

## FAIR PRACTICES CODE

### Introduction

Pursuant to Reserve Bank of India (RBI)'s Circular RBI/2011-12/470/DNBSCC.PD.No.266/03.10.01/2011-12 dated March 26, 2012 and RBI/2013-14/42/DNBS (PD) CC No. 340/03.10.042/2013-14 dated July 1, 2013 issued to Non-Banking Financial Companies (NBFCs), the Board of Directors of the Company have adopted a Fair Practices Code. The code applies to all loan products offered by the Company.

This Fair Practices Code is aimed to provide to the customers effective overview of Practices, which will be followed by the Avonmore Capital & Management Services Ltd., in respect of the financial products and services offered by the Company to its customers. The Code will facilitate the customers to take informed decisions in respect of the financial products and services to be availed by them and will apply to any loan that the Company may sanction and disburse.

### Fair Practices Code

The Company's business would be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles. In addition, the Company would adhere to the Fair Practices Code in its functioning, the key elements of which are as follows:

#### Applications for loans and their processing

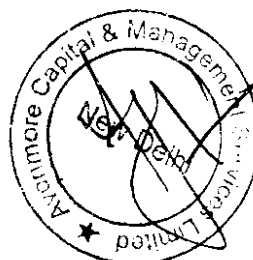
- All communication with the borrower shall be in the vernacular Language or a Language as understood by the borrower.
- Loan application forms shall include necessary information, which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and the borrower can take an informed decision. The loan application form may also indicate the documents required to be submitted with the application form
- The Company shall provide to the borrower an acknowledgement for receipt of all loan applications. An indicative time frame within which the loan application will be disposed of will be mentioned in the acknowledgement.

#### Loan Appraisal and terms/conditions

- The Company shall convey in writing to the borrower by means of approval letter or otherwise, the amount of loan approved - along with the terms and conditions, including the annualized rate of interest and method of application thereof. It would keep the acceptance of these terms and conditions by the borrower on the Company's files.
- The Company shall furnish a copy of loan agreement along with a copy each of enclosures, as applicable, to the borrowers at the time of disbursement of loans.
- Loan Agreement shall also mention in bold about the penal interest charged for late repayment.

#### Disbursement of loans including changes in terms and conditions

- The Company shall give notice to the borrowers of any change in the terms and conditions - including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure that changes in interest rates and charges are effected only prospectively. The Loan agreement shall contain a specific clause to this effect.
- Decision of the company to recall / accelerate payment or performance under the agreement shall also be in consonance with the loan agreement.
- The Company shall release all securities upon repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim it will have against borrower. In case such right of



set off is to be exercised, the borrower shall be given notice with full particulars about the outstanding claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

#### **General**

- The Company shall refrain from interfering 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 its notice).
- In case of receipt of request from the borrower for transfer of borrower account, the consent or otherwise - i.e., objection of the Company, if any - shall be conveyed to the borrower within 21 days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, the Company shall not resort to any harassment - such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- In the matter of recovery of loans, the company shall resort only to remedies which are legally and legitimately available to it and will avoid using recovery measures during odd hours of the day, undue harassment, use of muscle power for recovery of loans.

#### **Complaints about excessive interest charged by the Company**

- The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

#### **Grievance Redressal Mechanism**

In case of any grievance, the Borrower can approach the Managing Director and submit his Grievance in writing. The Managing Director after examining the matter in consultation with concerned officials, will report try to resolve the genuine grievance, if any.

#### **Display of Information**

The Company shall display the following Information prominently, for the benefit of our customers at our branches/places where business is transacted

- The name and contact details of Grievance Redressal Officer, who can be approached by the public for resolution of complaints against the Company
- The Contact details of Regional Office of RBI, under whose jurisdiction the registered office of the Company falls, to be appealed by the public if their complaints are not redressed by the Company within a period of One Month.

