

Fair Practice Code ("FPC" or "Code")

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non-Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers vide RBI Master Directions DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016, as amended and updated from time to time.

Akara Capital Advisors Private Limited ("Company") has adopted all the best practices prescribed by Reserve Bank of India and shall make appropriate modifications, if any necessary, to this Code to conform to the standards so prescribed. The Company will also communicate its Fair Practice Code ("FPC" or "Code") to its customers by uploading the FPC on its website/mobile application.

The Company is having customer interface and shall therefore, adopt the following guidelines:

1. Applications 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 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 informed decision can be taken by the borrower.
- c. The loan application form shall indicate the documents required to be submitted with the application form.
- d. 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 off shall also be indicated in the acknowledgement.

2. Loan appraisal and terms/conditions:

- a. The Company shall convey in writing to the borrower in the vernacular language as understood by 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 keep the acceptance of these terms and conditions by the borrower on its record. As complaints received against NBFCs generally pertain to charging of high interest / penal interest, the Company shall mention the penal interest charged for late repayment in bold in the loan agreement.
- b. The Company shall furnish a copy of the loan agreement or enclosures quoted in the loan agreement as understood by the borrower, along with a copy of each of all the enclosures quoted in such loan agreement to all the borrowers at the time of sanction / disbursement of loan(s).

3. Disbursement of loan(s) including changes in terms and conditions:

- a. The Company shall give notice(s) to the borrower in the vernacular language or a language as understood by the borrower specifying any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The Company shall also ensure those changes in interest rates. Such charges are effected only prospectively.
- b. Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- c. The Company shall release all securities (if applicable) 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 they 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.

4. General

- a. The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- b. In case of receipt of request from the borrower for transfer of borrower's account, the consent or otherwise i.e. objection of the Company, if any, shall be conveyed within 30 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 shall not resort to harassment viz; persistently bothering the borrowers at odd hours, use muscle power or physical/violent means for the recovery of loans etc. In case the complaints from customer(s) include rude behaviour from the staff of the company, the company shall immediately investigate the matter and take action. The Company shall ensure that the staff members are adequately trained to deal with the customers in an appropriate manner.
- d. As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, the Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

5. Responsibility of Board of Directors:

The Board of Directors of the Company shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed off at the next higher level in the hierarchy. The Board of Directors shall also periodically review the compliance of the Fair Practices Code and the functioning of the grievances 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.

6. Grievance Redressal Officer:

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

- a. The name and contact details (Telephone / Mobile numbers and/or email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
- b. 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 Department of Non-Banking Supervision of the Bank (with complete contact details), under whose jurisdiction the registered office of the Company falls.

7. Nodal Officer/ Principal Nodal Officer:

The Company shall appoint Nodal Officer/ Principal Nodal Officer, if required in accordance with law.

8. Regulation of excessive interest charged by the Company:

- a. The Board of the Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer.
- b. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the company or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.
- c. The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

9. Complaints about excessive interest charged by the Company:

Boards of the Company shall lay out appropriate internal principles and procedures in determining interest rates, processing and other charges. Such charges are subject to fluctuation, as per the discretion of the Company from time to time. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

10. The Company may, subject to relevant terms and conditions, offer a Free Credit Period to its customers wherein the customer will be offered a credit line to make purchases and repay them later:

- a. For no fee or interest charged to them, if the payment is made 5 days prior to the first payment date. Here, each customer shall be charged a risk based

percentage (subject to variation) on the drawdown amount as a Processing Fee/Transaction Fee.)

- b. Post the first payment date where the customer has not paid their dues, such customer shall be required to make payment with applicable interest (based on the tenure customer has chosen at the time of applying). Herein also, such applicant shall also be charged a Processing Fee.

Both such charges/fees are dynamic and subject to change.

11. **Pursuant to Outsourcing policy issued by Reserve Bank of India, the Company has outsourced certain activities (including but not limited to lead generation, customer support, servicing, collections, business correspondent activities, technology services, etc.) to EQX Analytics Private Limited, which is an affiliated entity within the same corporate group of the Company.**