

# AVRO COMMERCIAL COMPANY LIMITED

## FAIR PRACTICES CODE

### INTRODUCTION

Pursuant to Reserve Bank of India (RBI)'s circular DNBS (PD) CC No. 80/03.10.042/2005-06 of 28 September 2006, issued to Non-Banking Financial Companies (NBFCs), the Board of Directors have adopted a Fair Practices Code.

Further, RBI vide Circular DNBS.CC.PD.No.266/03.10.01/2011-12 dated March 26, 2012, Circular DNBS.CC.PD.No. 320/03.10.01/2012-13 dated February 18, 2013 and Circular DNBS (PD) CC No. 399/03.10.42/2014-15 dated July 14, 2014 had revised guidelines on Fair Practices Code for NBFCs.

The Fair Practices Code, as adopted herein below, is in conformity with the Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI circular.

The company business will be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer oriented and corporate governance principles.

### OBJECTIVES

The code has been developed with an objective of:-

- 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 promote good and fair practice.
- To ensure customer satisfaction.

### APPLICATIONS FOR LOANS AND THEIR PROCESSING

- A. All communications to the borrower will be in English or in vernacular language as understood by the borrower.
- B. Loan Application forms would include necessary information, which affects the interest of the borrower, so that meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.
- C. The Loan Application would include all the documents for compliance of the requirements of "Know Your Clients" guidelines as may be prescribed by Reserve Bank of India from time to time.

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- D. The Company would devise a system of giving acknowledgement for receipt of all loan applications. The time frame within which loan application would be disposed off would be made known to the borrower.

## **LOAN APPRAISAL AND TERMS/CONDITIONS**

- A. The Company will convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan approved – along with the terms and conditions, including the annualised rate of interest and method of application thereof. The company shall record these terms and conditions by way of entering into formal loan agreement with the borrower. The loan shall be disbursed only on signing of the loan agreement by borrower and explicitly agreeing to accept all the terms and conditions.
- B. The charging of high interest/penal interest for late re-payment of loan shall be mentioned in bold in the loan agreement.
- C. The Company will furnish a copy of 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 loan.

## **DISBURSEMENT OF FACILITIES AND CHANGE IN TERMS & CONDITIONS**

- A. The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, services charges, prepayment charges etc. The company shall also ensure that changes in interest rates and charges are effected only prospectively. An express condition in this regard will be incorporated in the loan agreement.
- B. Any decision to recall /accelerate payment or performance under the agreement will be in consonance with the loan agreement.
- C. The Company shall release all the 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 the 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.

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## GENERAL

- A. The Company will refrain from interference in the affairs of the borrower except for the purposes provided for in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customer, has come to the notice of the Company).
- 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 - shall be conveyed to the borrower 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 will not resort to undue harassment - such as persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. The Company's staff are adequately trained (including not to behave rudely with the customers) to deal with customers in a professional manner.
- D. The Company will not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to Individual borrowers.

## GRIEVANCE REDRESSAL MECHANISM

- a) The Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the functionaries are heard and disposed of at least at the next higher level.
- b) The Board of Director shall periodical 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 of Directors at regular intervals, as may be prescribed by it.
- c) Response to a complaint would be given within a maximum period of one month from the date of complaint, unless the nature of complaint requires verification of voluminous facts and figures.
- d) Company designates an officer for the redressal of grievances of the clients. The contact details of the Grievance Redressal officer is as below :

**Vijay Choudhary**

Tele # : (033) 2283-1866

Email : [vijay@avro.co.in](mailto:vijay@avro.co.in)

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e) If customer's complaint/ dispute are not redressed by the Grievance Redressal Officer within a period of one month, the customer may further approach:

Officer-in-charge (DNBS)  
Reserve Bank of India  
15, N. S. Road  
Kolkata - 700 001

## **REGULATION OF INTEREST TO BE CHARGED FROM THE CUSTOMER AND GRADATION OF RISK**

- A. The Company has laid down criterion for determination of interest rate based on the following parameters :
- Weighted Average Cost of Borrowing
  - Administrative and Establishment Cost
  - Cost of Risk
  - Cost of Capital
  - Profit Margin
- B. The decision to give a loan and the interest rate applicable to each loan account is assessed on a case to case basis, based on multiple parameters such as the asset being financed, customer profile and repayment capacity, customer's other financial commitments, past repayment track record (if any), the security for the loan as represented by the underlying assets, loan to value ratio, mode of payment, tenure of the loan, geography (location) of the customer. The rates of interest are subject to changes as the situation warrants and are the subject to the discretion of the Management on case-to-case basis.
- C. Internal Credit rating Model has been adopted for gradation of risks which is considered to determine the rate of interest.
- D. Interest rate and approach to gradation of risks will be made available on the website of the company or will be published in the relevant newspaper and will be updated whenever there will be changes.
- E. The rate of interest will be annualised and borrower shall be communicated explicitly in the sanction letter.

The Board of Directors of the Company shall review the Code and its implementation from time to time.

Place : Kolkata

Date : August 11, 2014