

FAIR PRACTICES CODE

(NBFC – Middle Layer ITI Gold Loans Limited)

Policy Title	Fair Practices Code
Regulatory Basis	RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 [RBI/DOR/2025-26/362, DOR.MCS.REC.No.281/01-01-039/2025-26 dated November 28, 2025], read with the RBI (NBFC – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 and RBI (NBFC – Credit Facilities) Directions, 2025
Version	5.0
Approved By	Board of Directors
Effective Date	15 th April, 2026
Policy Owner	Company Secretary & Compliance Officer
Review Frequency	Annually, or earlier upon regulatory change

1. Preamble and Objective

This Fair Practices Code (“FPC” or “the Code”) is framed by [ITI Gold Loans Limited] (“the Company”) in compliance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 dated November 28, 2025 (“the RBC Directions”), which repealed and consolidated all earlier RBI guidelines on the Fair Practices Code, including the Master Direction – Non-Banking Financial Company – Scale Based Regulation Directions, 2023 provisions on fair practices and the erstwhile Master Circular on Fair Practices Code.

The objective of this Code is to:

- Promote good and fair practices by setting minimum standards in dealing with customers;
- Increase transparency so that customers can have a better understanding of what they can reasonably expect from the Company's products and services;
- Foster customer confidence in the Company; and
- Ensure fair treatment to customers without discrimination on grounds of disability, and responsible conduct across the lending lifecycle – origination, appraisal, disbursement, servicing and recovery.

2. Applicability and Scope

This Code applies to all customer-facing lending operations of the Company, including but not limited to its gold loan portfolio. It covers every stage of the lending lifecycle – application, appraisal, sanction, disbursement, servicing, collection, and recovery and applies to all employees and officers engaged by the Company.

Being classified as an NBFC-Middle Layer under the Scale Based Regulation (SBR) framework, the Company is additionally subject to the enhanced governance, disclosure and Board-oversight requirements applicable to NBFCs-ML, as referenced throughout this Code.

3. Board Oversight and Review

In terms of Chapter II of the RBC Directions, the Board of Directors of the Company shall:

- Approve this Fair Practices Code and review it at least annually, or earlier if warranted by regulatory change;
- Ensure a grievance redressal mechanism is in place such that disputes arising from decisions of Company functionaries are heard and disposed of at least at the next higher level of authority;
- Receive a consolidated report, at regular intervals, on compliance with this Code and the functioning of the grievance redressal mechanism, for review at the Board or the Customer Service Committee, as applicable.

This Code is one of the suite of Board-approved policies mandated under the RBC Directions, alongside the Company's Grievance Redressal Policy, Interest Rate Policy, Policy on Lending against Gold and Silver Collateral, each of which is maintained as a standalone Board-approved document.

4. Fair Lending Practices

4.1 Applications for Loans and Their Processing

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Loan application forms shall include all information affecting the interest of the borrower, enabling a meaningful comparison with other lenders' terms, and shall list the documents required to accompany the application.
- The Company shall acknowledge receipt of all loan applications and, preferably, indicate the timeframe within which the application will be disposed of.

4.2 Loan Appraisal and Terms/Conditions

- The Company shall convey the sanctioned loan amount, and all terms and conditions including the annualised rate of interest and method of application, in writing and in a language understood by the borrower, and shall retain the borrower's acceptance on record.
- Penalties for late repayment shall be mentioned in bold in the loan agreement.
- A copy of the loan agreement, along with all enclosures quoted therein, shall be furnished to every borrower at the time of sanction/disbursement.

4.3 Disbursement and Changes in Terms and Conditions

- Notice of any change in terms and conditions – disbursement schedule, interest rates, service charges, prepayment charges, etc. – shall be given to the borrower in a language understood by them, and such changes shall be effected only prospectively.
- Decisions to recall or accelerate payment shall be strictly in consonance with the loan documents.
- All securities shall be released on repayment of dues, subject to any subsisting lien; where a right of set-off is exercised, the borrower shall be given notice with full particulars of the remaining claim.

4.4 General Conduct

- The Company shall not interfere in the borrower's affairs except as provided in the loan agreement, unless new information not earlier disclosed comes to light.
- Requests for transfer of a borrowal account shall be responded to (consent or objection) within 21 days of receipt.
- In recovery of loans, the Company shall not resort to undue harassment, including persistently contacting borrowers at odd hours or use of coercive tactics; staff shall be trained to deal with customers appropriately.

4.5 Non-Discrimination – Persons with Disabilities

The Company shall not discriminate in extending products and facilities, including loans, to physically or visually challenged applicants on grounds of disability, and shall render all reasonable assistance to such persons, including through staff training and the grievance redressal mechanism.

4.6 Language and Website Dissemination of the Code

While the Company retains the freedom to enhance the scope of this Code, it shall not, in any manner, dilute the spirit of the guidelines herein. This Code shall be made available in the vernacular language, or a language as understood by the borrower, and shall be placed on the Company's website for the information of all stakeholders.

5. Interest Rate Policy and Regulation of Excessive Interest

The Board shall adopt an interest rate model having regard to cost of funds, margin, and risk premium, to determine interest rates on loans and advances. The rate of interest and the approach for gradation of risk, together with the rationale for charging different rates to different categories of borrowers, shall be disclosed to the borrower in the application form and communicated explicitly in the sanction letter.

The rates of interest and the risk-gradation approach shall also be published on the Company's website and updated whenever there is a change. Rates shall be quoted on an annualised basis so that borrowers are aware of the exact rate applicable to their account.

6. Key Facts Statement (KFS)

The Company shall provide a Key Facts Statement to every prospective borrower prior to execution of the loan contract, in the standardised format prescribed under Annex I to the RBC Directions. The KFS shall:

- Be written in a language understood by the borrower, with contents explained and an acknowledgement of understanding obtained;
- Include the Annual Percentage Rate (APR) computation and the amortisation schedule over the loan tenor, with APR computed on the net disbursed amount using the IRR approach on a reducing-balance basis;
- Include all charges recovered on behalf of third parties (insurance, legal charges, etc.), disclosed separately; and
- Be reproduced as a summary box within the loan agreement itself.

No fee or charge not disclosed in the KFS may be levied on the borrower at any stage without the borrower's explicit consent.

7. Penal Charges

- Penalty for non-compliance with material terms and conditions (including repayment default) shall be levied only as 'penal charges' on the amount in default, and never as 'penal interest' added to the rate of interest; there shall be no capitalisation of penal charges.
- The quantum of penal charges shall be reasonable, non-discriminatory within a loan/product category, and governed by a separate Board-approved Penal Charges Policy – they shall not be used as a revenue-enhancement tool.
- Penal charges applicable to individual borrowers (for non-business purposes) shall not exceed those applicable to non-individual borrowers for similar non-compliance.

- The quantum and reason for penal charges shall be disclosed upfront in the loan agreement, the KFS, and on the Company's website under 'Interest Rates and Service Charges'; a mere website reference in the sanction letter/loan agreement is not sufficient.
- Every reminder for non-compliance sent to a borrower shall communicate the applicable penal charge and the reason for its levy.

8. Reset of Floating Interest Rate on EMI-Based Personal Loans

Where the Company extends EMI-based personal loans on a floating-rate basis, it shall, at the time of sanction, clearly communicate the possible impact of benchmark changes on EMI and/or tenor. At reset, borrowers shall be offered the choice to (a) enhance the EMI, (b) elongate the tenor, or (c) prepay in part or full, and, where the Company's policy so permits, to switch to a fixed rate. Elongation of tenor shall never result in negative amortisation. Borrowers shall receive a quarterly statement covering principal and interest recovered, EMI amount, EMIs remaining, and the applicable annualised rate/APR.

9. Release of Movable/Immovable Property Documents

On full repayment or settlement of a loan, the Company shall release all original movable/immovable property documents and remove any charge registered with a registry within 30 days, at a branch of the borrower's choice. Delay attributable to the Company shall attract compensation of ₹5,000 per day of delay; in case of loss or damage to documents, the Company shall assist the borrower in obtaining duplicates/certified copies and bear the associated cost, in addition to compensation. A documented procedure for release of documents to legal heirs in the event of the borrower's demise shall be maintained and published on the Company's website.

11. Lending Against Gold and Silver Collateral

The Company's gold loan operations shall be governed by a separate Board-approved Policy on Lending against Gold and Silver Collateral (read with the RBI (NBFC – Credit Facilities) Directions, 2025), covering assaying procedure and assayer qualification, storage and handling, the auction trigger, notice and procedure, and compensation for loss, damage, or shortfall. In summary, and consistent with this Code:

- A standardised assaying procedure for purity and weight shall be applied uniformly across branches, with the borrower present at the time of assay and deductions (stone weight, fastenings, etc.) explained;
- The methodology for determining net gold/silver weight and the valuation price used for LTV shall be displayed on the Company's website;
- An assay certificate (or e-certificate) shall be issued in duplicate, one copy retained by the Company and one given to the borrower;
- Collateral shall be released within seven working days of full repayment/settlement, verified against the certificate to the borrower's satisfaction;

- Auctions shall follow a transparent procedure – adequate prior notice, advertisement in at least two newspapers (one regional, one national), a reserve price of not less than 90% of current value (85% after two failed auctions), and no participation by the Company or its related parties in the auction;
- Any surplus from auction proceeds shall be refunded to the borrower/legal heir within seven working days; delay in release of collateral attributable to the Company shall attract compensation of ₹5,000 per day beyond the prescribed timeline.

13. Grievance Redressal

The Company's grievance redressal mechanism is set out in its separate Board-approved Grievance Redressal Mechanism Policy, aligned with the RBI (Internal Ombudsman) framework and the Reserve Bank – Integrated Ombudsman Scheme, 2021. This Code operates in conjunction with that Policy, and the details of the Grievance Redressal Officer, escalation matrix, and turnaround times are as set out therein and displayed on the Company's website.

14. Miscellaneous Provisions

Rounding Off of Transactions

All transactions, including interest charged or paid, shall be rounded off to the nearest rupee – fractions of 50 paise and above rounded up, and fractions below 50 paise ignored. Cheques/drafts bearing fractional amounts shall not be rejected on that account.

16. Disclosure and Website Dissemination

In addition to this Code, the Company shall disseminate on its website (in a dedicated, updated section) the following, consistent with this Code and applicable RBI/SEBI disclosure requirements:

- This Fair Practices Code, in the vernacular/regional language as applicable;
- The Grievance Redressal Mechanism, including the name and contact details of the Grievance Redressal Officer;
- Interest rates, the risk-gradation approach, and the schedule of penal charges;
- The methodology for gold/silver valuation and LTV determination (for gold loan operations);

17. Review of the Code

This Code shall be reviewed by the Board of Directors at least annually and earlier as necessitated by changes in the regulatory framework. A consolidated compliance report, covering adherence to this Code and the functioning of the grievance redressal mechanism, shall be placed before the Board (or the Committee, as applicable) at regular intervals.

Annexure A – Reference

The Key Facts Statement (KFS) format (Part 1 – Interest Rate and Fees/Charges; Part 2 – Other Qualitative Information) and the format for the Policy on Lending against Gold Jewellery are as prescribed in Annex I and Annex II respectively of the RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, and are maintained by the Company as operative templates cross-referenced to this Code.
