



FAIR PRACTICE CODE

Reviewing & Approving Authority

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1. SCOPE & OBJECTIVE

1.1 Capital India Home Loans Limited (henceforth referred to as “CIHL” or “Company”) is a Housing Finance Company regulated by the National Housing Bank (henceforth referred to as “NHB”) and is part of the financial system that contributes to the economic growth by providing housing credit. It is the endeavour of the Company to provide transparent transactions to our customers and our associates. CIHL has adopted the “Fair Practice Guidelines” as advised by NHB to deliver highest levels of corporate governance and transparency in the business practices. The CIHL Fair Practice Code has been designed to encompass the following:

- a) To promote good and fair practices by setting minimum standards in customer/client dealings;
- b) Highest levels of transparency to provide customer / client with clear understanding of product and services;
- c) Achieve higher operating standards by following the market and competition;
- d) To always deal fairly and cordially with our customers / clients;
- e) To foster confidence in the housing finance system.

1.2. Application of the Code

All parts of this Code apply to all the products and services provided by CIHL across the counter, over the phone, by post, through interactive electronic devices, on the internet or by any other method.

2. ACT FAIRLY AND IN A TRANSPARENT MANNER

CIHL will act fairly and reasonably in all dealings with customers, by ensuring that:

- a) The commitments and standards in this Code for the products and services we offer are always met in the procedures and practices that our staff follows.
- b) Our products and services meet relevant laws and regulations in letter and spirit.
- c) Our dealings with customers rest on ethical principles of integrity and transparency.
- d) CIHL will transparently disclose to the borrower all information about fees / charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned / disbursed, pre-payment options and charges, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower (and / or any other ‘all in cost’ inclusive of all charges involved in processing / sanction of loan application in a transparent manner}.

3. ADVERTISING, MARKETING AND SALES

- a) CIHL shall ensure that all advertising and promotional material is clear, and not misleading.
- b) 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, CIHL shall also indicate whether other fees and charges will apply, and that full details of the relevant terms and conditions are available on request.
- c) CIHL will provide information on interest rates, common fees and charges 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.
- d) If CIHL avails services of third parties for providing support services, then it will ensure that such third parties handle customer’s personal information (if any available) with the same degree of confidentiality and security it would.

e) CIHL may, from time to time, communicate to customers various features of their products availed by them or other products promotional offers, provided the customer consent has been received (By mail, at Customer Service Number or by registering at company website).

f) CIHL has a prescribed code of conduct for their Direct Selling Agencies (DSAs) whose services are availed to market products / services.

4. LOANS

4.1 Applications for loans and their processing

a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

b) CIHL shall transparently disclose to the borrower all information about fees/ charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/ disbursed, pre-payment options and charges, if any, penal charges for delayed repayment, if any, conversion charges for switching loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower.

c) Loan application forms to include necessary information which affects the interest of the borrower. The loan application form may indicate the list of documents required to be submitted with the application form.

d) CIHL has a process of giving acknowledgement for receipt of all loan applications.

4.2 Loan appraisal and terms/conditions

a) Normally all required for processing the loan application will be collected at the time of application. In case it needs any additional information, the customer will be contacted again.

b) CIHL conveys in writing to the borrower by means of sanction letter, the amount of loan sanctioned along with all terms and conditions including annualized rate of interest, EMI Structure, prepayment charges and keep the written acceptance of these terms and conditions by the borrower on its record.

c) CIHL provides a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to every borrower at the time of sanction / disbursement of loans against acknowledgement.

4.3 Communication of rejection of Loan Application

CIHL will inform the customer in writing with reason, in-case it is unable to process the loan application of customer.

4.4 Disbursement of loans including changes in terms and conditions

a) Disbursement should be made in accordance with the disbursement schedule/ disbursement request.

b) CIHL will intimate 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, service charges, prepayment charges, other applicable fee/ charges etc. CIHL should also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

c) If such change is to the disadvantage of the customer, then CIHL will not charge extra, if customer desires to close / switch his/her account.

d) Decision to recall / accelerate payment or performance under the agreement or seeking additional securities, should be in consonance with the loan agreement.

e) CIHL will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject no other legitimate right or lien or other claim against borrower. (If such right of set off is to be exercised,

the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which HFCs are entitled to retain the securities till the relevant claim is settled/ paid).

4.5 Guarantors

In-case there is a guarantor taken for any borrower than CIHL shall inform him/her of following:

- a) his/her liability as guarantor;
- b) the amount of liability he/she will be committing him/herself to the company;
- c) Instances under which CIHL 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.
- g) In case the guarantor refuses to comply with the demand made by the creditor /lender, despite having enough means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

4.6 Responsibility of Board of Directors

The Board of Directors of CIHL should lay 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.

The Board of Directors of CIHL should 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.

4.7 Release of Securities / Title Documents [Movable / Immovable Property Documents]

CIHL is committed to ensuring the timely release of securities and title documents upon full repayment or settlement of loans, as per regulatory guidelines.

(a) General Principle

Upon full repayment or realization of the outstanding loan amount, CIHL shall release all securities held, subject to any legitimate right of set-off or lien that the Company may have against the borrower. In such cases, the borrower will be notified in writing, with full particulars of the remaining claims and the circumstances under which the Company may retain the documents until the claims are settled.

(b) Timely Release of Documents

All original documents pertaining to movable or immovable property, submitted by the borrower or security provider for the purpose of creating a security interest, shall be returned within 30 days of full repayment or settlement of the loan account. Simultaneously, CIHL will remove any charges registered with relevant registries (e.g., CERSAI, Registrar of Companies).

(c) Collection Options

Borrowers may choose to collect the original documents either from the CIHL branch where the loan was serviced or from another office where the documents are held, as per their preference.

(d) Disclosure in Sanction Letter

The timeline and place for returning original documents shall be explicitly mentioned in the sanction letter for all loans disbursed on or after the effective date.

(e) Delay in Document Release

If there is a delay in:

- Releasing original documents, or
- Filing charge satisfaction forms with registries beyond the 30-day window after loan closure, CIHL shall communicate the reason for delay to the borrower.

Where the delay is attributable to CIHL, the borrower shall be compensated at the rate of ₹5,000 per day of delay (subject to regulatory updates). In the event of loss or damage to the original documents (in full or part), CIHL will:

- Assist the borrower in obtaining certified or duplicate copies,
- Bear the cost of retrieval, and
- Provide the same compensation as above.

However, in such cases, CIHL will be allowed an additional 30 days, and the penalty will apply only after a total delay of 60 days.

(f) Borrower Demise

In the event of the death of the sole borrower or all joint borrowers, CIHL shall follow a documented procedure for the release of original documents to legal heirs. This procedure shall be publicly available on the Company's website for reference.

4.8 Key Fact Statement (KFS):

(a) CIHL shall provide a KFS to all prospective borrowers to help them to take an informed view before executing the loan contract, as per the standardized format as laid down in the RBI circular on "Key Facts Statement (KFS) for Loans & Advances" dated April 15, 2024 and amended from time to time. 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 he/she has understood the same.

(b) The KFS shall be provided with a unique proposal number and shall have a validity period of at least three (03) working days for loans having tenor of seven days or more, and a validity period of one (01) working day for loans having tenor of less than seven days. 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. Note: [Validity period refers to the period available to the borrower, after being provided with the KFS by the Company, to agree to the terms of the loan. The Company shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.]

(c) 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.

(d) 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.

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

4.9 Regulation of Excessive Interest Charged by the Company:

- (a) 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. The Board of the Company shall also have clearly laid down policy for penal charges.
- (b) 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.
- (c) The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- (d) Instalments collected from borrowers should clearly indicate the bifurcation between interest and principal.
- (e) The rate of interest shall not be usurious, and 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 this Code about transparency in respect of terms and conditions of the loans are to be kept in view. The Company shall also put in place an internal mechanism to monitor the process and the operations so as to ensure adequate transparency in communications with the borrowers.

4.10 Privacy and Confidentiality

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

- a) If the information is to be given by law.
- b) If there is a duty towards the public to reveal the information.
- c) If the CIHL's interests require it to give the information (for example, to prevent fraud), but will not provide for marketing purposes.
- d) If the customer asks the company to reveal the information, or with the customer's permission.
- e) If asked to give a reference about customers, a prior written permission will be obtained from customer before giving it.
- f) The customer shall be informed the extent of his / her rights under the existing legal framework for accessing the personal records that the company holds about him /her.
- g) Company shall not use customer's personal information for marketing purposes unless the customer has authorized to do so.

4.11 Credit reference agencies

- a) Customer to be informed if their details are to be passed to credit reference agencies.
- b) Company may give information to credit reference agencies about the personal debts the customer owes them if:
 - i. The customer has fallen behind with his / her payments;
 - ii. The amount owed is not in dispute; and

iii. The customer has not made proposals that the company is satisfied with, for repaying his / her debt, following company's formal demand

c) In these cases, company shall intimate the customer in writing that they plan to give information about the debts the customer owes them to credit reference agencies.

d) CIHL may give credit reference agencies other information about the customer's account if the customer has given them his / her permission to do so.

e) A copy of the information given to the credit reference agencies shall be provided by the CIHL to a customer, if so demanded.

4.12. Collection of Dues

4.8.1 Whenever loans are given, CIHL will intimate customer the repayment process by way of amount, tenure and periodicity of repayment. In the event of default, 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.

4.8.2 CIHL's collection practices are built on courtesy, fair treatment and persuasion. CIHL shall provide customers with all the information regarding dues and shall endeavor to give enough notice for payment of dues.

4.8.3 All the members of the staff or any person authorized to represent the company in collection or / and security repossession will follow the guidelines set out below:

a) Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.

b) Identity and authority to represent the company will be made known to the customer at the first instance.

c) Customer's privacy will be respected.

d) Interaction with the customer shall be in a civil manner

e) Customer will be contacted between 0700 hrs. and 1900 hrs., unless the special circumstances of the customer's business or occupation require otherwise.

f) CIHL will honour customer's request to avoid calls at a time or at a place.

g) Time and number of calls and contents of conversation would be documented.

h) Efforts will be made 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) Inappropriate occasions such as bereavement in the family or such other calamitous occasions will be avoided for making calls/visits to collect dues.

4.13. Complaints and Grievances

- a) CIHL has a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- b) The Board of Directors of CIHL have taken up and approved Grievance redressal policy.
- c) Customer can always access the grievance redressal policy of the company at their website.
- d) If the customer wants to make a complaint, he/she will be advised:
 - I. How to do this
 - II. Where a complaint can be made
 - III. How a complaint should be made
 - IV. When to expect a reply
 - V. Whom to approach for redressal
 - VI. What to do if the customer is not happy about the outcome.
 - VII. Company's service staff shall help the customer with any questions the customer has.
- e) If a complaint has been received in writing from a customer, an acknowledgement / response will be provided within a week. If the complaint is received on customer service number, the customer shall be provided with a complaint reference number and be kept informed of the progress within a reasonable period of time.
- f) After examining the matter, company will send the customer its final response or explain why it needs more time to respond and shall endeavour 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.
- g) Company offices / branches and other contact details are displayed on our website.
- h) Customers can escalate their grievance to the NHB at the following address in case they do not receive timely and/or satisfactory response from CIHL;

National Housing Bank

Department of Registration & Supervision (Complaint Redressal Cell)

4th Floor, Core 5A, India Habitat Centre, Lodhi Road,

NEW DELHI – 110003

E-Mail: crCELL@nhb.org.in

5. GENERAL

- 5.1. CIHL can / may verify the details mentioned by him/her 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.
- 5.2. The customer will be informed to co-operate if there is need to investigate a transaction on the customer's account and with the police/ other investigative agencies, if required.
- 5.3. The customer will be advised that if he/she acts fraudulently, then 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.
- 5.4. CIHL shall display about their products and services in any one or more of the following languages: Hindi, English or the appropriate local language.
- 5.5. CIHL does NOT discriminate on grounds of sex, caste, religion and physical disability in the matter of lending.

5.6. Any request for transfer of a loan account, either from the borrower or from a bank/financial institution, will be processed in normal course.

5.7. CIHL will publicize the code in the following manner:

- 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.

5.8. CIHL Board of Directors will periodically review the compliance of the Fair Practice Code and the functioning of the grievance's redressals mechanism.

5.9. Whenever loans are given Company Shall explain to the customers the repayment process by way of amount, tenure and periodicity of repayment through Repayment Schedule.

5.10. The company has formulated a Collection Policy which contains guidelines with respect to Repayment process and for engaging Recovery Agent.

5.11. To facilitate quick and good understanding of the major terms and conditions of housing loans agreed upon between company and Individual borrower. Company shall obtain a document containing the MITC of such loans in the cases as per the format.

5.12. The company has prepared MITC in languages understandable by the borrower and which is duly executed between the Company and Borrower.

5.13. Displaying various key aspects such as services charges, Interest Rate, Penal Charges (if any), services offered, product information, time norms for various transaction and grievance redressal mechanisms, ect.

5.14. Besides normal Interest, the Company may levy additional interest for adhoc facilities, penal charges / default interest for any delay or default in making payments of any dues. The details of Penal Charges and other charges for late repayment and other events of default will be mentioned in the loan agreement and communicated in the sanction letter / term sheet as well. Other financial charges, if any, like processing charges, cheque bouncing charges, prepayment / foreclosure charges, part disbursement charges, cheque swaps, cash handling charges, RTGS / other remittance charges, commitment fees, charges on various other services like issuing No Due certificates, NOC, letters ceding charge on assets/ security, security swap & exchange charges etc. would be levied by the company wherever considered necessary. In addition, the Goods and Services Tax and other taxes, levies or excess would be collected at applicable rates from time to time.