

In the light of RBI Guidelines on fair Practices Code for NBFCs, from time to time, IKF Finance Limited (referred to as the Company) has formulated this Fair Practices Code to have put in place fair and transparent procedures / practices in dealing with the Borrowers of the Company

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

- (a) Loan application forms include the information such as Rate of Interest, Amount of Finance, Tenure of the Contract, Installment amount & No. installments etc. which affects the interest of the borrower.
- (b) The loan application form indicates the required documents to be submitted with the application form, based on the Borrower and Product profiles.
- (c) An acknowledgement for receipt of all loan applications shall be given to the Borrower along with the information about the no. of days within which the loan applications will be disposed off.
- (d) All Communications to the borrowers shall be in the vernacular language or a language as understood by the Borrower

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

- (a) Intimation, in the vernacular language as understood by the borrower, in writing shall be given to the borrower by means of sanction letter along with the particulars of amount of loan sanctioned and the terms and conditions including annualized rate of interest, penal interest charged for late payment, which shall be mentioned in bold letters in the Agreement, and method of application thereof.
- (b) Acceptance of above sanction letter and the terms and conditions by the borrower shall be kept on record.
- (c) Copy of Loan Agreement shall be furnished to the borrower along with all the enclosures quoted in the Agreement.

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

- (a) Prior notice, in the vernacular language as understood by him / her / them, shall be given to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. and changes such as interest rate and charges are effected prospectively.
- (b) A suitable condition in this regard be incorporated in the loan agreement.
- (c) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

- (d) All securities on repayment of all dues or on realization of the outstanding amount of loan shall be released to the Borrower subject to any legitimate right or lien for any other claim against borrower. The borrower shall be given notice of set off, in case of exercise of such right, with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled / paid.

(iv) **General**

- (a) All required steps shall be taken to refrain the executives of the Company 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 lender).
- (b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise, i.e. the Company's objection, if any, shall 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) All required steps shall be taken to refrain the executives of the Company and its outsourcing agencies not to resort to undue harassment while recovering the loans viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The Company's staff and outsourcing agencies shall be trained, from time to time, to deal with the borrowers in an appropriate manner and also to ensure harmonious relations with the borrowers.
- (d) Repossession of Security / Vehicle should be in consonance with the terms of the Loan Agreement and Repossession is one of the recovery tools, which should be exercised as the last option in the recovery process. Repossession is a complex process wherein various aspects have to be taken care off, be it procedural or legal. As such repossession shall be avoided at any cost and the Recovery Team shall explore all other means to persuade the borrower to fulfill his obligations so as to avert repossession

(v) **Grievances**

The Borrowers' grievances, if any, arising out of decisions of the Company's functionaries shall be heard and disposed off at least at the next higher level and a consolidated report of such reviews are to be submitted to the Board at regular intervals to ensure compliance of the Code.

(vi) **Interest Rate and Gradation of Risk**

- (a) The Board of Directors has adopted an interest rate model / policy for determining the rate of interest to be charged on loans and advances taking into account relevant factors such as cost of funds, margin, risk premium, transaction / servicing cost, Profit Margin etc. The

rate of Interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower in the application form, sanction letter and also on the Company's Website.

- (b) The Company's approach to the gradation of risk does not discriminate between classes of borrowers, but rather carefully assessed on a case by case basis based on multiple factors such as Borrower's profile including cash flows (past, present and projected), other financial commitments, credit record, location, Loan Product type and profile, Loan to Value ratio, mode of payment, tenure of the loan, end use of the asset, the security for the loan as represented by underlying assets or other financial guarantees etc. Such information is gathered based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises.
 - (c) The Company follows a discrete interest rate model / policy whereby the rate of interest for same product and tenor availed during the same period by customers would not be a standardized one but could be different for different customers depending upon consideration of any or combination of one or more factors listed above.
 - (d) The company has adopted a policy of Minimum Interest (Lending) Rate shall be 1% (One percent) more than the weighted average cost of borrowing and Maximum shall not be more than 30% per annum for all secured loans and 36% for all unsecured loans. However, in case of small ticket loans and in cases where the borrower is situated at a distance place, the management is at liberty to charge premium over and above the stipulated interest rate, towards the transaction / servicing cost, with the concurrence of the Borrower. The internal audit team shall monitor implementation of the interest rate model and to report the exceptions to the Board.
 - (e) The rate of interest is subject to change as the situation warrants and is subject to discretion of the management of a case to case basis.
- (vii) **Review**
- (a) The Fair Practices Code, preferably in vernacular language as understood by the borrower, shall be put up on the Company's Website for the information of various stakeholders.
 - (b) The compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management are subject to the periodical review of the Board of Directors.

Annexure to Fair Practices Code

Grievance Redressal Mechanism

Dissemination of Information

1. Registered Office Contact Numbers together with mail ID are to be printed on Receipts being issued to the borrowers for the information of Borrowers to enable them to call the Head Office in case of any grievance.
2. Registered Office Contact Number together with mail ID is to be mentioned in Loan Sanction / Disbursal Communication wherein a specific request to be made to the borrowers to write to / contact the Registered Office in case of any dispute / grievance.

Redressal Mechanism

1. The following is the Dispute / Grievance Redressal hierarchy and all the complaints / disputes / grievance should be addressed and resolved by the concerned within a reasonable time frame and to report the ***Designated Official*** at Registered Office about the nature of dispute / grievance and its resolution status at regular intervals.

If the dispute / Grievance has arisen out the decisions of	Redressal Authority
Any Executive	Branch Manager / In-charge
Any Executive / Branch Manager / In-charge	Area Manager
Any Executive / Branch Manager / In-charge / Area Manager	State Head / Vice President
Any Executive / Branch Manager / In-charge / Area Manager / State Head / Vice President	Managing Director / Executive Director / Designated Director

2. The Designated Official should report all such complaints / disputes / grievances to the Board of Directors periodically for its review.
3. *The company shall appoint a principal nodal officer as per the guidelines of “Integrated Ombudsman Scheme-2021”*
4. A Notice is to be displayed at all the branches containing the contact details of the Grievance Redressal Officer of the Company together with the contact details of the Officer In Charge, DNBS, Reserve Bank of India, Hyderabad.

Notice to the Borrowers

- RBI has implemented the NBFC Ombudsman scheme and the contact details of Nodal Officer in case of any Grievance in your dealings with the Company's Executives are provided below. A detailed note on Ombudsman scheme is made available at branch and also in our website.

Prasanna Krishna KSS,
Land Phone No. 866-2474644, 2474633
Email ID: nodalofficer@ikffinapp.com

- **Contact the following in case your grievance is not redressed in one month.**

Officer In Charge,
Phone No. 040-23241270
Email ID: dnbshyderabad@rbi.org.in