

FAIR PRACTICE CODE

The Reserve Bank Of India, by its notification no RBI/2006-07/138 DNBS.(PD)/CC no. 80/03.10.042/2005-06 dated 28th September 2006 read with notification no RBI /2011-12/470 DNBS.PD/CC. No. 266/03.10.01/2011-2012 dated 26th March 2012 has issued guidelines on Fair Practice Code for all Non Banking Financial Companies (NBFCs).

Further the said guidelines for Fair Practice Code has being revised by RBI vide their notification no *RBI/2012-2013/416 DNBS.CC.PD.No. 320/03.10.01/2012-13 dated February 18, 2013* under section 45L of Reserve Bank of India Act 1934. The revised FPC to be approved by Board of Directors of all Non Banking Financial Companies (NBFCs).

Ashika Credit Capital Ltd (ACCL) is a RBI registered non deposit taking NBFC Company carrying on NBFi activities.

OBJECTIVE OF THE CODE:

- ❖ Promote good, fair and trustworthy practices in dealing with the customers;
- ❖ Greater transparency to enable the customers to have a better understanding of product and what they can reasonably expect of the services.
- ❖ Promote a fair and cordial relationship between the customers and the Company.

(i) Application for loans and their processing :

- a) All communication to the borrower shall be in English or in vernacular language as understood by Borrower.
- b) Application Form for loans will include necessary information, which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by borrower.
- c) All the terms and conditions for loans should be detailed in the application form itself. The loan application form will indicate the documents required to be submitted for processing the application. However the company may depending on the credit requirements require other documents from customers as it may deem fit.
- d) The Company will issue acknowledgement for receipt of all loan applications and such acknowledgement will also indicate the date within which the application will be disposed off which in normal case shall not exceed 10 working days from the date of receipt of the completed form with all requisite documents .

(ii) Loan Appraisal and Terms and Conditions :

- a) The Company will inform in writing to the borrower in english or vernacular language as understood by borrower, the outcome of Loan Application by means of a sanction letter or otherwise The sanction letter shall contain the amount of loan sanctioned, the terms and conditions including annualized rate of interest, processing fee (if any), date of interest payments due, penal interest charges, loan tenure, repayment schedule, commencement date and method of application thereof etc.
- b) The Company will keep the acceptance of these terms and conditions by the borrower on its record. The loan shall be disbursed only on receipt of such acceptance.
- c) Penal Interest /Overdue Interest for late repayment shall be mentioned in sanction letter / loan agreement in bold so as to draw attention of the borrower .
- d) Company will invariable furnish a copy of Loan Agreement along with copy of each enclosures quoted in the Loan Agreement to its borrower at the time of sanction /disbursement of Loan.

(iii) Disbursement of loans including changes in terms and conditions :

- a) The Company will give notice to the borrower in English or vernacular language as understood by borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Any change in interest rates and charges shall be effective only prospectively .
- b) Any decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.

(iv) Release of Security :

- a) The Company shall 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; the Company may have against borrower.
- b) If the company has any claim against the borrower in respect of loan outstanding and repayment of all dues or on realization of outstanding amount of Loan, the company shall give to the borrower prior notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled / paid.

(v) General :

- a) The Company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender)
- b) In case of receipt of request from the borrower for transfer of borrowing account, the consent or otherwise i.e. objection of the Company, if any, should 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.
- c) In the matter of recovery of loans, the Company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- d) Proper training shall be given to the personnels who are dealing with borrowers in regard to loan application/disbursement, so that they deal with customer/borrower in an appropriate manner.

(vi) Regulation of Excessive Interest charged :

- a) The company has adopted an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.
- b) The rate of interest to be charged depends much upon the gradation of the risk of the borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.
- c) The rate of interest shall be annualized rate so that the borrower is aware of the exact rate that would be charged to the account. The said rate shall be disclosed to the borrower in application form and communicated explicitly in the sanction letter.
- d) The board approves that the interest charged to the borrower or customer shall not be less than 9% per annum.

(vii) Grievance Redressal Mechanism :

- a) A appropriate grievance redressal mechanism shall be formed within the organization to resolve disputes arising out of the Loan functionaries. Any such dispute shall be heard and disposed off at next higher level.
- b) The Board of Directors of the company shall have periodic review of the compliance of the Fair Practice Code and the functioning of the Grievance Redressal mechanism

at various level of management. A consolidated review report, if any, should be placed before the board at regular intervals.

c) The company should display the following information at its branch / place where business is transacted for benefit of its customers :

❖ **Grievance Redressal Officer :**

Registered Office :

Name : Anju Mundhra
Designation : Company Secretary & Compliance Officer
Telephone No : (033) 40102500
Email id : anjulohia@ashikagroup.com

❖ If the complaint/dispute is not redressed within a period of one month the customer may appeal to the officer -in -charge of the Regional Office of DNBS of Reserve Bank of India, 15, N.S.Road, Kolkata - 700001

It shall be the endeavor of the company to improve the quality of service and redress complaints and grievances, if any, of the customers as part of Customer Relationship.

Customers who have grievances in respect of decision of the company functionaries can also address their grievances at amitjain@ashikagroup.com

The fair practice code will be available on the website of ACCL - www.ashikagroup.com for the information of its borrower and various other stakeholders. Any enhancements or changes in this code in near future shall be uploaded on the website from time to time.
