

**GODREJ HOUSING
FINANCE LIMITED**

Fair Practice Code

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Fair Practice Code

Background

Godrej Housing Finance Limited (“GHF” or “the Company”), as a Housing Finance Company, is required to comply with the ‘Guidelines on Fair Practices Code’ issued by the Reserve Bank of India (“RBI”) under Reserve Bank of India (Housing Finance Companies) Directions, 2025 (“RBI Direction”) read with Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 and other applicable regulation as amended from time to time

Accordingly, Company has adopted Fair Practice Code with the approval of the Board.

Objectives

- a) To promote good and fair practices by setting minimum standards in dealing with customers;
- b) To increase transparency so that the customer can have a better understanding of what he/she can reasonably expect of the services;
- c) To promote a fair and cordial relationship between customer and the Company;

Application of the Code

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

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) Company 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 charge / 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. Company shall disclose ‘all in cost’ inclusive of all charges involved in processing/ sanctioning of loan application in a transparent manner.
- c) All such charges/ fees which are levied on the Borrower are non-discriminatory,
- d) Loan application forms include necessary information which affects the interest of the borrower which enable a meaningful comparison with the terms and conditions offered by other Finance Companies and aid borrower in making an informed decision.
- e) The loan application form will indicate the documents required to be submitted with the application form,
- f) The Company has a system of giving acknowledgement for receipt of all loan applications.
- g) Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.

Loan appraisal, terms/ conditions and communication of rejection of loan application

- a) Company endeavours to collect all particulars required for processing the loan application at the time of application. However, in case the Company needs any additional information, it endeavours to inform the customer immediately that he would be contacted again.
- b) 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, method of application, EMI Structure, prepayment charges, penal charge (if any) and keep the written acceptance of these terms and conditions by the borrower on its record.
- c) Company shall mention the penal charge charged for late repayment in bold in the loan agreement.
- d) Company shall furnish a copy of the loan agreement along with a copy of each of the enclosures quoted in the loan agreement to every borrower at the time of disbursement of loans through its Customer Portal which can be accessed by the Borrower.
- e) If Company cannot provide the loan to the customer, it shall communicate in writing the reason(s) for rejection.

Penal Charges in Loan Accounts

- 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.
- Penal charges shall not be capitalized (no further interest computed on such charges)
- As penal charges are incident based contingent charges which would be different for each scenario, they cannot be annualized,
- Additional / fresh penal charges cannot be levied on the earlier outstanding amount of penal charges.
- There shall be no additional component to the rate of interest,
- Penal charges shall be contained in Interest Rate & Charges policy,
- 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.
- 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, and on website of the Company under Interest rates and Service Charges.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated.
- Company shall communicate applicable penal charges and the reason therefor to borrowers in case of levying charges.

Disbursement of loans including changes in terms and conditions

- a) Disbursement shall be made in accordance with the disbursement schedule / Disbursement terms advised to the Borrower as per Documents.
- b) 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 charge (if any), service charges, prepayment charges, other applicable fee/ charges etc. in the mechanism mentioned in MITC or Loan Agreement.
- c) Company will ensure that changes in interest rates and charges are effected only prospectively.

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

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

Company shall ensure that at the time of sanction, borrower is informed about possible rate change and borrower shall be provided with following options at the time of reset of interest rate

- a) Enhancement in EMI or
- b) Elongation of tenor or
- c) Combination of both options
- d) Prepay, either in part or in full, at any point during the tenor of the loan

However, the option to the borrowers to switch over to a fixed rate, may be provided by the Company at its discretion and in conformity with extant guidelines.

The borrower may, at the discretion of the Company and in conformity with extant guidelines, be allowed to switch interest rates any number of times during the tenor of the loan. Conversion / Switch / Prepayment Charges shall be applicable as per Schedule of Charges.

The Company shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.

Company shall communicate details prescribed in the guidelines to borrower on quarterly basis.

Release of Movable / Immovable Property Documents

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 Company may have 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 Company are entitled to retain the securities till the relevant claim is settled/ paid.

Company shall release all the original movable / immovable property documents and remove charges registered with registry within a period of 30 days after full repayment/ settlement of the loan account.

Company shall provide an option to borrower to collect property documents from Home Branch or any other branch as per borrower's preference

Procedure for return of original movable/ immovable property documents to the legal heirs in event of demise of the sole borrower or joint borrowers, is displayed on the website of the Company.

In case of delay in release 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, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, it shall compensate borrower as per extant guidelines.

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 property documents and it shall compensate borrower as per extant guidelines.

Loans sourced over Digital Lending Platforms (DLP)

In instances where loans are extended through DLP either to source borrowers and/ or to recover dues, Company shall comply with following instructions:

- Names of digital lending platforms engaged as agents shall be disclosed on the website of Company,
- 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 him,
- 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,
- 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,
- Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by Company,
- Company shall also update its grievance redressal mechanism and include Digital Lending Platform under it.

Loan facilities to the physically/visually challenged by the Company

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 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 is ensuring redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

Responsibility of Board of Directors

- a) The Board of Directors of Company have laid down a Grievance Redressal mechanism within the organization to resolve complaints and grievances which is enunciated in the Grievance Redressal Policy for the Organization.
- b) This mechanism ensures that all disputes arising out of the decisions of Company's functionaries are heard and disposed of at least at the next higher level.
- c) The Board of Directors shall conduct an annual review of compliance with the Fair Practices Code and functioning of the grievances redressal mechanism at various levels of management.

Complaints and Grievance Redressal

Guidelines for complaint and grievance redressal are contained in Grievance Redressal Policy of the Company.

Mode of Communication

Fair Practice Code in various vernacular language is put up on Company's website, for the information of various stakeholders.

Interest charged by Company

- a) The Board of Company has adopted an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium which helps in determining the rate of interest to be charged for loans and advances.
- b) The rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers is disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- c) The Board of the GHFL has laid down policy for penal charges under its Interest Rate and Charges Policy. The rate of interest and penal charge (if any) is annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- d) The rates of interest and the approach for gradation of risks, and penal charge (if any) shall also be made available on the website of the Company. The information published in the website published shall be updated whenever there is a change in the rates of interest.
- e) Repayment Schedule which is shared with Borrowers clearly indicates the bifurcation between interest and principal in repayment schedule of Company.
- f) Company sets its Interest Rate / Charges as per principles enshrined in Interest Rate & Charges Policy,
- g) Grievance Redressal Committee, inter alia, monitors the process and the operations to ensure adequate transparency in communications with the borrowers.

Advertising, Marketing and Sales

Company shall:

- a) Ensure that all advertising and promotional material is clear, and factual.
- 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, 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.
- c) 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 etc..
- d) If Company avails services of third parties for providing support services, Company shall ensure 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.
- e) Company may, 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.
- f) Company has prescribed 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.

- g) As prescribed under RBI Directions, Company has adopted the Model Code of Conducts for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) as part of outsourcing policy with the approval of the Board of Directors,
- h) In 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.

Guarantors

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

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

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.

Privacy and Confidentiality

- a) 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.
- b) Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including our affiliates, other than in the following exceptional cases:
 - o If the information is to be given by law.
 - o If there is a duty towards the public to reveal the information.
 - o If Company's interests require them to give the information (for example, to prevent fraud). Company shall ensure that it is not 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.
 - o If the customer asks Company to reveal the information, or with the customer's permission.
 - o If the Company is asked to give a reference about customers, it shall obtain his/ her written permission before giving it.
- c) The customer is informed the extent of his/ her rights under the existing legal framework for accessing the personal records that GHFL holds about him/ her, through the Privacy Policy which is available on Company's website,
- d) Company shall not use customer's personal information for marketing purposes unless the customer specifically authorizes to do so.

Guidelines for pre-payment/ pre-closure of loans

- a) Company shall not charge pre-payment levy or penalty on pre-closure of housing loans under the following situations:
 - a. Where the housing loan is on floating interest rate basis and pre-closed from any source.
 - b. Where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources.
- b) The expression "own sources" for the purpose means any source other than by borrowing from a bank/ HFC/ NBFC and/or a financial institution.
- c) 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).
- d) 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. 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. It is also clarified that a fixed rate loan is one where the rate is fixed for entire duration of the loan.
- e) For Non-Housing Loans, the Company shall charge foreclosure charges/ pre-payment penalties as per prescribed guidelines.

Following guidelines for pre-payment shall become applicable from 01st January 2026:

Company shall adhere to the following Directions regarding levy of pre-payment charges on all **floating rate** loans and advances:

- (i) For all loans granted for purposes other than business to individuals, with or without co-obligant(s), Company shall not levy pre-payment charges;
- (ii) For all loans granted for business purpose to individuals and MSEs, with or without co-obligant(s) Company shall not levy any pre-payment charges on loans with sanctioned amount/ limit up to ₹50 lakh.

The above guidelines 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.

Applicability of above guidelines 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.

Pre-payment charges shall be based on the amount being prepaid.

Company may charge pre-payment penalty on any amount paid, in part or full, through any source, as per Interest Rate & Charges Policy of the Company.

- f) 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, 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.

Company shall not levy any charges / fees retrospectively at the time of pre payment of loans, which were waived off earlier by the Company

Company shall not levy any charges where pre-payment is effected at its own instance.

Key Facts Statement (KFS) for Loans & Advances

- a) Key Facts of a loan agreement between the Company /a group of Companies and a borrower shall mean as legally significant and deterministic facts that satisfy basic information required to assist the borrower in taking an informed financial decision.

Key Facts Statement (KFS) is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardized format as detailed under Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 as amended from time to time.

- b) The Company will provide a KFS to all prospective borrowers along with Sanction Letter to help them take an informed view before executing the loan contract. The KFS will be written in a language understood by such borrowers. Contents of KFS will be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same.
- c) The KFS will contain Loan number (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.

Validity period refers to the period available to the borrower, after being provided 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.

- d) Annual Percentage Rate (APR) is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility which will be provided to the Borrower in KFS.
- e) In case any charges are recovered from the borrowers by the Company on behalf of third-party service providers on an actual basis, such as insurance charges, legal charges etc. It shall also form part of the APR and shall be disclosed separately. In all cases wherever the NBFC is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time..
- f) Any fees, charges, etc. which are not mentioned in the KFS, will not be charged by the Company to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

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

General

- a) Company does not extend any loan to any micro-finance borrower.
- b) Company does not interfere 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).
- c) In case of receipt of request from the borrower for transfer of borrower's 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.
- d) Whenever loans are given, Company shall explain to the customer the repayment process by way of amount, tenure and periodicity of repayment through Repayment Schedule.
- e) Company has formulated a Collection Policy which contains guidelines with respect to repayment process and for engaging Recovery Agents.
- f) To facilitate quick and good understanding of the major terms and conditions of housing loan agreed upon between Company and the individual borrower, Company shall obtain a document containing the most important terms and conditions (MITC) of such loan in all cases as per format provided under RBI Directions. The document will be in addition to the existing loan and security documents being obtained by the Company.
- g) Company has prepared MITC in language understandable by the borrower and copy duly executed between the Company and the borrower is uploaded on the Customer Portal.
- h) Display of various key aspect such as service charges, interest rates, Penal charge (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 Company. Company shall follow the instructions on "Notice Board", "Booklets/ Brochures", "Website", "Other Modes of Display" and on "Other Issues" as per the prescribed guidelines.
- i) Company shall display about their products and services in English on its website. Company does not discriminate on grounds of sex, caste and religion in the matter of lending. Further, 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 Company from instituting or participating in schemes framed for different sections of the society.
- j) To publicise the Code, 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.

Review of the Code

- a) The Code shall be reviewed Annually by the Board of Directors.
- b) Board of Directors can at any time modify or amend, either the whole or any part of Policy
- c) Report on Compliance with Fair Practice Code shall be provided on Annual basis to the Board of Directors,
- d) Half-Yearly report on grievance redressal mechanism be put to the Board of Directors