

## RISK MANAGEMENT POLICY

KFSL, incorporated on 29<sup>th</sup> March 1995, is an NBFC registered with the Reserve bank of India (RBI) under the provisions of section 45-IA of the RBI Act, 1934. Presently, KFSL is classified as a Loan Company under the regulatory provisions of the RBI. KFSL is a public limited company and is listed on BSE. KFSL has not taken any deposit from the Public.

KFSL, a professionally managed company, predominantly offers capital market products like margin trading, loan against shares (LAS) and funding primary market investments for the retail investors. KFSL also enters into agency contract with various intermediaries who work as direct selling agents for marketing and selling of capital market products.

The Company is regularly pursuing businesses that maximize returns while effectively managing the inherent risks. Decision making and execution in this environment is driven by governance structure, ethics and value systems. KFSL puts a lot of emphasis on appropriate and timely disclosures and transparency in business dealings. KFSL is committed to good corporate governance and had adhered to the prescribed standards. The Company's philosophy on code of Governance is aimed at efficient conduct of business in compliance with the prescribed Acts and Rules on Corporate Governance.

### Risk Management Framework for Financing Business

Financing business has risks associated with margin trading / lending if the client is not able to pay the balance amount to KIFS before the pay-in date of the exchange for the said transaction.

KIFS would follow internal risk management guidelines while extending credit, which would include:

- limits on leverage
- quality of collateral
- diversification
- pre-determined margin call thresholds and
- pre-determined thresholds to liquidate collateral

As required under the RBI regulations, KIFS has formulated appropriate policies pertaining to credit authorization, interest rate, processing charges KYC Norms etc.

Asset liability profile of the Company also remains comfortable with adequate networth for the current scale of operations, negligible debt levels and adequate bank lines available with the Company to meet any liquidity requirement.

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## KIFS Financial Services Limited

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