

# **HI-KLASS TRADING AND INVESTMENT LIMITED**

## **Consumer Credit Policy**

### **About the Company**

1. M/s. Hi-Klass Trading and Investment Limited (the 'Company') is an Investment Company registered with Reserve Bank of India as a Non-Banking Financial Company without accepting public deposits.
2. The Company was incorporated on April 08, 1992 and commenced its business thereon. The equity shares of the company were listed on Bombay Stock Exchange Limited.
3. The Registered Office of the Company is situated at "02, SHANTI KUTIR BUILDING, SHIVAJI ROAD, OFF M G ROAD., Kandivali West, Mumbai, Kandivali West, Maharashtra, India, 400067

### **OBJECTIVE AND SCOPE OF THE POLICY:**

- a) M/s. Hi-Klass Trading and Investment Limited (Company) is registered with Reserve Bank of India (RBI) as a non-deposit accepting NBFC. Being an NBFC, it has to comply with Guidelines / Directions issued by RBI from time to time. The Company's Credit Policy is the framework, which defines the principles for its lending business. The Company shall duly implement and keep the Credit Policy including the Appendices and any amendments thereto up to date, in accordance with any regulatory, corporate or other legal requirements.
- The company shall undertake a comprehensive review of its existing sectoral exposure limits relating to consumer credit and shall establish Board-approved exposure limits for various sub-segments within the consumer credit portfolio, as deemed appropriate by the Board in line with prudent risk management practices.
- Specifically, the Board shall prescribe limits for all unsecured consumer credit exposures. The limits so approved shall be strictly adhered to and shall be subject to continuous monitoring by the Risk Management Committee.

The objectives of this Policy are as below:

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- i. To create a set of standardized policies and procedures for the lending activities of M/s. Hi-Klass Trading and Investment Limited.
- ii. To institute due diligence for mitigating level of credit risks and improve credit quality.
- iii. To define overall risk appetite.
- iv. To establish underwriting framework- including maximum credit limits, risk limits, etc.
- v. To ensure thorough Credit appraisal and proper monitoring of all outstanding Credits. This includes both; supervision of outstanding Credits as well as recovery of overdue Credits.

- vi. This Credit policy provides an overall description of all stages of the lending process.
- vii. To mitigate credit risk through robust appraisal, due diligence, monitoring, and recovery mechanisms.
- viii. To ensure diversification of the credit portfolio and avoidance of excessive concentration risk.
- ix. To maintain high standards of transparency, governance, and regulatory compliance.
- x. To establish structured reporting to the Risk Management Committee (RMC) and the Board.

In pursuing its business, M/s. Hi-Klass Trading and Investment Limited will operate according to the highest ethical and compliance standards and constantly seek to follow best practices in the industry. Under no circumstances will contravention of laws and relevant regulations would be tolerated.

### **Business Strategy and Business Operations:**

- I. M/s. Hi-Klass Trading and Investment Limited have business operations need to be financially sustainable i.e., all expenses shall have to be met from income essentially from interest earned on credit extended in addition to income from investments and fees collected from services extended to customers. The Company may give credit to any Body Corporate(s), firm(s), Individuals, etc.
- II. Business Segments
  - Retail Lending: M/s. Hi-Klass Trading and Investment Limited aims to extend Credits, to the public for personal credits including consumer durables, travel, marriage and such. The Credit Policy enumerates on the customer segments, purpose of Credit, process of Credit approval and disbursal, interest rate determination of the Credit disbursal and charges to be borne by an individual customer. The detailed Credit policy on MSMEs shall be taken up consequently.
  - Corporate Lending: The Company can further extend Credits to any Body Corporate(s), firm(s), non-individual entities.
  - Other Segments / Credit Products: The Credit Committee can further determine product parameters for retail lending and set limits on total book size for each product. The Credit policy has been framed in line with the Fair Practices Code prescribed by RBI.
- III. Sanctioning Authority
  - Board of Directors (herein after referred to as ‘Authority’ or ‘the Board’) shall be the sanctioning authority. Authority may approve the proposal from any other sector on case to-case basis covering the entire spectrum of aspects viz. Purposes, size, interest rate, term, repayment terms, and security required and any other conditions will be as decided by the Board.
  - The sanctions accorded by the Board shall be placed before their ensuing meeting for the purpose of review and ratification.
  - The Board may directly approve any particular Credit or any other feature of the Policy

## **PURPOSE OF CREDIT:**

- The Company's lending business shall cater to the financing requirements of both existing customers and open market customers, with the objective of meeting a broad spectrum of legitimate funding needs across approved credit products.
- Credit facilities shall be extended strictly for lawful and permissible purposes, as defined under the respective product guidelines and internal policy framework.
- The Company may also extend credit facilities to corporate and other non-individual entities( Body corporates) to support their business and operational requirements, subject to its defined risk appetite, exposure limits, and the applicable regulatory framework.

## **CREDIT UNDERWRITING:**

The process from the receipt of customers' request and communication of the final approval of facility will be as under:

### **i. Credit Approval process: -**

The process will start from the receipt of customers' request and the processing of same, including approval of the credit facility. The process ends with the communication of an approval of facility to the customer through a term sheet/sanction letter.

### **ii. Credit Application:**

A prospective customer shall submit a duly completed credit application form, either through online or offline channels, expressing interest in a specific credit product. The application shall be accompanied by the prescribed documents and information required for processing and credit appraisal.

### **iii. KYC Document Verification:**

The documents and information submitted by the customer shall be reviewed and analyzed through appropriate technological systems and/or by qualified personnel, in accordance with the Company's underwriting standards and internal control procedures.

### **iv. Credit Appraisal:**

This step involves arriving at a decision to provide the Credit or not. M/s. Hi-Klass Trading and Investment Limited shall require additional documents such as income statement, PAN, Form16 or other considered necessary from the customer.

### **v. Key Facts Statement :**

An NBFC shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the **Annex I**.

### **FINAL DECISION ON SANCTION: -**

The final decision to sanction or reject any credit facility shall rest solely with M/s. Hi-Klass Trading and Investment Limited, in accordance with the approved Delegation of Authority and Credit Policy.

Sanction shall be based on proper assessment of the applicant's:

Repayment capacity (income analysis)

Credit history and repayment behaviour

Compliance with internal exposure limits and product norms

Given the Company's focus on unsecured retail lending, underwriting standards shall be stringent and risk- sensitive. Credit facilities shall be sanctioned only after a comprehensive assessment of both the **ability and intention to repay**, based on verified income documents, cash flow analysis, and repayment track record.

The Company may also utilize alternative data analytics and internal credit scoring models to evaluate creditworthiness. In addition, a satisfactory credit bureau report, including CIBIL or other recognized credit information companies, shall be mandatory, subject to applicable regulatory requirements.

### **PROCESSING FEE: –**

M/s. Hi-Klass Trading and Investment Limited has decided to charge a processing fee at applicable rates from time to time. Any revision in these charges would be implemented on prospective basis with due communication to customers. These charges would be decided upon by the respective business / Function heads in consultation with Operations, Finance, Compliance and Legal Heads.

### **OTHER CHARGES:-**

The following charges, as may be applicable, shall be levied in accordance with the sanction terms and disclosed to the borrower at the time of availing the credit facility:

- Prepayment / Foreclosure Charges
- Penal Charges / Additional Interest for delayed or overdue payments
- PDC / ECS / NACH Swap or Re-presentation Charges
- Loan Cancellation Charges
- EMI Bounce / Dishonour Charges
- Legal and Recovery-Related Expenses

All charges shall be applied transparently and in compliance with applicable regulatory guidelines and the Company's approved schedule of charges.

### **TENURE:**

Retail credit facilities shall be sanctioned for a tenure not exceeding five (5) years. In addition, to ensure optimal utilization of deployable funds, the Company may place short-term deposits or extend credit facilities, including inter-corporate deposits, for a period not exceeding one (1)

Under no circumstances shall the tenure of any credit facility exceed twenty (20) years from the date of disbursement.

#### **DETERMINATION OF INTEREST RATES:**

1. The base interest rate comprises of the cost of funds, operational costs and the minimum rate of return desired. The further spread will take into account the factors in the creditworthiness of the customer in the form of risk premium.
2. Other relevant factors have been enumerated below:
  - Interest shall be accrued and charged periodically but not less than monthly rests. Fees/ charges may be levied upfront or at other specific intervals as per the agreed terms and conditions.
  - Some fees or commissions may have to be paid before the commencement of a facility; the customer shall be required make advance payment of such funds to M/s. Hi-Klass Trading and Investment Limited.
  - In all cases, the effective interest rate shall be clearly communicated to the customers, all fees, commissions, interest rates and their calculations shall be transparent and explained in a manner that could be understood by the customers, in compliance with the FPC, and the duplicate term sheet duly signed shall be obtained from the borrowers in token of acceptance of the terms and conditions of the facility.
  - Interest Rate policy will be reviewed periodically to take into account market forces, inflation and risk factors.
  - Interest rate structure may vary among borrowers depending upon the risk factors & need for achieving operational & financial sustainability. The Credit Authority will go through the rate recommended and give approval in all such cases.
  - The sanctioning authority shall record specific reasons in writing at the time of sanctioning Credits, in case no interest is stipulated or a moratorium for principal or interest is granted for any period.
3. The rate of interest shall majorly depend on three overarching major factors:
  - **Cost of Funds:** At present, the Company's funding requirements—both equity and debt—are met by *M/s. Hi-Klass Trading and Investment Limited* at internally determined rates. Going forward, the Company may diversify its funding sources through bank borrowings, issuance of debentures, commercial papers, or other permissible instruments. The prevailing cost of such funds shall form a primary component in pricing the credit facilities.
  - **Operational Costs:** This includes expenses incurred towards credit appraisal, due diligence, document processing and verification, manpower deployment, and any required in-person interactions or field investigations.
  - **Technology Costs:** Expenditure on technology infrastructure, digital platforms, credit assessment tools, data management systems, and related technological support shall also be factored into the pricing structure.

- **Business Forecasting and Planning Objectives:** The Company operates in accordance with its Annual Operating Plan, which includes targeted benchmarks for Return on Equity (RoE) and Return on Assets (RoA). Accordingly, the interest rate shall incorporate an appropriate margin to ensure achievement of these financial objectives.

### **REPAYMENT:**

The Credit may be repayable in one or more tranches per the terms agreed upon. However, the cut-off date for repayment may be extended by the sanctioning authority for any particular case. Where such cut-off date for repayment is extended beyond a period of one year from the due date, the sanctioning authority shall record specific reasons in writing for such extension.

### **SECURITY:**

In respect of secured credit facilities, the borrower shall, as consideration for the credit granted, create and perfect such security interest in favour of the Company as may be stipulated in the sanction terms. This may include, inter alia, hypothecation, pledge, mortgage, lien, assignment of receivables, personal or corporate guarantees, and execution of a demand promissory note, wherever applicable.

All security documents shall be duly executed, legally enforceable, and perfected prior to or in accordance with disbursement conditions.

### **COLLATERALS:**

Where deemed necessary to enhance the creditworthiness and mitigate repayment risk, the Company may require the inclusion of a co-borrower or guarantor as a condition precedent to sanctioning the credit facility.

### **MONITORING & REVIEW OF THE POLICY**

The Board of Directors of the Company shall monitor and review the Policy periodically/Annually or as and when required and can amend this Policy as and when deemed fit. The Policy is reviewed and recommended by the Audit Committee at its meeting held on 13<sup>th</sup> February 2026, approved by Board of Directors at its meeting held on 13.02.2026