

KUMBHAT FINANCIAL SERVICES LIMITED

(CIN: L65991TN1993PLC024433)

LOAN AND CREDIT POLICY FOR UNSECURED PERSONAL LOANS

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LOAN POLICY

1. INTRODUCTION

- 1.1. This loan policy ("**Loan Policy**") of Kumbhat Financial Services Limited ("**KFSL**") shall provide the guiding framework for the lending business of KFSL.
- 1.2. This Loan Policy shall be in compliance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**RBI Master Directions**") as amended from time to time as well as any other guidelines issued by the Reserve Bank of India ("**RBI**") in this regard.

2. OBJECTIVE AND SCOPE OF THIS LOAN POLICY

- 2.1. This Loan Policy outlines the guiding principles in respect to structuring and formulation of various loan/ credit facility products offered by KFSL to its customers and the terms and conditions governing the same.
- 2.2. KFSL shall disburse personal loans to individuals after a detailed evaluation in order to improve credit access for Indian households.
- 2.3. This Loan Policy shall be approved by the board of directors.

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3. TYPES OF LOANS

- 3.1. **Unsecured Personal Loans:** Collateral free loans that will be extended to borrowers based on their credit parameters as laid out in this Loan Policy.

4. KNOW YOUR CUSTOMER ("KYC") AND ANTI-MONEY LAUNDERING ("AML") GUIDELINES

- 4.1. The KYC and AML policy ("**KYC Policy**") of KFSL shall serve as a critical framework governing the on-boarding of customers across its product offerings.
- 4.2. The KYC Policy shall mandate the collection of all requisite KYC documents or digitally verifying the customer KYC details as specified by the RBI. The requisite KYC documents for loan processing are listed in Annexure 1:
- 4.3. KFSL recognises that stringent adherence to AML protocols is imperative during the loan sanctioning process. The team shall ensure that no loan accounts are created without undertaking due diligence of the customers in accordance with the KYC Policy.

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- 4.4. The primary objective of the KYC Policy shall be to safeguard KFSL against the exploitation by criminal entities for illicit money laundering activities.
- 4.5. Additionally, the KYC procedure shall facilitate a comprehensive understanding of customers and their financial transactions, thereby enabling prudent risk management practices.

5. PURPOSE OF LOANS

- 5.1. The loans shall be extended to the borrower who fulfils the KYC and credit requirements of KFSL and who requires short-term funds like working capital for establishment/ expansion of business or meeting personal liquidity requirements, etc.
- 5.2. Loans shall not be used for any speculative or illegal or unlawful purposes violating extant Indian laws.

6. CUSTOMER SELECTION AND CREDIT UNDERWRITING POLICY

6.1. Unsecured Personal Loans:

- 6.1.1. Any individual who is above 18 years of age and maximum of 75 years of age and fulfils the KYC requirements as per the KYC Policy will be eligible for an unsecured personal loan. Aadhar and PAN validation is mandatory.
- 6.1.2. Minimum loan value shall start from Rs. 100 per loan and the Maximum loan value shall be restricted to Rs. 25,00,000 per loan.
- 6.1.3. Customer risk profile will be evaluated on the basis of bureau score, past repayment history, own/rented house, and stability of stay at their current address.
- 6.1.4. These loans shall only be extended in Chennai, Bangalore, Hyderabad, Pune & Vijayawada.

7. LOAN APPROVAL PROCESS

7.1. Unsecured Personal Loans:

- 7.1.1. All KYC documents and necessary information must be submitted at KFSL's branches or on the digital lending application through which KFSL sanctions loans.

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7.1.2. Upon entering the customer information as submitted / shared by the customer, the business rule engine of KFSL will then analyse the data and evaluate if the customer is eligible for the loan as per this policy.

7.1.3. The approved loan amount will be determined based on the evaluation and policy. The loan amount along with other terms and conditions shall be communicated to the borrower for his/her approval.

7.1.4. The loan documentation shall be executed with the customer and then the loan amount will be disbursed into the customer's bank account.

8. TENURE

8.1. The loans offered by KFSL shall range from a minimum of 7 days to a maximum of 12 months.

8.2. Further, for loans offered through digital channels, KFSL shall provide the customers an explicit option to exit the loan by paying the principal and the proportionate annual percentage rate without any penalty in the form of a cooling period which shall not be less than 3 days or such higher period as approved by the board of directors of KFSL.

9. INTEREST AND OTHER CHARGES

9.1. Interest and other charges to be levied by KFSL shall be approved by the board of directors.

9.2. The interest rates and other charges shall be periodically reviewed and necessary revisions shall be approved as per the business and regulatory requirements. Any revision in interest and other charges shall only be with prospective effect.

9.3. The interest rates shall be decided based on the cost of funds, and also gradation of risk, the underlying principle being higher the risk higher the interest, within the ceiling rate decided by the board of directors of KFSL.

9.4. No loan shall be granted at a rate of interest less than the average cost of funds of KFSL without the specific approval of the board of directors.

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- 9.5. The interest shall be calculated for the actual number of days the loan remains outstanding as per the agreed terms of the loan from the date of loan disbursement to the date of full repayment.
- 9.6. The customer shall be liable to pay a prepayment penalty in line with the Interest Rate and Other Charges in this policy and intimated upfront to the customer.
- 9.7. For the purpose of calculation of interest, a year will be reckoned as 365 days. Interest will be calculated on a monthly compounding basis or simple interest basis depending on the scheme chosen by the borrower.
- 9.8. The interest rates shall range between 12% - 36% per annum depending on the schemes rolled out.
- 9.9. Penal charges

In the event of failure on the part of the borrower to repay the loan along with interest and other charges on the due date or within the grace period permitted, penal charges as shall be intimated to the borrower upfront and shall be charged for the period the loan remains outstanding over and above the due date for the due amount. The penal charge would range from 0%-5% per annum plus GST on the loan outstanding after the due date up to the date of closure of the loan for the actual number of days between the due date and date of closure or a flat % on loan amount when it crosses the due date depending on the scheme chosen by the customer.

KFSL will ensure that the penal charges are disclosed in bold upfront to the customer in the key fact statement and loan agreement.

Replaced the above clause by the following clause as approved at the board meeting held on 17.02.2025.

9.9. Penal charges

In the event of failure on the part of the borrower to repay the loan along with interest and other charges on the due date or within the grace period permitted, penal charges as shall be intimated to the borrower upfront and shall be charged for the period the loan remains outstanding over and above the due date for the due amount. The penal charge would range **from 0%-20% per annum** on the loan outstanding after the due date up to the date of closure of the loan for the actual number of days between the due date and date of closure or a flat % on loan amount when it crosses the due date depending on the scheme chosen by the customer. KFSL will ensure that the penal charges are disclosed in bold upfront to the customer in the key fact statement and loan agreement

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9.10. Other charges

In addition to the interest that KFSL may levy, other charges such as documentation charges, processing fees/charges, pre-closure/ prepayment charges, service charges, notice charges, cheque re-issue charges, top-up charges, legal expenses and such other charges approved by the board of directors and intimated to the borrower upfront may be levied by KFSL.

Type of Charges	Range
Documentation charges	Rs. 0 to Rs. 500 per loan
Processing fees	0% to 5% plus GST of loan value
Pre-closure/prepayment charges	0% to 5% of loan value
Cheque re-issue charges	Actual charges by the bank
Legal expenses	Actual expenses incurred by KFSL

10. DOCUMENTATION

10.1. Unsecured Personal Loan: KFSL shall provide the following documents to the customer during the loan application process:

- 10.1.1. Loan Application Form;
- 10.1.2. Terms and Conditions of KFSL and of its lending service providers and digital lending app including privacy policy in case of loans granted through digital channels;
- 10.1.3. Key fact statement;
- 10.1.4. Sanction letter; and
- 10.1.5. Loan Agreement (including repayment schedule)

10.2. A copy of the loan documentation kit shall automatically flow to the borrower on his/her registered email/SMS upon execution of the loan agreement.

11. REPAYMENT

11.1. Loans granted by KFSL shall be payable either on a monthly basis as per the EMI schedule or a bullet repayment as chosen by the borrower at the time of selection the

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loan offer and agreed by the borrower at the time of execution of loan documentation.
The interest on such loans shall accrue at monthly rests.

12. ASSETS CLASSIFICATION & ASSET PROVISION

12.1. Asset classification, income recognition, standard asset and NPA asset provision in case of all loans sanctioned under the various schemes formulated to cater to different segments, will be as per the norms prescribed by the RBI from time to time.

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13. REVIEW

13.1. The board of directors shall review this Loan Policy annually and on a need basis depending on the changes in the regulatory and business scenario. Additionally, for the introduction of any new lending products by KFSL, this Loan Policy shall be revised to incorporate the terms of such new loan products.

Annexure 1

Requisite KYC Documents

1. Aadhar Card
2. PAN Card
3. Current Address Proof*
 - a. Ration Card
 - b. Gas Bill
 - c. Electricity Bill
 - d. Rent Agreement
 - e. Drivers License
 - f. Bank Statement
 - g. Bank Passbook
 - h. Aadhar Card
 - i. Passport
 - j. Rent Receipts
 - k. Telephone Bill
 - l. Lease agreement
 - m. Company Issued Proof
4. Live Image of Customer
5. Bank Account Details for Disbursement
6. Nominee Details

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**In the event of the unavailability of a current address proof in the name of the borrower, relevant documentation will be taken to establish the current address proof of a legally related personnel of the borrower residing at the same address as that of the borrower with documentation proof of the relation.*