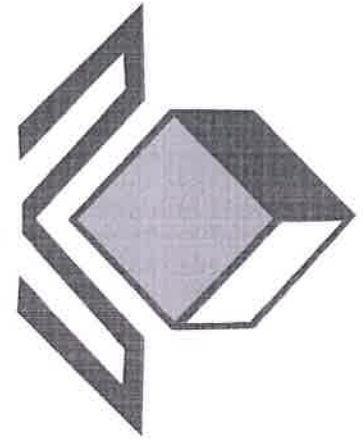


**KHUSHBU**  
AUTO FINANCE LTD.



**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 FOC 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' 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 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 on the Company's website.
- (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) 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.

### **(15) Grievance Redressal (GR) Mechanism**

Any customer having a grievance/ complaint/ feedback with respect to the product and services offered by the Company may write to the Company through any of the following channels:

- Call at 079 48950202
- Email: info@kafl.co.in
- Letter at Corporate Office Address at 202, Baleswar Square, Opp. Iskon Mall, S.G. Highway, Ahmedabad - 380015, Gujarat, India

#### How a complaint should be made:

The customer is requested to provide necessary loan details i.e. Loan Account Number, Details of Feedback/ Suggestion/ Complaint and valid Contact Information including phone no. & e-mail ID while providing their feedback or lodging complaint with the Company.

#### When should customer expect a reply

Each customer query/ complaint being unique in nature, the resolution of complaint may take up to 2 weeks after investigation. The customer will be made aware regarding the same.

#### Whom to approach for redressal



For escalation of grievances, the customer may contact the Grievance Redressal Officer of the Company whose details are as under:

Name: Harish J Chandra

E-mail ID.: hchandra@kafl.co.in

Telephone no.: 0288 2552888

Address: C/o. New Chandra Motor Cycle House, Opp. Town Hall, Jamnagar - 361001, Gujarat, India

Escalation to the Reserve Bank of India

If the Customer does not receive any response from the Company within 2 weeks or is dissatisfied with the response received, he/ she may approach the Reserve Bank of India at the following address:

The General Manager,  
Department of Non-Banking Supervision,  
Reserve Bank of India,  
Near Gandhi Bridge, Income Tax Circle,  
Ashram Road  
Ahmedabad - 380014

