually impaired customers as are offered to other customers and their impairment of vision should not be a criterion for sanctioning/ denying a loan.
3. The Company must provide the same facilities to a visually impaired customer as it would to any other customer.
4. The Company must follow the same procedure for extending products, services, facilities, etc. offered by them to a visually impaired customer as it does for its other customers.
5. No additional burden of interest payment, collateral and other terms should be imposed on the visually impaired customer.
6. The credit policy of the Company insist for a co-borrower or a guarantor for other customers for any type of loan facilities extended by it, hence the same shall be applicable visually impaired customer.
7. The Company should not equate visually impaired customers with illiterate customers.
8. The Company should not deny any services to visually impaired customers including visually impaired customers who use their thumb impression. If necessary, the Company may take a Declaration of Thumb Impression as an additional document from visually impaired customer.
9. Additional facilities like reading and filling up of forms, slips, etc. should be provided to a visually impaired customer. The Officer/ Manager of the branch/ office should read out

the rules of business and other terms and conditions in the presence of a witness, if required by the customer.

10. The Company must allow the visually impaired customer to take a loan or avail any other facilities offered by them jointly with anybody that he/ she chooses including person(s) who is/are visually impaired.
 11. Visually impaired customers may be allowed to appoint a person/ persons as their Power of Attorney or Mandate Holder to operate their account, if the visually impaired customer so desires.
 12. The Officer/ Manager of the branch/ office must inform a visually impaired customer/ prospective customer of his rights and liabilities before offering the product.
 13. The documentation requirements of a visually impaired customer must be the same as any other customer. The account has to be clearly marked as "the account holder is visually impaired".
 14. The Company shall provide a copy of all documents to visually impaired customer in digital form also, if required.
 15. The Company shall provide a copy of KFS and other Most Important Terms and Conditions (MITC) to visually impaired customer in braille form or text readable PDF, if so desired by them.
 16. The Company should preferably provide Electronic Clearing Service (ECS) facility to the visually impaired customer.
- 17. Providing facilities to persons with disabilities:** Compliance with Hon'ble Supreme Court Order dated April 30, 2025 in the matter of Pragya Prasun and Ors. vs Union of India (W.P.(C) 289 of 2024) and Amar Jain vs Union of India & Ors. (W.P.(C) 49 of 2025)
- The Company has ensured that the adoption of customer acceptance policy and its implementation does not become too restrictive and must not result in denial of housing finance services to general public, especially to those, who are financially or socially disadvantaged, including the Persons with Disabilities (PwDs). No application for onboarding or periodic updation of KYC shall be rejected without application of mind. Reason(s) of rejection shall be duly recorded by the officer concerned.
- The official should be capable to carry out liveness check and detect any other fraudulent manipulation or suspicious conduct of the customer and act upon it. The liveness check shall not result in exclusion of person with special needs.

B Fair Lending Practice- Penal Charges in Loan Accounts

- (1) 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 capitalisation 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. Therefore, the Company may charge interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest.
- (2) The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- (3) The Company have formulated a Board approved policy on penal charges on loans under Interest rate Policy.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges will be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.
- (8) In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date.

C. Key Fact Statement (KFS) for Loans & Advances

The following instructions shall be applicable in cases of all retail and MSME term loan products extended by the Company.

(1) The Company shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardized format. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that they have understood the same.

(2) The KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.

(3) The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the Company.

(4) Charges recovered from the borrowers by the Company on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the Company is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

(5) Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the Company to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

(6) The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

D. Conduct related aspects – Lending against gold collateral

The Directions shall be complied with as expeditiously as possible but no later than April 1, 2026. Loans sanctioned prior to the date of adoption of the Directions by the Company shall continue to be governed by the guidelines mentioned in Annex-I.

i. Policy Aspects

The policy on lending against gold and silver collateral, as required in terms of the relevant Direction and hereinafter referred to as the 'policy' in this section / Standard Operating

Procedures (SOPs) prepared under the policy shall cover the conduct related aspects relating to the assaying procedure of jewellery, ornaments or coins made of gold or silver (“eligible collateral” for this section); criteria/ qualifications for employing gold and silver assayer or valuer; the auction procedure specifying, inter alia, the trigger event for the auction of eligible collateral (and timeline for serving an auction notice upon the borrower; mode of auction; notice period allowed to the borrower(s) / legal heir(s) for settlement of loan before auction; empanelment of auctioneers; procedure to be followed in case of loss of eligible collateral pledged or any deterioration or discrepancy in quantity or purity of eligible collateral during internal audit or otherwise, including at the time of return or auction of the collateral, and fair compensation to be paid to the borrower(s) / legal heir(s) in such cases, with timelines for effecting the same, etc.

ii. **Standardisation of Procedure for Assaying and Valuation of Gold and Silver collateral**

1. The Company, which provides or intends to provide loans against eligible collateral, shall ensure that a standardised procedure is put in place to assay the purity of gold and silver collateral, its weight (gross as well as net), etc. This procedure shall be adopted uniformly across all its branches for all assaying procedures, without any deviation.
2. The Company shall display on its website the methodology adopted by it for determination of net weight of the gold and silver content of the eligible collateral and the price used to value the gold and silver content of the eligible collateral for determination of LTV ratio.
3. The Company shall ensure presence of the borrower(s) while assaying the collateral at the time of sanctioning the loan. The deductions relating to stone weight, fastenings, etc., as part of the assaying procedure shall be explained to the borrower(s) and details incorporated in the certificate to be issued.
4. Post pledging, cases involving loss of gold or silver collateral and any deterioration or discrepancy in quantity or purity observed during internal audit or otherwise including at the time of return or auction of collateral shall be recorded and communicated promptly to the borrower(s)/ legal heir(s). The process for making reimbursement or compensation as per the policy or SOP shall also be communicated to the borrower(s)/ legal heir(s).

iii. **Standardisation of Documents and Communication**

5. Documentation shall be standardised across all branches of the Company.
6. 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 KFS.

7. The Company, while accepting the eligible collateral, shall prepare a certificate or e-certificate in duplicate on its letterhead regarding the assay of the collateral and state therein the purity (in terms of carats); gross weight of the eligible 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 (calculated as per the instructions on Valuation and Assaying of Gold and Silver collateral specified in the Directions at the time of sanction. One copy of the certificate or e-certificate shall be kept as part of the loan documents and the other copy be given to the borrower under their acknowledgement.
8. Gold or silver accepted as collateral shall be valued based on the reference price corresponding to its actual purity (caratage). For this purpose, the lower of (a) the average closing price for gold or silver, as the case may be, of that specific purity over the preceding 30 days, or (b) the closing price for gold or silver, as the case may be, of that specific purity on the preceding day, as published either by the India Bullion and Jewellers Association Ltd. (IBJA) or by a commodity exchange regulated by the Securities and Exchange Board of India (SEBI) shall be used.
9. If price information for the specific purity is not directly available, the lender shall use the published price available for the nearest available purity and proportionately adjust the weight of the collateral based on its actual purity to arrive at valuation.
10. For the purpose of valuation, only the intrinsic value of the gold or silver contained in the eligible collateral shall be reckoned and no other cost elements, such as precious stones or gems, shall be added thereto.
11. All communication with the borrower, especially, the terms and conditions of the loan, or other important communication which affects the interest of the borrower or the Company, shall be in the language of the region or in a language as chosen by the

borrower. For an illiterate borrower, important terms and conditions shall be explained in the presence of a witness, who shall not be an employee of the Company.

iv. Handling and Storage of Collateral

12. The Company shall ensure that necessary infrastructure and facilities are put in place and appropriate security measures taken in each of its branches where loans are sanctioned against gold or silver collateral.
13. The Company shall ensure that the gold and/ or silver collateral is handled only in its branches and only by its employees.
14. The Company shall store the collateral only in its branches which are manned by its employees and having safe deposit vaults fit for storing gold and silver. Normally, such loans shall not be extended by branches that do not have appropriate secured facility for storage of the pledged eligible collateral.
15. The pledged eligible collateral may be transported from one branch to another branch, only as permitted under below paragraph or in case of shifting or closure of branch(es) or exceptional reasons as per the process laid down by the Company in terms of its policy.
16. The Company shall periodically review the adequacy of systems for storage of the eligible collateral, conduct training of the concerned staff and carry out internal audit of all procedures to ensure that these are strictly adhered to.
17. As part of internal audit, the Company shall carry out periodic surprise verification of the gold and silver collateral pledged with it and shall maintain a record thereof. A clause in the loan agreement shall be included for obtaining consent of the borrower(s) to carry out surprise verification including assay of the pledged eligible collateral even in their absence during the tenor of the loan. This aspect shall be specifically communicated to the borrower at the time of sanctioning the loan.

V. Release of Collateral after Repayment

18. The Company shall release or return the pledged eligible collateral held as security to the borrower(s)/ legal heir(s) on the same day but in any case, not exceeding a maximum period of seven working days upon full repayment or settlement of the loan.
19. At the time of release of pledged eligible collateral to the borrower(s)/ legal heir(s), the collateral shall be verified for correctness as per details in the certificate to the borrowers' satisfaction.
20. The Company shall give adequate notice to the borrower(s)/ legal heir(s), as applicable,

through available means of communication to repay or settle the loan dues prior to initiating the auction procedure. A copy of the notice and acknowledgement thereof shall be kept on record in both scenarios. In case the lender is unable to locate the borrower(s)/ legal heir(s) despite best efforts and even after issuance of a public notice, it may proceed with the auction, provided that a period of one month has lapsed from the date of the public notice.

21. The Company shall implement a transparent auction procedure, which shall include, inter alia, announcement of the auction to the public by issue of advertisements in at least two newspapers, one in the regional language and another in a national daily.
22. The pledged eligible collateral shall be auctioned by the Company only through its employee having necessary experience and / or training or an auctioneer empanelled by the Company as per its policy. In cases where auctions are conducted by an NBFC through its employees, necessary safeguards such as surprise visits by regional / controlling officials on periodic basis, coverage under internal audit, etc., shall be put in place.
23. The Company shall declare a reserve price for the gold and silver collateral at the time of auction, which shall not be less than 90 per cent of its current value.
Provided that in case auctions fail twice, a reserve price not less than 85 per cent of its current value shall be adopted.
24. The first auction shall be conducted physically in the same district in which the lending branch is located. However, in case of failure of first auction, the Company may conduct the auction in an adjoining district or conduct online auction.
25. The Company or its related parties shall not participate in the auctions to ensure that there is no potential conflict of interest.
26. After the auction, the Company shall mandatorily provide full details of the value fetched at the auction and the dues adjusted to the borrower(s) / legal heir(s). The surplus, if any, from the auction of the gold or silver collateral, shall be refunded to the borrower(s) / legal heir(s) within a maximum period of seven working days from the date of receipt of the full auction proceeds. The Company may recover shortfall, if any, as per terms of the loan agreement.

vi. Compensation

27. In case of any damage to the pledged eligible collateral by the Company during the tenor of loan, the cost of repair shall be borne by the Company.
28. In case of loss of the pledged eligible collateral and / or any loss emanating from deterioration or discrepancy in quantity or purity observed during internal audit or otherwise including at the time of return or auction of collateral, the Company shall suitably compensate the borrower(s) / legal heir(s).
29. 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 Company, the Company shall compensate the borrower(s) / legal heir(s) at the rate of ₹5,000 for each day of delay beyond the timeline prescribed in para above. If the delay is not attributable to the Company, 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 Company for release of pledged eligible collateral after full repayment or settlement of loan, the Company 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 Company.
30. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

vii. Unclaimed Gold and Silver collateral

31. The pledged gold and / or silver collateral lying with the Company beyond two years from the date of full repayment or settlement of loan shall be treated as unclaimed. The Company shall periodically undertake special drives to ascertain the whereabouts of the borrower(s) / legal heir(s) in respect of such unclaimed gold and/ or silver collateral.
32. A report on unclaimed gold and /or silver collateral shall be put up to the Customer Service Committee or the Board, as the case may be, at half-yearly intervals for a review.

viii. Other Instructions

33. The Company shall refrain from issuance of misleading advertisements containing unrealistic claims to promote loans against gold and/or silver collateral.
34. The Company shall ensure that all arrangements for sourcing and/ or recovery of

loans against eligible collateral, are in compliance with applicable guidelines on outsourcing and recovery practices.

Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans(including housing loans)

The Company currently not providing loans on floating rate of Interest. In case the Company initiates to provide loans on floating rate of interest, respective guidelines shall be adhered.

1. 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.
2. 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 their Board approved policy. The policy, *inter alia*, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
3. The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) 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.

Note: Whenever there is a reset of interest rates for an entire class of borrowers in a particular loan category, say home loan, due to increase in the reference benchmark; the Company shall provide the following options to the borrowers:

- (i) Either enhancement in EMI or elongation of number of EMIs, keeping the EMI unchanged or a combination of both options;
 - (ii) Switch to fixed interest rate for the remaining portion of the loan, where such an option is provided by the bank; and
 - (iii) To prepay, either in part or in full, at any point during the residual tenor of the loan.
4. 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.

5. The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
6. 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.
7. Apart from the equated monthly instalment loans, these instructions would also apply, *mutatis mutandis*, to all equated instalment based loans of different periodicities, irrespective of whether they are linked to an external benchmark or an internal benchmark.
8. In case of loans linked to an external benchmark, the Company shall put in place adequate information systems to monitor transmission of changes in the benchmark rate to the lending rate.

E. Release of Movable/ Immovable Property Documents on Settlement of Personal Loans

i. Release of Movable/Immovable Property Documents

- a. 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.
- b. 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.
- c. 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.
- d. In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company shall have a well laid out procedure for return of original movable/ immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the Company along with other similar policies and procedures for customer information.

ii. Compensation for delay in release of Movable/ Immovable

Property Documents:

- a. The Company shall communicate to the borrower reasons for 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. 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 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 under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

The Directions under para E shall be applicable to all cases where release of original movable/ immovable property documents falls due on or after December 01, 2023.

Annex I – Lending against collateral of Gold Jewellery

While lending to individuals against collateral of gold jewellery, the Company shall adopt the following in addition to the general guidelines as above.

1) 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 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,

(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 Company 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 mobilisation, execution and approval.

2) The loan agreement shall also disclose details regarding auction procedure.

3) Other Instructions:

(i) The Company financing against the collateral of gold must insist on a copy of the PAN

Card of the borrower for all transaction above ₹5 lakh.

(ii) Documentation across all branches must be standardized.

(iii) The Company shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.