



FAIR PRACTICES CODE: KIFS FINANCIAL SERVICES LIMITED [KFSL]

General

- a. This code shall apply across all aspects of KFSL's operations including all products and services currently offered by us and those which may be introduced at a later date.
- b. KFSL shall ensure that its employees are trained to act in an honest and ethical manner when interacting with clients including to making necessary inquiries with regard to existing debt of the borrowers. They shall be able to offer free of cost training to borrowers so as to make borrowers fully aware of the procedure and systems related to loan / other products.
- c. KFSL shall refrain from interference in the affairs of its clients except for the purposes provided in the terms and conditions of an Agreement entered into with the client (unless new information, not earlier disclosed by the client, has come to the notice of KFSL).
- d. In the matter of recovery of loans, KFSL shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- e. In case of receipt of request from the borrower for transfer of borrowal account, the consent / objection of KFSL, if any, shall be conveyed within 21 days from the date of receipt of such request.
- f. KFSL shall display this code in vernacular language in its main office as well as branch premises.
- g. Loan cards of KFSL shall express its commitment to transparency and fair lending practices.
- h. KFSL shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
- i. KFSL shall display prominently, the effective rate of interest charged and grievance redressal system in its all offices and literature issued by it, in vernacular language as well as on its website.
- j. KFSL shall comply with KYC guidelines of RBI including due diligence, from time to time.
- k. KFSL shall sanction and disburse all loans from its central location and more than 1 person individual would be involved in this function. The disbursement function would be closely supervised by KFSL.

Applications for financial assistance and processing

- a. All communication to the borrower by KFSL shall be in vernacular language or a language understood by the borrower which may include English language also.
- b. Loan proposal details / Loan application forms of KFSL shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other lenders can be made and informed decision can be taken by the borrower. The loan proposal form shall indicate the documents required to be submitted with the loan proposal.



- c. The indicative time frame within which loan proposals will be processed would be indicated to the prospective borrowers.
- d. KFSL shall convey to the borrower by means of sanction letter or otherwise, the fate of the loan proposal. In case of the loan being sanctioned, the sanction letter shall inter alia include amount of loan sanctioned along with the terms and conditions including rate of interest. The acceptance of the terms and conditions by the borrower shall be kept by KFSL for its records.
- e. KFSL shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

Loan appraisal and Disbursement including terms/conditions or changes therein:

- a. KFSL shall give notice to the borrower in the vernacular language / as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, penal interest to be charged for late repayment, any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. KFSL shall endeavour that changes in interest rates and charges are affected only prospectively.
- b. KFSL shall furnish a copy of the loan agreement preferably in the vernacular language / as understood by the borrower along with copy of each of the enclosures in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.
- c. The decision of KFSL to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement entered into with the borrower.
- d. KFSL 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 it may have 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 KFSL is entitled to retain the securities till the relevant claim is settled / paid.

Interest Rate Policy:

- a. The interest rate for the loans to be charged to the client/borrower will be decided keeping in view the RBI guidelines relating to regulation of excessive interest charged by NBFCs.
- b. Interest rate will be arrived for the clients by the sanctioning authority based on the following broad parameters:
 - ✓ Risk profile of the client
 - ✓ Interest rate trend prevailing in the money market
 - ✓ Cost of borrowings
 - ✓ Margin / Collateral security offered by client
 - ✓ Structure of the deal
 - ✓ Interest rate charged by competitors
- c. Interest rates, processing and other charges, would be intimated to the customers at the time of sanction / availing of the loan.



- d. The rates of interest for the same product and tenor availed during same period by different customers need not to be standardized. It could vary for different customers depending upon consideration of any or combination of above factors.
- e. The interest rates could be offered on fixed or variable basis.
- f. The interest re-set period would be decided by the company from time to time.
- g. Interest is calculated on the amount utilized by the client.
- h. The interest could be charged on monthly or quarterly or yearly rests for different products/ segments.
- i. The interest shall be deemed payable immediately on the due date as communicated and no grace period for payment of interest is allowed. However, in case of grace period, the interest shall continue to apply till the full and final repayment of loan amount.
- j. Besides normal interest, KFSL may levy additional / penal interest for delay or default in making payments of any dues. These additional or penal interests for different products or facilities would be decided by the respective business / product heads.
- k. No interest is payable on Credit Balance in client A/c.

The final lending rate for various products offered by KFSL will be arrived at after taking into account market reputation, interest, credit and default risk in the related business segment, historical performance of similar clients, profile of the borrower, tenure of relationship with the borrower, repayment track record of the borrower in case of existing customer, subventions available, deviations permitted, future potential, group strength, overall customer yield, nature and value of primary and collateral security, etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by KFSL.

The reference rate is currently ranging from 9 to 22 % p.a for different products. The reference rate is subject to change as per the discretion of management based on the variables as set by the management. The final lending rate applicable to the client will be arrived on the basis of the reference rate and the above factors.

Grievance Redressal mechanism

- a. The implementation of the Fair Practice Code shall be the responsibility of the entire organization. KFSL shall make every effort to ensure that its dealing with customers is smooth and hassle free. Any complaint brought to KFSL's notice by a customer will be handled expeditiously.
- b. All disputes / complaints / grievances shall be heard and disposed off by a person at least one level higher to the person / designation against / relating to whom the grievance is made.
- c. After examining the matter, it will be our endeavour to provide the complainant our final or other response within a period of 15 working days from receipt of such complaint/grievance.
- d. The Fair Practices Code shall be reviewed once every year and any changes deemed necessary shall be made with the approval of the Board of Directors.



- e. A nodal officer has been appointed for the redressal of grievances of the customers including the borrowers, in connection with any matter pertaining to business practices, lending 4 decisions, Loan disbursement services and recovery. The contact details of the nodal officer are as follows: The same are also displayed in the website of KFSL:

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Company Secretary & Compliance Officer
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