



ASK Financial Holdings Private Limited

FAIR PRACTICES CODE

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Introduction

The Reserve Bank of India has prescribed broad guidelines on Fair Practices Code for all Non-Banking Finance Companies which sets the fair practices standards while dealing with their customers including prospective clients.

ASK Financial Holdings Private Limited (referred to as the "AFHPL") has formulated this Fair Practices Code ("FPC") which is aimed to provide to all the stake holders, especially borrowers effective overview of practices followed by AFHPL in respect of the financial facilities and services offered by the Company to its borrowers. This code seeks to amend and supersede the Fair Practices Code framed by the Company in accordance with the Master Direction - Non- Banking Financial Company–Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ("Master Direction").

Objective

This code has been developed.

- To promote good, fair, and trustworthy practices by setting standards in dealing with borrowers.
- To ensure transparency in the Company's dealings with its borrowers.
- To ensure compliance with legal norms in matters relating to recovery of advances.
- To enable borrowers to have a better understanding of what they can reasonably expect of the services offered by the Company.
- To reckon with market forces, through competition and strive to achieve higher operating standards.
- To strengthen mechanisms for redressal of borrower grievances.

Application for Loans and their processing

- (a) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- (b) Loan application forms would 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 an informed decision can be taken by the borrower. The loan application form would indicate the documents required to be submitted with the application form.
- (c) The Company would give acknowledgement for receipt of all loan applications. The time frame within which the loan application shall be disposed of shall also be indicated in the acknowledgement. The company would verify the loan applications within a reasonable period of time. If additional details / documents are required, it would intimate the customers immediately.

Loan Appraisal and terms/conditions.

- (a) The Company would ensure that there is proper assessment of credit application made by borrowers. The assessment would be in line with the Company's credit policies and procedures.
- (b) The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. The Company shall also communicate to the borrower if the loan is rejected. The Company should mention the penal interest charged for late repayment in bold in the loan agreement.

- (c) The Company shall furnish a copy of the loan agreement preferably in the vernacular language or a language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to the borrowers at the time of sanction / disbursement of loans.

Penal Charges in Loan Accounts

- a) Penalty, if charged, 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 loans.
- b) There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- c) The company shall not introduce any additional component to the rate of interest and company will ensure compliance to these guidelines in both letter and spirit.
- d) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- e) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- f) The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on Company's website under Schedule of Charges.
- g) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

Disbursement of Loans including Changes in Terms and Conditions

- a) The Company would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. The Company shall give prior notice to the borrower in the vernacular language as understood by the borrower of any change in the terms, including disbursement schedule, interest rates, service charges, prepayment charges etc.
- b) The Company shall ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- c) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- d) 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. 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 the Company is entitled to retain the securities till the relevant claim is settled/paid.

General

- a) The Company would refrain from interference in the affairs of the customers/borrowers, except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customers/borrowers has come to the notice of the Company).
- b) In case of a request from the borrower for transfer of the loan account to another NBFC, bank or financial institution, the Company would convey its decision within 21 days from the date of receipt of request. Such a transfer would be in accordance with the contractual terms entered into with the borrower and in consonance with law.

- c) In the matter of recovery of loans, the Company would not resort to undue harassment, i.e. persistently bothering the borrower at odd hours, using muscle power for recovery of loans, etc. The Company would ensure that its employees / recovery agent(s) are properly trained to deal with customers in an appropriate manner.
- d) As a measure of borrower protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers of the Company, Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.

Grievances

The Board of Directors has laid down the appropriate grievance redressal mechanism to ensure that the disputes arising out of the decisions of the Company's functionaries will be disposed of at the next higher level.

With reference to RBI guidelines on outsourcing arrangements issued vide circular dated 9 November 2017, this grievance redressal mechanism includes the complaints received in respect of outsourcing arrangements also.

There will be a periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals.

Grievance Redressal Officer

The implementation of the Fair Practices Code shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer will be handled expeditiously. Guidelines for complaint and grievance redressal as laid down in the Grievance Redressal Policy of the Company which is duly approved by the Company shall be followed.

Policy for determining interest rates, processing, and other charges:

To ensure that the Customers are not charged excessive interest rates and charges on loans and advances by the Company, the Board of the Company has adopted a Policy for Determining Interest Rates, Processing and Other Charges ("Interest Rate Policy"). Further the Board of the Company shall undertake periodical review of the said Policy for Determining Interest Rates, Processing and Other Charges.

Loan facilities to the physically/visually challenged:

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for availing of the various business facilities. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism.