

KAMAL AUTOFINANCE LTD.

FAIR PRACTICES CODE

In accordance with the Guidelines issued by the RBI vide its Circular dated 26th March 2012, the company puts into place the following Fair Practices Code:

(i) **Applications for loans and their processing**

(a) Loan application forms should include necessary information which affects the interest of the borrower so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and an informed decision can be taken by the borrower. In particular, loan application forms should include the following:

- Details of documents required to be submitted along with the application form.
- Contact details about the company.
- Provision for the customer to specify the amount, tenure and rate of interest of the loan sought.

(b) Whenever a loan application is received, it should be duly acknowledged and the applicant should be informed about the time expected to be taken for disposal of the application.

(ii) **Loan appraisal and terms/conditions**

(a) Every loan application should be disposed off as early as possible. A decision on each loan application shall, however, be taken within a maximum of two working days from the date of receipt of the complete application.

(b) The details of the loan sanctioned shall be communicated to the customer in writing by way of a sanction letter in the vernacular language.

- (c) On sanction of a loan application, a borrower should be informed about the following in writing, whether by means of a sanction letter or by express statement in the loan agreement:
- The amount of loan sanctioned.
 - Tenure of loan.
 - Annualised rate of interest and method of application thereof
- (d) The company will obtain an acknowledgement of the borrower on the sanction letter or loan agreement and keep a copy of such sanction letter or loan agreement on its records.
- (e) The method for calculation of the rate of interest is to be explained on each agreement that is entered into with a customer in a clearly understandable terminology.
- (f) The penal interest charged for late repayment shall be mentioned specifically in the sanction letter or loan agreement and also highlighted.

(iii) Disbursement of loans including changes in terms and conditions

- (a) The company will give a notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Any changes in the interest rates and charges are to be effected only prospectively.
- (b) Any decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- (c) The company will 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 claim that the 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 is entitled to retain the securities till the relevant claim is settled/paid.

(iv) General

- (a) The company is to refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the company).
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the company, if any, should 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.
- (c) In the matter of recovery of loans, 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. Report of any such incident would be looked upon very seriously by the company and strict disciplinary action would be taken against any employee found guilty of indulging in such activities.
- (d) The company shall refrain from charging excessive interest from its borrowers.
- (v) Repossession of vehicles
The company will ensure that its right to repossess vehicles where the loans are in default is exercised with utmost caution and with absolute adherence to the provisions of the law.
- (vi) Complaints by customers, especially those pertaining to recovery issues, are to be forwarded to the Grievance Redressal Committee of the company. The Committee is to take up any such complaint with utmost seriousness and deal with it on a priority basis.
- (vii) The Board of Directors should periodically review the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.