

Risk Mitigation Policy

<p>Financial Risks</p>	<p>Company is promoted by Promoters having considerable 30 years of experience in the lending market. The Promoter have 72% stake in the Company by way of paid up capital. Further the company has BanyanTree Capital Private Equity Fund which holds 28% in the company.</p> <p>Risk Perception – Low</p>
<p>Business and Industry Risks</p>	<p>Stiff Competition: : KFL offers vehicle financing to its customers in diverse set of industries. It is primarily focused to cater to credit requirements of various customers across varied sectors. Company is promoted by Mr Sandireddy Lakshmi Narayana Managing Director, has more than three decades of experience in the vehicle finance industry. Further company is backed by experienced and professional management therefore they have ability to respond to market conditions and ability to offer structured product which will help it face competition</p> <p>Risk Perception: Medium</p> <p>Interest Rate Risk: Interest rate on loans disbursed is contingent on a number of factors including the tenor of the loan, the internal and external cost of funds, internal cost loading and the credit strength of the customer. Given the nature of the industry, the Company is able to generally pass on the incremental funding cost to the borrowers.</p> <p>Risk Perception: Low</p> <p>Credit Risk (Asset quality): KFL is very selective in lending and has stringent credit sanctioning and monitoring policy. KFL will primarily focus on secured advances. The lending policies are aimed at ensuring that loan portfolio remains of a high quality. The Company will also maintain prudent provisioning. <i>The Company's exposure to customers is well diversified and no single customer contributes to more than Rs. 20 Lakh of outstanding loans with Average Ticket Size of Rs. 1,12,418.</i></p> <p>Risk Perception: Low</p> <p>Operational Risk: The Company has developed a system of internal controls, systems and procedures to monitor and mitigate risk. Risk perception: Low</p> <p>Funding Risk: The Company is well capitalized as on March 31, 2022.</p>

	<p>Going ahead Company plans to raise funds by various sources of funds viz., NCDs, TL, CPs thereby diversifying the funding sources etc. These alternatives will provide the company flexibility to raise funds from various sources.</p> <p>The Company’s objective is, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust liquidity management system. In order to maintain positive ALM company maintains adequate Cash & Cash Equivalents (incl. investment in liquid assets). It also maintains adequate sources of financing including debt and overdraft undrawn credit lines from banks/FIs at an optimized cost.</p> <p>Risk Perception: Low</p> <p>Regulatory risk: KFL has formulated adequate risk framework and policy to comply with regulatory risks. The company has formed ‘Risk Committee’ especially to look after regulatory compliances mainly capital adequacy, corporate governance, provisioning norms and other RBI guidelines. KFL has constituted various committees like Audit Committee, Asset Liability Management, Compensation Committee, Executive and Management Committee to manage respective functions. KFL has laid down credit and risk policy norms within the organization.</p> <p>Risk perception: Medium</p>
<p>Management Risk:</p>	<p>The management of the company consists of well qualified professional persons who have sound cumulative experience of more than two decades in the financial services market. The Company under the supervision of management along with team of more than 950 employees has become one of the leading players in the vehicle financing market. The company is promoted by Mr. Sandireddy Lakshmi Narayana who is a first generation entrepreneur and has rich experience in the vehicle financing markets in India for more than 30 years.</p>