



Fair Practices Code

KOTAK MAHINDRA PRIME LIMITED

FAIR PRACTICES CODE

INTRODUCTION

The Reserve Bank of India vide its Master Direction – Non Banking Financial Company – (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 has issued guidelines on Fair Practices Code for Non-Banking Finance Companies which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice.

It is, and shall be, our policy to make credit products available to all qualified applicants without discrimination on the basis of race, caste, colour, religion, gender, marital status, age or handicap.

Our policy is to treat all the clients consistently and fairly. Our employees will offer assistance, encouragement and service in a fair, equitable and consistent manner. We will also communicate our Fair Practices Code to our customers by placing it on the company's website in English and major vernacular languages.

We shall ensure that charges/fees which affect the interest of the prospective borrowers are appropriately informed to the borrower. Terms and conditions pertaining to the facility will be conveyed to the prospective borrowers. We commit that disputes arising out of the lending decisions will be appropriately resolved by a grievance redressal mechanism set up by us.

We will ensure that the implementation of the Fair Practices Code is the responsibility of the entire organisation. The Company's Fair lending practices shall apply across all aspects of our operations including marketing, loan origination, processing, servicing and collection activities. Our commitment to Fair Practice Code would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company's Board of Directors and the management Team is responsible for establishing practices designed to ensure that our operations reflect our strong commitment to fair lending and that all employees are aware of that commitment.

Kotak Mahindra Prime Limited (KMPL) is committed to providing service of the highest quality to its clients.

This Fair Practices Code applies to the following categories of products and services offered by us (currently offered or which may be introduced at a future date)

1. Loans and other financial products offered by KMPL
2. Third Party products offered through our network

The Fair Practices Code is applicable to the above irrespective of whether the same is provided at the Branch, over the phone, on the internet or by any other method we may be currently using or may introduce at a future date.

(Commitments made in the Code are applicable under normal operating environment).

KEY COMMITMENTS

The key commitments which we promise to follow in our dealing with our customers:

- a. Act fairly and reasonably in all our dealings with our customers by ensuring:
 - Our products, services, procedures and practices will meet the commitments and standards in this Code.
 - Our products and services will meet relevant laws and regulations
 - Our dealings with our customers will rest on ethical principles of integrity and transparency.
- b. We will assist customers in understanding how our financial products and services work by
 - Providing information about them in simple Hindi and/or English and/or the local language
 - Explaining their financial implications and
 - Helping the customer choose the one that meets his/her needs.
- c. We will make every attempt to ensure that customers have a trouble free experience in dealing with us; but if something does go wrong, we will deal with the same quickly and sympathetically
 - Mistakes will be corrected quickly
 - Complaints will be handled quickly
 - In case a customer is not satisfied with the way a complaint is handled, we will guide the customer on how to take the complaint forward
 - We will reverse any charges applied to a customer's account due to an error on our part
- d. The Code will be publicized by us through our website.

INFORMATION

We will guide our customers in choosing products and services which meets his / her requirements.

- a. Before the customer relationship is established, we will:
 - Give the customer information explaining the key features of the services and products the customer has shown interest in
 - Give information on accounts, products and services which may suit the customer's needs
 - Clearly state the information that we require to collect from the customer to fulfill our KYC norms and to comply with legal and regulatory requirements
 - Request for additional information about the customer and his / her family to build a database but this information is furnished by the customer only if she / he wishes to do so.
- b. We will provide information on the various channels that can be used to access its products and services. The customer will also be informed on where further information on this is available.
- c. Once a customer has chosen a product, we will tell the customer how it works
- d. We will guide our customer on rights and responsibilities specific to the mode of operation under which the product is taken

- e. All Terms and Conditions will be fair and will set the customer's rights and responsibilities clearly and in plain language. We will use legal or technical language only where necessary.

APPLICATIONS FOR LOAN AND PROCESSING

- i. Loan application forms shall include all the necessary information which are likely to affect the interest of the prospective customer (e.g EMI, charges, tenure etc).
- ii. KMPL Sourcing team may provide list of Documents required from customer at the time of submission of Loan application Form.
- iii. We shall give acknowledgement for receipt of all loan applications
An indicative time frame within which loan applications will be disposed of will be indicated in the acknowledgment

LOAN APPRAISAL AND TERMS/CONDITIONS

We shall convey to the customer by way of sanction letter or otherwise, the amount of loan sanctioned along with terms and conditions including annualized rate of interest and keep the acceptance of these terms and conditions/key fact statement (as applicable) by the customer on Company's Record

LOAN AGREEMENT

- i. We shall furnish a copy of loan agreement along with all enclosures if any to customer in English. If the customer does not understand English, we shall explain the contents in the vernacular language as understood by the customer.
- ii. Decision to recall/accelerate payment or performance under the agreement will be in consonance with the respective loan agreement.
- iii. We 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 we may have against borrower. If such right of set off is to be exercised, under the terms of the loan agreement agreed upon by the Borrower, the borrower shall be given adequate notice about the same with full particulars about the remaining claims/dues and the conditions under which NBFCs are entitled to retain the securities till the relevant claim/dues is settled / paid to the satisfaction of us.
- iv. We 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 information, not earlier disclosed by the borrower, has been noticed).

INTEREST RATES

- a. At the time of availing of a loan, we will provide the customer with information on when the interest will be debited to the account
- b. The loan agreement shall contain sufficient information about interest rates.

- c. We shall give notice to the borrower of any change in the interest rates and the same would be effected prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.
- d. We will also provide customers with information such as website address and Customer Contact Centre numbers
- e. Interest is charged from the date of disbursement of funds to the customer/ cheque handover date, as applicable.

CHARGES

- a. The loan agreement shall contain sufficient information about any charges
- b. We shall give notice to the borrower of any change in existing charges / introduction of new charge and the same would be effected prospectively. A suitable condition in this regard shall be incorporated in the loan agreement
- c. We will communicate (to customers) charges for any service or product before providing the same
- d. We will provide details of charges for any service or product whenever the customer requests for the same
- e. The penal charges for late repayment will be mentioned in bold in the loan agreement.
- f. Penalty for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. The Company shall be guided by the RBI guidelines with regard to levy of penal charges.
- g. We will not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s) and any other such category of borrowers as may be specified by RBI from time to time.
- h. Changes in charges from time to time are updated on company website at <https://www.primeloans.kotak.com>.

RECOVERY OF LOANS

- a. We shall not resort to undue harassment, use of muscle power for recovery of loans.
- b. The staff would be adequately trained to deal with customers in appropriate manner.
- c. The loan agreement shall have a built in repossession clause to ensure transparency of the terms and conditions relating to the same.
- d. No customer would be called with respect to recovery related matters before 8am and after 7pm in the evening or such time as specified by RBI from time to time.

TRANSFER

Upon request from the customer for transfer of account, consent / objection shall be communicated to the customer within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

ADVERTISING AND MARKETING

- a. We will ensure that all advertising and promotional material is clear, fair reasonable and not misleading.
- b. We will provide the customers with a full range of financial products the customer is eligible for. Some of these products / services will be our own; some others may be the products companies with which we have tie-up arrangements. We will inform the customer of companies with which we have entered into a business arrangement and if the customer so desires, we will direct the staff / agents of the company for marketing their products / services.

REVIEW OF FPC AND GRIEVANCE REDRESSAL

- a. The Board of Directors shall review the compliance of the fair Practices Code and the functioning of the grievances redressal mechanism on a quarterly basis, within two months from the end of each quarter.
- b. The consolidated report of such reviews shall be submitted to the board on annual basis within two months from the end of the financial year.

CONFIDENTIALITY

- a. Unless authorized by the customer we will treat all personal information as private and confidential
- b. We will not reveal transaction details to any other entity other than the following exceptional cases
 - If we have to provide the information by statutory or regulatory laws
 - If there is a duty to the public to reveal this information
 - If our interest requires us to provide this information (eg fraud prevention). We will not use this reason for giving information about customers to anyone else for marketing purposes.
 - If we have taken the customers permission (for instance at the time of loan sanctioning) to provide such information to / associate / entities or companies for providing other products or services
 - Where the customer asks us to reveal such information to / associate / entities or companies for providing other services or products

LOANS AND ADVANCES

- a. Before lending money, or any other borrowing, we will assess the ability of the customer (borrower) to repay
- b. Before granting the loan, we will inform the customer if the same is repayable on demand or otherwise

INTEREST RATES MODEL

The company has an interest rate model which takes into account relevant factors such as the following to decide upon the lending rate.

- (a) Borrowing Cost
- (b) Operating Cost
- (c) Risk Premium for the product and the borrower
- (d) Return on Assets required
- (e) Tenure of finance facility
- (f) Any other relevant factor such as prevalent market lending rates in the industry, etc.,

The company has an Asset and Liability Committee (ALCO) meeting on a monthly basis in which treasury department will discuss, guide and advise the businesses on borrowing cost for various tenures. The company is also empowered to vary the rate of interest in between the month if any of the above factors undergo a significant change.

The businesses will charge different rates of interests for different customers under similar products or different rates for same customers under different products, depending on gradation or risk of the customer and of the products. Accordingly, the rate of interest charged is in the range of 6% to 36% p.a.

The rates of interest and the approach for gradation of risks shall be made available on website of the Company. The information published on the website shall be updated whenever there is a change in the rates of interest.

All rates of interest will be on annualized basis and will be communicated to the customers. The penal charges will be charged as per the agreement with the customer and will also vary from customer to customer and/or products to products.

The rate of interest and the approach for gradations of risk is disclosed to customer in the loan application form and the same available on website of the company at <https://primeloans.kotak.com/policies.htm>

LOAN SOURCED BY DIGITAL LENDING PLATFORMS

Wherever the Company engages Digital Lending Applications/Lending Service Platforms to source borrowers and/ or to recover dues, same shall be in accordance with RBI guidelines on Digital lending issued from time to time

RELEASE OF MOVABLE/IMMOVABLE PROPERTY DOCUMENTS ON REPAYMENT/ SETTLEMENT OF PERSONAL LOANS BY INDIVIDUALS

The Company shall adhere to applicable RBI guidelines with respect to release of original movable/immovable property documents.

RESET OF FLOATING INTEREST RATE ON EMI

The Company shall adhere to RBI guidelines on reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans to individuals, as per its internal policy in this regard.

FURTHER ASSISTANCE

Complaints / Grievances and Feedback / Suggestions – Internal Procedures

- a. We will guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome. Our staff will assist with any questions.
- b. After examining the matter, we will send a response as soon as possible; we will also guide a customer on how to take the complaint further if the customer is not satisfied.
- c. We will display at our branches the name and contact details of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against our Company.
- d. We will display at our branches salient features of the Integrated Ombudsman Scheme 2021 and the contact details of the Centralised Receipt and Processing Centre (CRPC), RBI.

Feedback and Suggestions

We request our customers to provide feedback on our service to help improve services.

MONITORING

We have an Officer to ensure compliance of the Code. Our internal auditing procedures make sure we meet the Code.

- Principal Nodal Officer : Ms. Delnaz Balsara
- Email Id : pno.kprime@kotak.com
- Telephone No. : 022-69781706

MORE INFORMATION ABOUT THE CODE

The code will be available on our website and copies will be made available on request

QUERIES/ GRIEVANCE REDRESSAL – MECHANISM

For Grievance Redressal Procedure Refer M2.01.01 Grievance Redressal policy