

# KUMBHAT FINANCIAL SERVICES LIMITED

(CIN: L65991TN1993PLC024433)

Regd. Off.: No. 144, N.S.C. Bose Road, Sowcarpet, Chennai – 600 079.

Corp. Off.: 5<sup>th</sup> Floor, Kumbhat Complex, No. 29, Rattan Bazaar, Chennai – 600 003.

Tel: +91 95660 99991 / 95000 21161

Email ID: raju@kumbhatco.in

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## Fair Practices Code

of

## KUMBHAT FINANCIAL SERVICES LIMITED

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

(a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

(b) 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 informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.

(c) The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

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

The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The Company shall mention the penal interest charged for late repayment in bold in the loan agreement.

The Company shall furnish a copy of the loan agreement preferably in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

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

(a) The Company shall give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.

(b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

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(c) 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 claim, 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 the Company is entitled to retain the securities till the relevant claim is settled/paid.

### **(iv) General:**

(a) The Company shall 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 lender).

(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 shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The Company shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

(v) The Board of Directors of the Company shall also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

### **(vi)**

(a) The Board of Directors shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

(b) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest.

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(c) The rate of interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

(ix) The Company shall have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding: (a) notice period before taking possession; (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 property; (e) the procedure for giving repossession to the borrower and (f) the procedure for sale / auction of the property. A copy of such terms and conditions must be made available to the borrowers in terms of circular wherein it was stated that the Company may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

**(x) Details of Grievance Redressal Officer:**

**SHANTI KUMBHAT**

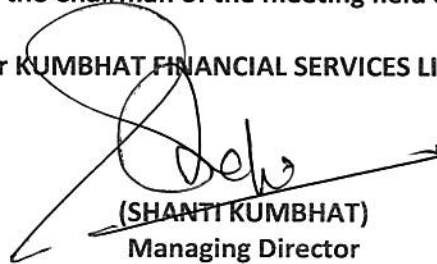
Managing Director  
5<sup>th</sup> Floor, Kumbhat Complex,  
No. 29, Rattan Bazaar,  
**Chennai – 600 003.**

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The above draft fair practice code is hereby accepted, approved and adopted by the Board and the same is signed by the Chairman of the meeting held on 18<sup>th</sup> April, 2017.

For KUMBHAT FINANCIAL SERVICES LIMITED



**(SHANTI KUMBHAT)**

Managing Director

DIN: 02720773

No. 5B, Parasu Street,  
Kilpauk,  
Chennai – 600 010.

For KUMBHAT FINANCIAL SERVICES LIMITED

Managing Director