

KHUSHBU AUTO FINANCE LIMITED

FAIR PRACTICE CODE



(1) Introduction

The Fair Practices Code ("FPC") has been adopted by Khushbu Auto Finance Limited ("KAFL" or 'the Company') to provide its all stake holders, especially customers, effective overview of practices followed by it in respect of the financial facilities and services offered by it to its customers. The FPC has been prepared in accordance with the Master Direction - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India (RBI).

(2) Objectives

The objectives of the code are as under:

- (i) To promote good and fair practices by setting standards in dealing with customers;
- (ii) To increase transparency for customers to have a better understanding
- (iii) To encourage market forces, through competition, to achieve higher operating standards; and
- (iv) To promote a fair and cordial relationship between customer and KAFL.

(3) Application of the Code

The Code shall apply to all employees of the Company and other persons authorized to represent it in the course of its business.

(4) Non-Discrimination Policy

KAFL will not discriminate between its customers on the basis of gender, physical ability, race or religion. The Company will 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 the Company from instituting or participating in schemes framed for different sections of the society.

(5) Language of the Communication

KAFL will provide all required communications to its borrower in English or a language as understood by the borrower.

(6) Application for Loans and their Processing

- (i) All loan application forms will contain detailed information relating to the terms and conditions governing the Loan and other relevant information affecting the interest of our customers. These forms would also list standard documents to be submitted with the application form. However, the Company may, depending on the credit underwriting requirements, require other documents from the customers as it may deem fit;
- (ii) The Company's representatives will explain to the customers the contents of various loan documents in the English language or a language as understood by the borrower;



- (iii) The Company will provide acknowledgement on receipt of a loan application, with the timeframe within which the application would be disposed-off; and
- (iv) The Company will consider all the documents submitted and the information provided, verify the credit worthiness of the customer and evaluate the proposal at its sole discretion. The Company shall further endeavour to intimate the status of all loan applications regarding its acceptance or rejection within the time-frame committed.

(7) Loan Appraisal and Terms & Conditions

- (i) If the loan is sanctioned, the Company will convey in writing important terms and conditions to the borrower in the English language or a language as understood by the borrower.
- (ii) A copy of the sanction letter acknowledged by the borrower will be kept by the Company in its records.
- (iii) The Company will mention the penal interest to be charged for the late payment in bold in the loan agreement. A suitable provision in this regard shall be incorporated in the loan agreement.
- (iv) After the execution of the loan agreement, a copy of the loan agreement (along with a copy each of all enclosures quoted in the loan agreement) will be furnished to the borrowers.

(8) Disbursement of Loans and Changes in Terms and Conditions

- (i) Any changes in the terms and conditions (which are deemed adverse to the borrower) including rate of interest rate, service charges, prepayment charges, repayment/ disbursement schedule etc. shall be informed to the borrower in writing; and
- (ii) Changes in the terms relating to interest rates and other charges (which are deemed adverse to the borrower) shall be implemented with prospective effect only.

(9) Guarantors

When a person is considered to be a guarantor to a loan, KAFL will inform him/ her the following:

- (i) Letter/ Deed of Guarantee stating the terms of liability as guarantor, including the amount of liability he/she will be committing him/ herself to the Company;
- (ii) Default in servicing of the loan by the borrower to whom he/she stands as a guarantor; and
- (iii) Circumstances in which KAFL will call on him/ her to pay up his/her liability;

(10) Privacy and Confidentiality



All the borrower's personal information shall be treated as private and confidential (even when he/she is no longer our customer) and shall be guided by the following principles and policies. The Company shall not reveal information or data relating to your accounts to anyone other than in the following exceptional cases:

- a) If the information is to be given as per the legal requirements;
- b) Duty towards public to reveal information;
- c) The Company's interest requires giving information;
- d) The Company has consent/ permission from the customers;
- e) The Company's representatives will inform the customer about his rights/ liabilities under the Laws of India for accessing the personal records that the Company holds about him/her;
- f) The Company will not use customer's personal information for marketing purposes unless the customer specifically authorizes us to do so.

(11) Collection Recall of Loan, Recovery Process, Repossession of Security, and Release of Security

- (i) Decision to recall any loan shall be done in accordance with the terms and conditions of the loan agreement;
- (ii) If any recovery proceedings need to be initiated, these shall be conducted in accordance with the rights provided under the Agreement and in accordance with legally valid norms. The Company will not resort to coercive measures (like persistently bothering at odd hours, use of muscle power, rude behaviour or harassment from any of the staff of the Company) for recovery of loan;
- (iii) The Company will have built in re-possession clause in the contract/ loan agreement with the borrower which must be legally enforceable;
- (iv) The Company will have the right to take possession of the Asset by giving notice to the Borrower to clear the dues or to hand over possession of the Asset in accordance with the terms and conditions of the Loan Agreement;
- (v) To ensure transparency, the terms and conditions of the contract/ loan agreement shall also contain provisions regarding:
 - a) Notice period before taking possession of security;
 - 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 security/ asset property;
 - e) The procedure for giving repossession to the borrower; and
 - f) The procedure for sale / auction of the security/ asset/ property.
- (vi) The Company shall 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 claims, the Company may have against the borrowers. 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 is entitled to retain the securities till the relevant claim is settled/ paid;



(vii) The Company shall ensure that the charge over any security provided by the customer is relinquished upon the happening of any of the following events, subject to any legitimate right or lien for any other claim against the customer:

- a) payment of all dues by the customer;
- b) transfer of account and consequent settlement of all dues;
- c) closure of the loan file in due course following settlement as per agreement.

(viii) In the event any other right or lien exists, the customer shall be notified about the same with full particulars thereof.

(12) Rate of Interest and Other Charges

- (i) To ensure that the customers are not charged excessive interest rates and charges on loans and advances by the Company, the Board of Directors of the Company will adopt a Policy/ Model for Rate of Interest considering relevant factors such as cost of funds, margin and risk premium etc. to determine the rate of interest to be charged for loans and advances.
- (ii) The range for Rate of Interest and approach for gradation of risks will also be made available.
- (iii) The information regarding the Rate of Interest and other charges of the Company will be also disclosed in the application form and sanction letter.

(13) Other Commitments

- (i) Non-Interference: The Company or any of the employee of the Company will not interfere in the affairs of the borrower except as provided under the circumstances mentioned in the loan agreement. However, if any information not previously disclosed by the borrower comes to its notice, the Company may take any suitable action as per its discretion.
- (ii) Transfer of Account: Whenever a request for transfer of loan account is received from a customer, the Company will respond to the same within 21 days of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- (iii) Foreclosure charges/ Pre-payment penalties on floating rate term loans- As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers, the Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

(14) Grievance Redressal (GR) Mechanism

The Company has established robust mechanism to redress the customer complaints/ grievances in line with the RBI Requirements:

(i) Registration Of Complaints



The Company enables its customer's to register complaints through multiple channels. The various levels are as follows:-

The customer/borrower may contact our customer support in case of any query/problem or grievance.

Voice Support: The customer can call us at customer care at 0281-2374994 between 09:30 am to 06:00 pm except Sundays/ Holidays.

Email Support: Please write to us from your email ID at info@kafl.co.in (Please ensure to mention your loan account number and contact number in the email). The customer will receive a response from the team within 5 business days but there would be instances wherein the team may even take longer to respond/reply.

In-person Support: The customer can reach to Head of the Office at any of the offices of the Company including Registered/ Corporate/ Head Office.

(ii) Escalation Matrix:

Level 1:

A customer can escalate the matter to cparmar@kafl.co.in or 0281-2374994 in case he/she is not satisfied with the response from any of the above ways. Depending on the query/ dispute/ grievance, a written reply/ resolution will be sent to the customer within 7 business days at his/her email id.

Level 2:

If the customer is not satisfied with the resolution received from above channels, or if the customer does not hear from the Company in fourteen (14) days, the customer can address the grievance to the below address for escalation who is Nodal Officer/ Principal Nodal Officer of the Company:

Name: Shri Chetankumar V Patel, Director (DIN: 00061443)

E-mail id: cvpatel@kafl.co.in

Mobile: 0281-2374994

Address: Ground Floor, Jimmy Tower, Opp. Swami Narayan Gurukul, Gondal Road,
Rajkot, Gujarat, INDIA 360001

Level 3:

If the complaint/dispute is not redressed within a period of one month from date of its receipt, the customer may appeal to:

Deputy General Manager,
Department of Supervision,
Reserve Bank of India,
4th Floor, "Riverfront House", Behind H K Arts College,
Between Gandhi & Nehru Bridge, Puja Pramukh Swami Marg,



Ahmedabad, Gujarat, INDIA 380009

Email Id: dosahmedabad@rbi.org.in

The customer can also file the complaint on <https://cms.rbi.org.in>

(iii) Review And Monitoring

The Company review and monitor the grievances received in the following manner:

- On a daily basis, the status of resolutions of complaints/ grievances shall be monitored by the authorized staff and put before the In-charge.
- On a monthly basis, compliances to fair practices code including all the grievances received, resolutions provided, the turnaround time shall be reviewed by Board.

(15) Reserve Bank – Integrated Ombudsman Scheme, 2021

Under the Ombudsman Scheme, the Company has appointed Mr. Chetankumar V Patel as Principal Nodal Officer (PNO) (Contact Details mentioned above) who shall be responsible for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company. The Nodal Officers (NO), if any appointed by the Company will assist the PNO.

For the benefit of the customers, at the branches/ places where business is transacted, the name and contact details (Telephone/ Mobile number and email) of the PNO along with the details of the complaint lodging portal of the Ombudsman (<https://cms.rbi.org.in>) will be displayed.

The salient features of the Scheme shall be displayed prominently in English at all the offices and branches in such a manner that a person visiting the office or branch has adequate information on the Scheme.

(16) General:

- a. In the matter of recovery of loans, consistent with its policy over the years, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- b. To avoid rude behaviour from the staff of the Company, the Company will ensure that the staff is adequately trained to deal with customers in an appropriate manner.

(17) Periodical Review

The Board of Directors will conduct periodic review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism within the Company.

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