

KUMBHAT FINANCIAL SERVICES LIMITED

(CIN: L65991TN1993PLC024433)

CREDIT POLICY FOR PERSONAL LOANS

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1. Objective and Scope

This policy establishes the framework for offering **Personal Loans** by **KUMBHAT FINANCIAL SERVICES LIMITED (KFSL)**.

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.

It ensures adherence to fair lending practices, risk management, and compliance requirements.

2. Loan Eligibility Criteria

2.1. Borrower Profile:

- Salaried professionals, self-employed individuals, and business owners.
- Age limit: Minimum 18 years, Maximum 75 years.
- Indian residents with valid KYC documentation.

2.2. Know Your Customer (KYC) Compliance:

- To be undertaken as per the KYC-AML policy of KFSL

3. Loan Terms and Conditions

3.1. Loan Amount:

- Minimum ₹100; Maximum ₹25,00,000, based on borrower eligibility and income assessment.

3.2. Loan tenure:

- Maximum tenure: 48 months (for EMI/Interest payments)
: 12 months (for bullet repayments)

3.3. Interest Rates and Charges

- Interest rates are determined based on cost of funds to KFSL, risk assessment, operational costs, and prevailing market conditions in line with the interest rate policy of the Company.
- Charges, if any, shall be levied based on the Schedule of Charges as published by the Company from time to time or as determined in the loan agreement.
- The interest rates shall range between 12% - 36% per annum depending on the schemes rolled out

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4. Loan Application and Approval Process

4.1. Application Process:

1. Applicant submits a duly filled loan application form along with necessary documents.
2. Preliminary verification of documents and credit history is conducted by the loan processing team.

4.2. Credit Assessment and Approval:

1. Loan sanctioned based on **creditworthiness, repayment capacity, and credit bureau score.**
2. Internal risk grading mechanism applied for
 - a. new loan approvals.

Customer Profile	Risk Grading	Score
Credit Score: NTC-300 300-450 450-600 600+		5% 10% 15% 20%
Write-offs, Suit/Legal proceedings or settlements in last 12 months	Customer not eligible	Reject
Write-offs, Suit/Legal proceedings or settlements in last 12-24 months	Customer shall be evaluated basis other criteria	<ul style="list-style-type: none">• 20%- for no such suit/proceeding/write-off• 10% if they had suit/proceeding/write-off in last 24-36 months• 0% if they had suit/proceeding/write-off in last 12-24 months
Tenure/ Stability of stay in current address Own/rented Rented for < 3 months (Tenure of stay in previous rented space also to be evaluated- if < 3 months - no loan shall be given)		<ul style="list-style-type: none">• Own House- Customer's name - 20%• Own House- Customer's family name with self-declaration- 17%• Rented house - with valid proof, staying beyond 12 months - 15%

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		<ul style="list-style-type: none"> • Rented house - with valid proof, staying between 6-12 months - 12% • Rented house - with valid proof, staying between 3-6 months - 7% • Rented house - with valid proof, staying less than 3 months - 2%
No. of active unsecured loans excluding credit cards		<ul style="list-style-type: none"> • <2 loans - 10% • 2-3 loans - 5% • > 3 loans - 0%
Occupation/Profile of the customer for financial stability		<ul style="list-style-type: none"> • Employed - 10% • Business - 8% • Unemployed - 2%
End-Use criteria		<ul style="list-style-type: none"> • Consumption based - 5% • For purchase of another asset - 17% • Working capital requirement - 15% • Business purposes - 20% • Educational purpose - 10%

b. For Renewals/Top-ups - Repeat customers with better credit behaviour with KFSL will be offered better interest rates than a new customer with similar credit behaviour.

Customer Profile	Risk Grading	Score
Credit Score: NTC-300 300-450 450-600 600+		5% 10% 15% 20%
Write-offs, Suit/Legal proceedings	Customer not	Reject

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or settlements in last 12 months	eligible	
Write-offs, Suit/Legal proceedings or settlements in last 12-24 months	Customer shall be evaluated basis other criteria	<ul style="list-style-type: none"> ● 20%- for no such suit/proceeding/write-off ● 10% if they had suit/proceeding/write-off in last 24-36 months ● 0% if they had suit/proceeding/write-off in last 12-24 months
Current address - Own/rented	Customer- self declaration required on the app	<ul style="list-style-type: none"> ● Own House - 4% ● Rented house - 2%
No. of active unsecured loans excluding credit cards		<ul style="list-style-type: none"> ● <2 loans - 10% ● 2-3 loans - 5% ● > 3 loans - 0%
Occupation/Profile of the customer for financial stability		<ul style="list-style-type: none"> ● Employed - 10% ● Business - 8% ● Unemployed - 2%
Application for renewal/Top-ups	Customer requests on the app after paying interest	<ul style="list-style-type: none"> ● If applied and paid all dues to be eligible: <ul style="list-style-type: none"> a. on/before due date- 36% b. 1-30 days after due date-33% c. 31-60 days after due date-29% d. 61-90 days after due date-26% e. >90 days-Reject

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3. Final authority to approve/reject the loan is granted by the Credit Manager or Loan Sanctioning Authority based on internal risk assessment.
4. Loan sanction letter issued to the borrower detailing loan terms, tenure, interest rate, and repayment schedule.
- 5.

Score range	Interest Rate
<40%	Reject
40%-50%	22%-36%
50%-100%	18%-36%

5. Loan Disbursement and Repayment

5.1. Disbursement Process:

1. Loan agreement signed digitally or physically by the borrower.
2. All KYC documents and necessary information must be submitted at KFSL's branches or on the digital lending application through which KFSL sanctions loans.
3. Upon entering the customer information as submitted / shared by the customer, the business rule engine of KFSL will then analyse the data and generate a customer score.
4. The approved loan amount will be determined based on this score. The loan amount along with other terms and conditions shall be communicated to the borrower for his/her approval.
5. The loan documentation shall be executed with the customer and then the loan amount will be disbursed into the customer's bank account. KFSL shall provide the following documents to the customer during the loan application process:
 - a) Loan Application Form/Loan Agreement (including repayment schedule and examples of SMA/NPA classification dates, etc.);
 - b) 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;
 - c) Key fact statement;
 - d) Sanction letter; and
 - e) Demand promissory note (if applicable)
6. Any deviation from this Loan Policy will necessitate exception approvals, based on the Board approved approval matrix considering the loan amount and the reasons for such exception approvals shall be duly recorded
7. Post-verification, funds are disbursed directly to the borrower's bank account.
8. For loans, disbursement will be done via **NEFT/RTGS/cheque/IMPS (No cash disbursement)**.

5.2. Repayment Options:

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- **Bullet Repayment:** Principal and interest payable at the end of the tenure. Monthly/ quarterly/ half-yearly installments of interest with bullet principal payment
- **EMI-Based Repayment:** Monthly/ quarterly/ half-yearly installments of principal and interest.
- 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 as per the Interest Rate policy of KFSL.

6. Collection and Recovery Process

1. Reminder calls, emails, and SMS notifications sent before EMI due dates.
2. Soft collection calls for overdue payments within the **first 30 days**.
3. **Legal recourse initiated if the default period exceeds 90 days**, with necessary notifications and follow-up.
4. **No coercive recovery practices**; collections will be as per **Fair Practices Code (FPC)** of the company

7. Compliance and Reporting

- KFSL shall **adhere to RBI's regulatory reporting norms** for loan classification and provisioning.
- Periodic **internal audits and compliance checks** to ensure adherence to the loan policy.
- Loan transactions and customer interactions shall be recorded for audit and compliance purposes.

8. Customer Grievance Redressal

- KFSL shall adopt a separate Grievance Redressal Policy approved by the board of directors, which shall detail the redressal mechanism.

9. Review and Amendment Policy

- The Personal Loan Policy will be **reviewed annually** by the Board.
- Any amendments will be made in compliance with **RBI regulations and market conditions**.