



**IFFCO Kisan Finance Limited**

**Fair Practice Code**

**(Version 2.0)**



**Document owner and Version Control**

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## **1. Introduction**

IFFCO Kisan Finance Limited (**“the Company/IKFL”**) is operating as a Non-Banking Financial Company - Investment and Credit Company (NBFC - ICC) classified under the Middle Layer as per the RBI (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 (as amended) (**“Scale Based Regulations”**). As mandated by the Scale Based Regulations, the Board of Directors of the Company is required to formulate and adopt a Fair Practices Code. In compliance with this requirement, the Board has approved and adopted this Fair Practices Code Policy (**“Policy”** or **“FPC”**).

This Policy outlines the principles and standards that govern the Company’s interactions with borrowers and other stakeholders. It aims to promote responsible lending, ensure adequate disclosures, and establish a robust grievance redressal mechanism. The Company’s commitment to fair practices is reflected in its operational processes, employee conduct, and governance framework, thereby fostering trust and long-term relationships with its customers.

The Policy shall be applicable to all the businesses undertaken by the Company and shall be applicable for all past and existing customers of IKFL, as well as those who will be onboarded in future. This Policy has become effective from the date of its first approval by the Board and any subsequent amendments shall become effective from the date of approval of such an amendment by the Board of Directors.

## **2. Objectives**

The following are the objectives of this Code:

- a) Promote fair and transparent practices by setting minimum standards in dealings with borrowers.
- b) To increase transparency so that the customer can have a better understanding of what they can reasonably expect of the services.

- c) The Company's Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities.
- d) The Company's commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.
- e) To promote a fair and cordial relationship between the customer and the Company.
- f) Building customer confidence in the Company.

The Code will facilitate the customers taking informed decisions in respect of the financial facilities and services to be availed by them and will apply to any loan that the Company may sanction and disburse.

### **3. Applications for loans and their processing**

- a) All communications to the borrower shall be made in the vernacular language or a language as understood by the borrower(s).
- b) Loan application forms should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decisions can be taken by the borrower(s).
- c) A list of documents required to be submitted along with the loan application form shall be mentioned in the loan application form.
- d) The Company would give acknowledgment for receipt of all loan applications. The time frame within which loan application shall be disposed of shall also be indicated in the acknowledgment. The Company would verify the loan applications within a reasonable period of time. If additional details/documents are required, it would intimate the customers immediately.

#### **4. Loan appraisal and terms/conditions**

- a) The Company shall convey in writing to the borrower(s) in the vernacular language or a language as understood by the borrower(s) by way of a sanction letter or otherwise, the amount of loan sanctioned. The said letter shall contain the terms and conditions including the annualized rate of interest and the method of application thereof.
- b) IKFL shall keep on record the acceptance of these terms and conditions by the borrower.
- c) IKFL shall furnish a copy of the Loan Documents containing the terms and conditions of the loan including rate of interest, preferably in the vernacular language or a language as understood by the borrower along with a copy of each of all enclosures quoted in the Loan Documents to all the borrower(s) at the time of sanction / disbursement/ post disbursement of loan.
- d) Any clause relating to penal charges to be levied for late repayment will be specified in bold in the Loan Documents.
- e) The Company shall have a built-in repossession clause wherever applicable in the contract/Loan Documents so as to have legal enforceability.
- f) Wherever applicable, the terms and conditions contained in the Loan Documents of the Company shall also contain the provisions regarding notice period for taking possession, circumstances for waiver of notice period, sale / auction of the property, giving repossession to the borrower(s).

#### **5. Key Facts Statement (KFS) for Loans and Advances**

IKFL shall abide by guidelines as enumerated in the Circular 'Key Facts Statement (KFS) for Loans & Advances' ("**KFS Circular**") issued by the RBI, which, inter alia, provides for following:

- a) KFS in the standardised format as prescribed in the KFS circular and in a language as understood by the prospective borrower(s) shall be provided to such borrower(s) to help them to take an informed view before executing the loan contract.
- b) Each KFS shall have a unique number and shall include a computation sheet of Annual Percentage Rate (“APR”) & the amortisation schedule of the loan over the loan tenor.
- c) APR is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility. Any fees, charges, etc. which are not mentioned in the KFS, shall not be charged to the borrower(s) at any stage during the term of the loan, without explicit consent of the borrower(s).
- d) After being provided with KFS, borrower(s) shall have a validity period in line with KFS Circular.

## **6. Disbursement of loans including changes in terms and conditions**

- a) The Company shall give Notice to its borrower(s) in the vernacular language or a language as understood by the borrower(s), of any change in the terms and conditions of the sanction including disbursement schedule, interest rates, service charges, pre-payment charges, etc.
- b) IKFL will also ensure that changes in interest rates and charges are effected only prospectively. A condition to this effect shall be incorporated in the Loan Documents.
- c) Decision to recall/ accelerate payment or performance under the Loan Documents shall be in consonance with the respective Loan Documents.
- d) IKFL will release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim IKFL may have against the borrower(s). If such right of set off is to be exercised, the borrower(s) shall be given notice about the same with full particulars

about the remaining claims and the conditions under which IKFL is entitled to retain the securities till the relevant claim is settled / paid.

## **7. Rate of Interest & Levy of penal charges**

- a) The Company has formulated a Pricing Policy, which is available on its website. In accordance with this policy, the Company shall establish appropriate internal principles and procedures for determining interest rates, processing fees, and other applicable charges. These charges shall be reasonable, transparent, and not excessive, ensuring fairness and consistency in all lending practices.
- b) The rate of interest and the approach for gradation of risk and rationale for charging different rates of interest to different categories of borrowers should be explicitly mentioned in all the loan documents.
- c) The Company will charge annualized rate of interest and will make the borrower aware of the exact rates that would be charged to the account through KFS.

## **8. Release of property documents on repayment/settlement of loans**

IKFL shall abide by following Guidelines:

- a) Release of original property documents (Property Documents) and removal of charges registered, within a period of 30 days after full repayment / settlement of the loan account.
- b) Borrowers may choose to collect the Property Documents either from the branch where the loan account was serviced or any other office/branch of the Company with prior intimation to IKFL as per terms of the loan, where the documents are available.
- c) Timelines and place of return of Property Documents shall be mentioned in the sanction letter.

- d) Procedure for return of Loan Documents to the legal heirs, in the event of demise of the sole borrower or joint borrowers, is hosted on the website of the Company. The same may be accessed online via the following link: <https://www.iffcokisanfinance.com/information-center.php>.
- e) In case of delay, attributable to IKFL, in releasing of Property Documents or filing charge satisfaction form with relevant registry beyond 30 days after full repayment /settlement of loan, IKFL shall compensate to the borrowers for the delayed period in accordance with the RBI regulations in this regard, as amended from time to time. IKFL shall also communicate to the borrower(s) reasons for such delay.
- f) In case of loss/damage to Property Documents, either in part or in full, IKFL shall assist the borrower in obtaining duplicate/certified copies of the Property Documents and shall bear the associated costs, in addition to paying compensation as indicated in above point. 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).

## **9. Repossession of Vehicles financed by the Company**

The Company has included a built in re-possession clause in the loan agreement with the borrower which is legally enforceable. To ensure transparency, the terms and conditions of the loan agreement also contains provisions regarding:

- a) Notice period before taking possession.
- b) Circumstances under which the notice period can be waived.
- c) The procedure for taking possession of the security.
- d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property.
- e) The procedure for giving repossession to the borrower, and
- f) The procedure for sale/auction of the property.

## **10. Grievance Redressal Mechanism**



The Company has adopted a comprehensive Grievance Redressal Mechanism, duly approved by its Board of Directors, to ensure prompt and fair resolution of customer complaints and concerns. The details of this mechanism, including the process for lodging grievances and escalation matrix, are available on the Company's official website for easy access by all stakeholders. The same may be accessed online via the following link: [https:// www.iffcokisanfinance.com/ policies.php](https://www.iffcokisanfinance.com/policies.php).

#### **11. Integrated Ombudsman Scheme, 2021**

Under the Reserve Bank – Integrated Ombudsman Scheme, 2021, the Company has appointed Principal Nodal Officer. Details of the Principal Nodal Officer of IKFL are available on the website of the Company. The same may be accessed online via the following link: [https:// www.iffcokisanfinance.com/ policies.php](https://www.iffcokisanfinance.com/policies.php).

#### **12. Language and mode of communicating Fair Practice Code**

For the benefit of various stakeholders, the Company shall prominently display this Policy at all its office premises and on its website, in both English and local languages. The Policy can be accessed online via the following link: [https:// www.iffcokisanfinance.com/ policies.php](https://www.iffcokisanfinance.com/policies.php).

#### **13. Loan facilities to the physically/visually challenged**

The Company is committed to promoting inclusive and equitable access to financial services. In line with this commitment, the Company shall not discriminate in extending loans and other financial facilities to applicants who are physically or visually challenged, and no decision shall be made on the grounds of disability.

#### **14. Confidentiality**

Unless authorized by the customer, IKFL will treat all personal information as private and confidential. IKFL will not disclose transaction details to any third party except under specific circumstances, such as when required by statutory or regulatory laws or when there is a duty to the public to disclose such information. Any sharing of data with third

parties will only be done with the explicit consent of the customer. IKFL will not use this information for marketing purposes or share it with others for such use.

#### **15. FPC – Review by the Board and Senior Management**

The Senior Management shall be responsible for conducting a half-yearly review of the compliance with the Fair Practices Code. The findings from these reviews shall be submitted to the Senior Management, and a consolidated report shall be submitted annually to the Board of Directors.

#### **16. General**

- a) IKFL will refrain from interference in the affairs of its borrower(s) except for the purposes provided in the terms and conditions of the respective Loan Documents (unless new information, not earlier disclosed by the borrower, which may come to the notice of IKFL).
- b) In case of receipt of request from the borrower(s) for transfer of borrowal account / foreclosure, the consent or otherwise i.e. objection of IKFL, if any, is generally conveyed to such borrower within 21 days from the date of receipt of the borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- c) In the matter of recovery of outstanding dues of its borrower(s), IKFL and its agents / agency partners does not resort to intimidation or undue 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, use of muscle power for recovery of loans/overdue amount, making false and misleading representations, etc. Training is imparted to IKFL staff and Collection agents / agency employees to ensure that they are adequately trained to deal with customers in an appropriate manner.

- d) The Company or its representative will call delinquent customers between 08:00 hours to 19:00 hours unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

#### **17. Review / Amendment (s)**

- a) The Policy shall be reviewed by the Board on the recommendation of the Audit Committee at least once a year.
- b) **Regulatory changes:** The Managing Director will have the authority to approve changes in this Policy on account of regulatory developments, based on recommendation from Chief Executive Officer, Chief Financial Officer and Chief Compliance Officer. Such changes to the Policy shall be subsequently placed before the Board of Directors for information in the next meeting, or earlier by circulation if deemed appropriate.
- c) **Other changes:** Any changes other than Regulatory changes shall be carried out with the recommendation of the Audit Committee and the approval of the Board of Directors of the Company.
- d) All extant & future master circulars/directions/guidelines/guidance notes issued by the RBI and IRDAI from time to time would be the directing force for the FPC of the Company and will supersede the contents of this Policy.

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Note:

*This document remains the property of the Company. This policy is intended to guide the employees, management, and other related stakeholders on the Fair Practice Code. It is not to be used for any other purposes, copied, distributed, or transmitted in any form or means without the prior written consent of the Company.*

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