

Kotak Mahindra Investments Limited  
Fair Practice Code

Approval authority	Board
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Owner of the policy	Compliance / Operations
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## **INTRODUCTION**

The Reserve Bank of India has drafted the 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, sex, 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 Practice Code to our customers by placing it on the company's website.

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 Investments Limited 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**

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. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. our objection, if any, will 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.

### **LOAN AGREEMENT**

We shall furnish a copy of loan agreement and all other documents relating to the said loan in English. If the borrower does not understand English, we shall explain the contents in the vernacular language as understood by the borrower. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

### **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, charges, etc.
- c. We will ensure that changes in interest rates and charges are effected only prospectively and suitable condition in this regard will be incorporated in the loan agreement.
- d. We will also provide customers with information such as Website address and Customer Contact Centre number.

### **CHARGES**

- a. We will make available any charges applicable to products and services applicable at the time a customer signs up for the same
- b. If we increase any charges or introduce a new charge, we will notify the same to the customers and the same would be effected prospectively.
- c. We will communicate (to customers) charges for any service or product before providing the same
- d. We will provide charges for any service or product whenever the customer requests for the same
- e. The penal interest charged for late repayment will be mentioned in bold in the loan agreement.
- f. We will not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers other than business loans to individual borrowers, with or without co-obligant(s).

## **RECOVERY OF LOANS**

- a. We shall not resort to undue harassment for recovery of loans.
- b. The staff would be adequately trained to deal with customers in appropriate manner.

## **TERMS AND CONDITIONS**

- a. When a customer accepts a product or service for the first time, we will provide the customer with the Rules and Regulations that are relevant to the product / service.
- b. 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.
- c. Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement or as per sanctioned terms.
- d. 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, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which NBFCs are entitled to retain the securities till the relevant claim is settled / paid.
- e. 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).

## **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 of the group or companies with which we have tie-up arrangements. We will inform the customer of these group companies / 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**

- a. The Board of Directors would review the compliance of the fair Practices Code and the functioning of the grievances redressal mechanism on a quarterly basis, within one month from the end of each quarter.

- b. The consolidated report of such reviews shall be submitted to the board on annual basis within one month 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 including within the group 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 (including group companies) for marketing purposes.
  - If we have taken the customers permission (for instance at the time of loan sanctioning) to provide such information to our group / associate / entities or companies for providing other products or services
  - Where the customer asks us to reveal such information to our group / 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
- c. We shall give acknowledgement for receipt of all loan applications.

#### **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) Any other relevant factor such as prevalent market lending rates in the industry, etc.,

The company has an Asset and Liability Committee (ALCO) which will advise the businesses on the borrowing rates on a monthly basis considering all the above factors. The ALCO 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 of risk of the customer and of the products.

The interest rates will generally be in range from 5% to 30% depending on the above parameters. All rates of interest will be on per annum basis and payable at the frequency clearly mentioned in the sanction letter. The penal rate of interest will be charged as per the agreement with the customer and will also vary from customer to customer and/or products to products.

## **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.

### **Feedback and Suggestions**

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

## **MONITORING**

We have appointed Nodal Officer to ensure compliance of the Code. Our internal auditing procedures make sure we meet the Code. Periodical reporting to Senior Management for compliance is done for compliance with Fair Practice Code.

### **MORE INFORMATION ABOUT THE CODE**

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

## **GRIEVANCE REDRESSAL – CONTACT DETAILS**

For any grievances, you may contact the Grievance Redressal Officer/Nodal Officer at the following address:

Kotak Mahindra Investments Limited  
12BKC, 3rd Floor, Plot C-12, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051  
Email : [kmil.helpdesk@kotak.com](mailto:kmil.helpdesk@kotak.com)



In case you are not satisfied with the decision / resolution of the Company or have not received any response within a period of one month, you may approach the Officer in Charge of the Regional Office of Department of Non-Banking Supervision of RBI at the address given below:

**Department of Non-Banking Supervision**

Mumbai Regional Office,  
3rd Floor, Reserve Bank of India,  
Opposite Mumbai Central Railway Station,  
Byculla, Mumbai 400 008  
Phone : (022) 23084121  
Fax: (022) 23022011  
Email: [dnbs@rbi.org.in](mailto:dnbs@rbi.org.in)

**Reserve Bank Integrated Ombudsman Scheme-2021**

The company has appointed Principal Nodal Officer under Integrated Ombudsman scheme for representing the Regulated Entity and furnishing information on behalf of the Regulated Entity in respect of complaints filed against the company.

The company has displayed the name and contact details of the Principal Nodal Officer along with the details of the complaint lodging portal of the Ombudsman on website of the company at [Kmil.co.in](http://Kmil.co.in).