

FAIR PRACTICE CODE

➤ Introduction

The Reserve Bank of India has issued its extant guideline in respect of Fair Practice code, to be followed by an NBFC, by defining and setting standards, which are expected to comply with, while dealing with its existing or prospective customers, vide master circular **DNBS.CC.PD.No. 320/03.10.01/2012-13** dated February 18, 2013. These guidelines are issued under section 45 L of Reserve Bank of India Act, 1934.

The purpose of this document is to define the Fair Practice Code (FPC) for the company in accordance with the Reserve Bank of India Directions for Non banking Financial Companies. This is living document and supposed to be updated on a regular basis. Any regulatory change that would impact the FPC aspects of the company would be reflected here.

Pursuant to the guidelines issued by the Reserve Bank of India on Fair Practices Code guidelines vide its notifications/Circular and in line with the amendment in the guidelines issued time to time, the Board of Directors of the Company, had approved and adopted the "Fair Practice Code" accordingly to provide transparency in business dealing with the customers of the Company, which come into force with immediate effect.

The said code deals to promote good and fair practice, increase transparency, encourage market forces; promote a fair and cordial relationship between borrower / Customer and the Company and to foster confidence of the customer in the finance system of the Company.

The code is applicable on all the services, rendered by the company from all its operating/service locations covering its every single establishment. The officials and authorized signatories of the company are required to follow the code meticulously, irrespective of the place and location as well as the medium through which they render services. We have adopted a revised Fair Practices Code and will implement this Code in our organization, which has duly been approved by the Board of Directors in their meeting.

➤ Company Philosophy

Akme Fintrade (India) Limited (AFIL) ("the company") believes in and complies with the prevalent FPC practices that are in line with the Directions provided by RBI to Non Banking finance companies. Considering the importance of FPC, the top

management will be directly involved in the various aspects of accounting related issues. Akme Fintrade (India) Limited (AFIL) believes in transparency and fair trade practices.

➤ **Objective of the code**

- To serve the customers as part of best services and to provide transparency in business practices
 - To promote fair and cordial relationship between the customers and company
 - To encourage the market forces through competition to achieve higher operating standards.
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- To provide and promote professional, efficient, diligent and speedy services in the matter of Asset Financing.
 - Not to discriminate any borrower on the basis of religion, caste or sex.
 - To be fair & honest in advertisement and marketing of loan products.
 - To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities regarding loan transactions and to promote cordial relationship between customer & company.
 - To attempt in good faith to resolve any disputes or differences with customers by setting up complaint resolution process within the organizations.
 - To comply with all the regulatory requirements in good faith
 - Building customer confidence in the company
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➤ **Disclosure & Transparency**

Company (AFIL) should transparently disclose to the borrower all information about fees/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payments options and charges, if any, penalty for delayed repayment if any, conversion charges for switching loan from fixed to floating rates or vice-versa (if applicable), existence of any interest re-set clause and any other matter which affects the interest of the borrower.

In other words, Company must disclose 'all in cost' inclusive of all charges involved in processing /sanction of loan application in a transparent manner. It should also be ensured that such charges/fees are non discriminatory.

➤ **Commitments**

To Act fairly and reasonably in all their dealings with their Customers AFIL shall meet the commitments and standards set in this Code for the products and services offered and make sure that products and services meet relevant laws and regulations in letter and spirit in order to ensure that dealings with customer rest on ethical principles of integrity and transparency.

➤ **Application of The Code**

The code shall be applicable across all aspects of operations including marketing, loan origination processing and servicing and collection activities. Our commitment to Fair Practice Code would be demonstrated in terms of employee responsibility, efficiency, monitoring and auditing programs, training and technology.

➤ **Key Elements**

The Code has the following key elements.

1. To Act fairly in all their dealings with their Customers Company shall:

- Treat all personal information of customers as private and confidential and shall not divulge any information to third person unless required by any law or Government authorities including Regulators or Credit agency or where the sharing of information is permitted by the customer.
- Not discriminate its customers on the basis of age, race, caste, gender, marital status, religion or disability. However the restrictions if any, as mentioned in the loan products, shall continue to apply.
- Provide, on request, copy of the Code to the existing borrowers and new customer prior to commencement of business transaction.
- Deal quickly and sympathetically in correcting mistakes if any, and attend to customer's complaints in light of the objectives of this code.

• **With respect of Prospective Customers Company shall:**

- Provide clear information explaining the key features of services and products that customers are interested in .
- Provide information on any type of product and service which they offered and that may suit customer's needs.
- Tell the customers about the various mediums of offering Products and services for example, through internet, over the phone etc) and information about how they find them.
- Tell the customer what information they need from him/her to prove his/her identity and address, for us to comply with legal, regulatory and for other applicable policies requirements.

2. To provide information on interest rates, common fees and charges etc through:

- Putting up notice in Head office/ Satellite Centers /branches.
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- Customers can ask to see this free of cost by providing tariff schedules etc at offices.
 - a list of services which are rendered with fee and free of charges.
 - Through telephone or on company's website .
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➤ **INTEREST RATES:**

Company shall inform their customers about the change in interest rates on their products and also give information to the customer on:

(I.) The interest rates which apply to his/her accounts and when interest is charged on his / her loan accounts.

(II.) How interest is applied to his / her account and method of calculation of interest etc.

Uniformity of charging interest::

For the growth of a healthy and sound finance environment, it is considered necessary that pricing of the products by the lending institutions are transparent , non discriminatory and objective. In case if floating rate basis applicable in future, the company must ensure to apply uniform rates of interest to the old & new borrowers, who have the same credit/risk profile.

FEES & CHARGES:

Company shall transparently disclose to the borrower all information about:-

- Fees/ charges payable for processing the loan application.
 - The amount of fees refundable if loan amount is not sanctioned / disbursed.
 - Pre-payment options and charges.
 - Penalty for delayed repayment.
 - Conversion charges for switching loan from fixed to floating rates or vice-versa if applicable in company.
 - Existence of any interest re-set clause and any other matter which affects the interest of the borrower.
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3. Advertising, Marketing and Sales - Company shall make sure that:

- in any of its advertisement in any media and promotional literature that draws attention to a service or product and includes a reference to an interest rate shall also indicate whether other fees and charges will apply and that full details of the relevant terms and conditions are available to you on request.
 - if avails of the services of third parties for providing support services shall require that such third parties handle customer's personal information (if any available to such third parties) with same degree of confidentiality and security as the Company would.
 - may from time to time, communicate to customers various features of their products availed by them. Information about their other products or promotional offers in respect of products / services may be conveyed to customers only if he / she has given his / her consent to receive such information/service.
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4. Loans to Customer:

4.a. Applications for loans and their processing Company shall make sure:

- At the time of sourcing a loan product, company will provide information about the interest rates applicable, as also fees / charges, if any, payable for processing, pre-payment options and charges if any and any other matter which affects the interest of the borrower.
 - Company would devise a system of giving acknowledgement of receipt of all loan applications. Preferably, the time frame within which loan application will be disposed of should also be indicated in the acknowledgement.
 - Company would disclose all the charges involved in processing/sanctioning loan in a transparent manner.
 - All the fees/charges would be non-discriminatory in nature as mentioned above in para 2.
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4.b. Loan appraisal and term & conditions

- Normally all the particulars required for processing the loan application shall be collected by Company at the time of Loan application. In case it needs any additional information, the customer should be told that he would be contacted immediately again.
 - Inclusion of all necessary information affecting the interest of the borrower in the loan application form.
 - Company will convey in writing to the customer by means of sanction letter duly accepted by the applicant or otherwise, the amount of loan sanctioned along with all terms & conditions including annualized rate of interest, method of application, EMI terms & conditions by the customer on its record.
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- Company will supply authenticated copies of all the loan documents executed by the customer at its cost along with a copy each of all enclosures quoted in the loan document.
- Repayment of loan will be done through payment of MMR (Minimum Monthly Repayment) on monthly basis. The Borrower is required to pay its MMR or EMI on the respective due date if any delay has been made then company will charge additional interest as decided by the company, as a penal interest for the period of default.
- Pre EMI interest would be charged from the date of Disbursement of first Installment to starting on EMI on such interest rate which company will decide time to time.

4.c. Disbursement of loans including changes in terms and conditions

- Disbursement of loans sanctioned is to be made immediately on total compliance of terms and conditions including execution of loan documents governing such sanction.
- Conveying, in writing, to the borrower the loan sanctioned and terms thereof including the annualized rate of interest, method of application, EMI structure. A copy of the Loan agreement is to be given to all the borrowers (if required) at the time of disbursement of loan. The acceptance of such terms should be kept on record by the company.
- Any change in terms and conditions, including interest rate and service charges, will be informed to the borrowers in case of account specific changes and in case of others by Public Notice/display on Notice Board at the branches/on the Company's website from time to time.

4.d. Guarantors

Company shall make sure that:-

Guarantor means a person who has taken obligation in support of borrower. Preferably Guarantor should be government servant or any other person accepted by Company. Company will inform the person acting as guarantor about:

- a. Circumstances in which he/she may be called upon by Company to pay off the liability.
- b. Whether Company has recourse to his/her other monies in the company if he/she fail to pay up .
- c. Whether his/her liabilities are restricted to specific quantum or are unlimited.
- d. Time & circumstances under which his/her liabilities as a guarantor would be discharged and the manner of notification by Company. Further he/she would be kept informed about the financial position of the borrower.

4.e. Recovery procedure

A. Whenever loans are given by company, explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues, The process will involve reminding the customer by sending him / her notice or by making personal visits and / or repossession of security if any.

B. The Company's collection policy built on courtesy, fair treatment and persuasion. Company believe in fostering customer confidence and long-term relationship. Company's staff or any person authorized to represent Company in collection of dues or / and vehicle repossession will identify himself / herself and display the authority letter issued by the Company and upon request, display his / her identity card issued by the Company or under authority of the company. Company will provide customers with all the information regarding dues and shall endeavor to give sufficient notice for payment of dues.

C. All the members of the staff or any person authorized to represent the Company in collection or / and vehicle repossession should follow the guidelines set out below:

- a) Customer would be contacted ordinarily at the place of his / her choice and in the absence of any specified place at the place of his / her residence and if unavailable at his / her residence, at the place of business / occupation.
- b) Identity and authority to represent the Company to be made known to the customer at the first instance.
- c) Customer's privacy would be respected.
- d) "Interaction with the customer will be in a civil manner
- e) Company's representatives will contact the customers between 07.00 A.M. to 7.00 P.M., unless the special circumstances of the customer's business or occupation require otherwise.
- f) Customer's request to avoid calls at a particular time or at a particular place will be honored as far as possible.
- g) Time and number of calls and contents of conversation would be Documented.
- h) At assistance would be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

I) During visits to customer's place for dues collection, decency and decorum would be maintained.

j) Inappropriate occasions such as bereavement in the family or such other calamitous occasions would be avoided for making calls/visits to collect dues.

4.f Clarification regarding repossession of vehicles financed by NBFCs

a)	Notice period before taking possession	For first 1-2 months' due installments, we have a mechanism of soft calling , and if still no payment is received, then a notice including the information of repossession in case of default, vehicle can be repossessed within 10 days of sending notice, is sent to the hirer & gurantor both.	
b)	Circumstances under which the notice period can be waived	Generally, it is not waived.	
c)	Procedure for taking possession of the security.	1	Once the notice is served as per the above point a), and still the required amount is not paid, then the vehicle is seized by the company.
		2	An intimation letter regarding seizing of the vehicle is then forwarded to the person concerned, providing the facts that the vehicle has been seized, and in order to release the same, please pay the required amount in the prescribed time limit (7days) as mentioned in the letter of intimation.
		3	If no payment is received by the time, then the vehicle so seized is sold by the company.
d)	A provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property	As mentioned in point c), clause 2).	
e)	The procedure for giving repossession to the borrower.	The procedure as mentioned in point c). Moreover, the cost of repossession rs2500/5000, for two/four wheeler respectively, with per day , maintenance cost of rs25/100,for two/four wheeler respectively, is charged from the customer himself.	

f)	Procedure for sale/auction of the property.	1	Firstly, the list of all the repossessed vehicles is prepared , with details of vehicle like, model , no. of vehicles, etc.
		2	The list so prepared is then circulated amongst all the dealers of the vehicles.
		3	Such vehicles are then one to one verified by such dealers and then an estimation regarding cost at which they may buy, is listed by them.
		4	The top listed prices are then taken into consideration, and based on that the decision is made, to accept from the dealer giving best estimations.

5. Other Relevant Terms and conditions:

- Customer availing a product / service for the first time, should be advised the relevant terms and conditions for the service he / she has asked Company to provide.
 - All terms and conditions shall be fair and will set out respective rights and liabilities & obligations clearly and as far as possible in plain and simple language.
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5. a. Know Your Customer (KYC) & AML/CFT Policy :

The Company shall carry out due diligence as required under "KYC & AML/CFT Policy of our Company before opening and operating customer’s account and in furtherance of the policy. The customer will be asked to submit or provide necessary documents or proofs for the same. The Company shall ensure obtaining only such information so as to meet Company's KYC, Anti Money Laundering or any other statutory requirements.

5. b. Pre-payment of Loans:

Prepayment of the loan can be done on reasonable grounds of the case . As directed by NHB the Company will not charge prepayment levy or penalty on pre-closure of housing loans under the following situations:

- Where the housing loan is on floating interest rate basis (pre-closed through any source).
- Where the housing loan is fixed interest rate basis and the loan is pre closed by the borrowers out of their own sources.

5. c . Changes to Terms and Conditions:

- a. Customers should be told of changes to terms and conditions through any of the following channels:-
- b. Personal intimation
- c. Putting up notices in the registered office /branches (if any);
- d. Internet, including email and website
- e. Newspaper

➤ **Privacy**

All personal information of customers shall be treated as private and confidential [even when the customers are no longer customers], and shall be guided by the following principles and policies. Company shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies' entities in their group, other than in the following exceptional cases:

- a. If the information is to be given by law of the land
- b. If there is a duty towards the public to reveal the information
- c. If the customer asks the Company to reveal the information, or with the customer's permission

Credit reference agencies :

Customer are hereby informed that at the time of opening a new account, the Company will pass his / her account details to credit reference agencies and the checks the Company may undertake in this regard.

The Company will provide information to credit reference agencies about the personal debts, the customer owe to it. In these cases, the Company shall intimate customer in writing (if required) its plan to give information about the debts he/she owe it to credit reference agencies. At the same time, the Company shall explain to the customer the role of the credit reference agencies and the effect the information they provide can have on your ability to get credit.

➤ **Complaints & Grievances**

Internal Procedures:

- Company would have a system and a procedure for receiving, registering and disposing of complaints and grievances in each of its offices.
- Company's Board would lay down a grievance redressal mechanism to resolve complaints. Such a system would try to dispose off and settle disputes at the next higher level.
- Company would let customer know where to find the company's procedure of handling complaints fairly and quickly.
- To redress their grievances, applicants / borrowers may write to the designated senior officials at the address below or on Company's website, clearly stating the nature of their grievance along with necessary documents, if any. A copy of the same will be returned to the borrower with dated acknowledgement.

Address ;

To Compliance officer, Akme Fintrade (I) Limited, 1 Akme Business Centre, 4-5 Subcity Centre, Savina Circle, Opp Krishi Upaj Mandi, Udaipur.

By E-Mail - akmefintrade@yahoo.co.in

In case the situation so demands the complainants may give his/her grievance to following address:

Reserve Bank of India
 Bench office : Northern Region Bench,
 Shastri Bhawan,
 A wing 5th Floor
 Dr Rajendra Pd Road
 New Delhi-110001

➤ **General**

Company....Shall:

Explain the key features of its loan products including applicable fees and charges while communicating the sanction of the loan. Company would provide information about products & services in English. In case of demand it may be provided in Hindi or other local language.

- Advise what information/documentation required from customer to enable him / her to apply. Customer would also be advised regarding what documentation is needed from him / her with respect to customer's identity, address, employment, etc. and any other document that may be stipulated by statutory authorities (e.g. PAN

details, Photo ID & Address proof) in order to comply with legal and regulatory requirements.

- Verify the details mentioned by the customer in the loan application by contacting them at their residence and / or on business telephone numbers and / or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary by the Company.
 - Customer would be informed to co-operate if the Company needs to investigate a transaction on his/her account and with the police/ other investigative agencies, if the Company needs to involve them.
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Thanking You

For Akme Fintrade (I) Limited

Nirmal Kumar Jain

Managing Director