

# FAIR PRACTICES CODE (FPC) POLICY

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## *AKASA FINANCE LIMITED*

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*# approved by Board of Directors on : 30.03.2024*

*# updated on : 30.03.2024*

## **FAIR PRACTICES CODE (FPC)**

### **Preamble**

The Reserve Bank of India (“**RBI**”), issued guidelines on Fair Practices Code for Non-Banking Financial Companies vide the Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 bearing reference no. RBI/DNBR/2016-17/44 Master Direction DNBR.PD.007/03.10.119/2016-17 and updated from time to time (the “**Master Direction**”) thereby setting standards for fair business and corporate practices while dealing with their customers. This Fair Practice Code aims to provide all the stakeholders, especially customers effective overview of practices followed by the company in respect of the financial facilities and services offered by the company to its customers. The Fair Practices Code, as adopted herein below, is in conformity with the extant Master Direction and other guidelines issued by the RBI.

In accordance with the guidelines prescribed by the RBI, **M/s Akasa Finance Limited (formerly known as Pooja Finelease Limited)** has adopted the following *Fair Practices Code* for conducting the business operations of the company.

### **Application for Loans and their processing**

- a) Loan application forms should 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 shall indicate the documents required to be submitted with the application form.
- b) The Company shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement.
- c) The customer would be explained the processes involved in sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily.

### **Loan appraisal and terms/conditions**

- a) The Company should convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keeping the acceptance of these terms and conditions by the borrower on its record.
- b) It is understood that in a few cases, borrowers at the time of sanction of loans are not fully aware of the terms and conditions of the loans including rate of interest, either because the NBFCs do not provide details of the same or the borrower has no time to look into detailed agreement.

- c) Accordingly, it is understood that not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the Company and the borrower with regard to the terms and conditions on which the loan is granted.
- d) The Company shall, therefore, invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

**Disbursement of Loans including changes in terms and conditions**

- a) The Company should give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company should also 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.
- b) Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- c) The Company should release all securities on repayment of all dues or on realization 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 should refrain from interference 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 borrowal 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 should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- d) The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

- e) The Company shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances.
- f) The rate of interest should be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- g) With particular reference to repossession of security/property (Movable or Immovable), the Company shall have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement should also contain provisions regarding: (i) notice period before taking possession; (ii) circumstances under which the notice period can be waived; (iii) the procedure for taking possession of the security/property (Movable or Immovable); (iv) a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the security/property (Movable or Immovable); (v) the procedure for giving repossession to the borrower and (vi) the procedure for sale / auction of the security/property (Movable or Immovable).
- h) The Board of Directors of the Company shall review the Code and its implementation from time to time.
- i) The Fair Practices code based on the guidelines outlined by RBI from time to time, shall be put up on the website of the Company for the information of various stakeholders.

#### **Regulation of excessive interest rates charged**

**Akasa Finance Limited** will disclose to the borrower the risk and rationale for charging differential rates of interest to different categories of borrowers in the application form and explicit communication in the sanction letter.

The rate of interest being charged by the Company shall be an annualized rate to make the customer aware of the exact rates that would be charged to the account.

#### **Complaints about excessive interest rates charged**

The board of the Company shall lay out an interest rate policy mentioning internal principles and procedures in determining interest rates, processing charges and other charges.

#### **Clarification regarding repossession of vehicles financed**

**M/s Akasa Finance Limited (formerly known as Pooja Finelease Limited)** does not provide vehicle finance directly but may do it through its intermediaries. Therefore, the following points as prescribed by RBI shall be followed:

- (i) The Company will have an in-built *re-possession clause* in the loan agreement with the borrower which must be legally enforceable.

(ii) It will ensure transparency in the terms and conditions of the loan agreement regarding:

- Notice period before taking possession
- Circumstances under which notice period will be waived
- Procedure for taking possession of security
- A provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property
- The procedure for giving repossession of the vehicle
- Procedure for sale/auction of the property

(iii) It shall make sure that a copy of such terms and conditions is made available to the borrower in the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of loans, which may form a key component of such contracts/loan agreements.

### **Grievances Redressal Mechanism (GRM)**

The Board of Directors of the Company will also lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for 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, as may be prescribed by it.

In case of any complaint/grievances of the borrowers, the same shall be intimated by them in writing to the Grievance Redressal Officer. The Grievance Redressal Officer shall immediately make all efforts to redress the grievances within the time frame mentioned in the Grievance Redressal Mechanism. The Company has laid down the Grievance Redressal Mechanism for the speedy disposal/ remedy of its Customer's Complaints/ Grievance.

The Company shall display following information on notice board at the office of the Company where business is transacted:

- A. Name and contact details of the Grievance Redressal Officer to whom customers can direct their grievances against the Company.
- B. Contact details of the Officer-in-Charge of the Regional Office of the Department of Non-Banking Supervision of the RBI whom customers can contact, in case they are not satisfied with resolution provided by the grievance redressal mechanism of the Company or in case the issue remains unresolved for more than 30 days.

OR

[The Grievance Redressal Officer can be approached for resolution of complaints against the Company.

Name: \_\_\_\_\_  
Designation: \_\_\_\_\_  
Direct / Mobile: \_\_\_\_\_  
E-mail address: \_\_\_\_\_

The Company shall endeavor to resolve all disputes at the earliest and in accordance with the Company's internal policies and procedure. In case the borrower or the customer is not satisfied with resolution provided by the grievance redressal mechanism of the Company or the issue remains unresolved for more than 30 days, an appeal may be made to the Officer-in-Charge of the Regional Office of the Department of Non-Banking Supervision of the RBI.

Officer-in-Charge  
Regional Office (RO)  
**Reserve Bank of India**  
**Department of Non-Banking Supervision**  
6, Parliament Street New Delhi-110001  
Telephone No: 011-23714456  
E-mail address: [nfcbnewdelhi@rbi.org.in](mailto:nfcbnewdelhi@rbi.org.in) & [dnbsnewdelhi@rbi.org.in](mailto:dnbsnewdelhi@rbi.org.in)

**Periodic Review**

In order to enhance the value and relevance to the borrowers, the Board of Director of the Company shall annually review the compliance with this Fair Practice Code, adopted by the Board.

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