



# Arman Financial Services Limited

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## FAIR PRACTICES CODE

Approval Date: May 27, 2024

Owner: Company Secretary & Compliance Officer

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## SUMMARY OF COMPLIANCES

SRN	Checklist	Frequency	Responsibility
1.	Proof of display of FPC in branches to be maintained	Periodically	Internal Audit Head
2.	Providing copy of loan application and loan agreement to borrowers' post sanction of loan (by means of physical or digital mode).	Upon Disbursement of Loan	Process Head
3.	Company Website & Branch display carries FPC policy in notice board	Periodically	IT / Operations
4.	In the event of full and final payment of the loans along with other dues, if any, "No outstanding dues" certificate shall be issued within 1 month from the date of receipt of request from the borrower (either physically or by digital means).	Periodically	Process Head
5.	Board Review FPC policy compliance	Annually	Company Secretary
6.	Acknowledgement for receipt of all loan applications shall be given. The acknowledgement would also indicate the approximate timeframe within which the applicant should contact the Company to ascertain the status of the loan application.	Periodically	Process Head
7.	Compliance with respect to all aspects of the FPC and the Grievance Redressal Mechanism shall be reviewed by the Board annually unless regulatory changes requires a review of the policy sooner.	Annually	Company Secretary



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## FAIR PRACTICES CODE (“FPC”)

### 1. INTRODUCTION

This Fair Practice Code has been prepared in compliance with the “Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016” as issued by the Reserve Bank of India (“RBI”) and aims to provide our borrowers an effective overview of the practices followed by the Company and to enable borrowers to take informed decisions in respect of the financial facilities and services offered by the Company. The Code covers the general principles on adequate disclosures on the terms and conditions of the loan and the procedures to be followed when dealing with the borrowers. The Code applies to all categories of products and services offered by Arman Financial Services Limited (“AFSL” or “Company”).

If at any point a conflict of interpretation / information between this Policy and any Regulations, Rules, Guidelines, Notifications, Clarifications, Circulars, Master Circulars/ Directions by the RBI arise then, interpretation of such Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Circulars / Directions issued by RBI shall prevail.

### 2. OBJECTIVES OF THE CODE

The following are the primary objectives of this Code:

- a) To make all our financial products available to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age, sexual orientation or handicap.
- b) Promote fair and transparent practices by setting minimum standards in dealings with borrowers.
- c) Foster a fair and cordial relationship between the borrowers and the Company. The Company will also communicate its FPC to its customers by making it available to everybody on its website and displaying on all the branches of Company.
- d) To ensure compliance with regulatory requirements with regard to customer interface.
- e) To strengthen mechanisms for redressal of customer grievances



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## 3. KEY COMMITMENTS

### a) The key commitment which the Company follow in its dealings with its customers are

The Company will communicate its FPC to its customers by making it available to everybody on its website and displaying the FPC at all of its branches.

A copy of the said FPC would be made available on request and would be provided in English and/or in the local language prevalent in the particular state in which the Company operates.

The Company's Board of Directors and the management team are responsible for implementing the fair practices hereinafter detailed and ensuring that its practices reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products and that all employees are aware of this commitment.

The Company will make every attempt to ensure that its customers have a trouble-free experience in dealing with it; but in the case of errors of commission and omission, the Company will deal with the same quickly and sympathetically.

### b) Applications for loans and their processing

The Company is in the business of Asset Finance (Two wheeler); MSME Loan and Loan against property (LAP). Application forms for each of the products offered by the Company would be different depending on the requirement for information for each product.

All communications to the borrower shall be in English and/or in the language as understood by the borrowers. The loan applications and other documents provided to borrowers will be in vernacular language of the State they belong to or in English or a language understood by the borrowers.

At the time of any application for loan product, the Company will provide information about the interest rates applicable, as also the fees/charges, if any, payable for processing, pre-payment options & charges, if any, and any other matter which affect the interests of the borrower.

All relevant information pertaining to the loan/loan facility which affects the interest of the borrowers with regard to the financial facility that is being applied for will be made available in the relevant loan application form(s) or through term sheet/ sanction letters, 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 will also indicate the details of the various documents required to be submitted together with the duly completed application form.



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The Board of the Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges for loans taking into account relevant factors such as cost of funds, margin, Operating Cost and risk premium. 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 in the application form and communicated explicitly to customer during center meeting and mentioned the loan card.

The rate of interest would be annualised rate so that the borrowers are aware of the exact rates that would be charged to the account.

The Company shall give an acknowledgement for receipt of all loan applications. Applicants are required to insist for an acknowledgement in this regard. The acknowledgement would also indicate the approximate timeframe within which the applicant should contact the Company at its registered office to ascertain the status of the loan application.

The Company shall verify the loan applications within a reasonable period of time and if additional details / documents are required, it shall inform the borrowers accordingly.

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

Normally, all particulars required for processing the Loan Application shall be collected by the Company at the time of application. In case the Company needs any additional information, the borrower shall be informed appropriately.

The Company shall ensure that there is proper assessment of credit applications made by the borrowers. The assessment would be in line with the Company's internal credit policies, norms and procedures.

The Company will convey in writing to the borrower by means of sanction letter or otherwise in English and/or in the language as understood by the borrower, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest, and method of application thereof including EMI structure, if any, prepayment charges and keep the acceptance of these terms and conditions by the borrower in Company's record. The Company will furnish a copy of the loan agreement in English and/or in the language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement at the time of sanction/disbursement of the loan.

The rate of interest applicable to customers is dependent on factors such as cost of funds, loan amount margin and risk premium plus a spread which is determined on the risk profile of the case which vary on account of a number of factors such as borrowers background, industry risk profile, financial strength of the co-borrower, loan repayment capability, credit history, collateral offered or not, costs associated with underwriting and servicing the loan, etc. The penal interest, if any, to



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be charged by the Company for late repayment, etc. shall be mentioned in the loan agreement, sanction letter, etc. A written acceptance of such terms and conditions shall be retained by the Company.

## **d) Disbursement of loans including changes in terms and conditions**

- i. The Company will 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 will also ensure that changes in interest rates and charges are effected only prospectively.
- ii. The Company will furnish a copy of the loan agreement, either electronically or physical paper copy, to all the borrowers upon disbursement of the loan.
- iii. The decision of the Company to recall / accelerate payment or Foreclosure under the agreement shall be in consonance with the loan documents executed by the borrower with the Company.
- iv. In the event of full and final payment or foreclosure of the loans, "No outstanding dues" certificate shall be issued by the Company within 1 month from the date of receipt of request from the borrower / customer.

## **e) Applicant with Disability (ies)**

The Company shall not discriminate in extending products and facilities including loan facilities to the physically / visually challenged applicants on the grounds of disability. They shall be treated at par with the other applicants and their application shall be dealt on merit as per the credit process and policy of the Company. All possible assistance will be provided to the applicants with the disability (ies) to enable them to understand, select and avail appropriate product or loan facility.

## **f) General**

- i. The Company will publish salient features of all loan products in its website.
- ii. The Company will 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 / been noticed by the Company).
- iii. In the matter of recovery of loans, the Company will resort only to remedies which are legally and legitimately available to it and will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of



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loans, etc. The Company will make all efforts so that its staff is adequately trained to deal with customers in an appropriate manner.

- iv. As a measure of customer protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers, the Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned for the purpose other than business to "Individual borrowers" with or without co-obligant.
- v. The Company shall not discriminate on grounds of sex, caste and religion including physically/visually challenged applicants on grounds of disability in the matter of lending. However, this does not preclude the company from participating in credit – linked schemes framed for weaker sections of the society.

## g) Responsibility of Board of Directors towards an effective Grievance Redressal Mechanism

The Board of Directors of the Company will also lay down an appropriate grievance redressal mechanism within the organization.

Such a mechanism shall ensure that all disputes arising out of the decisions of its functionaries are heard and disposed of at least at the next higher level

## 4. REVIEW

Compliance with respect to all aspects of the FPC and the Grievance Redressal Mechanism shall be reviewed by the Board annually unless regulatory changes requires a review of the policy sooner.

## 5. GRIEVANCES REDRESSAL MECHANISM

If the customers have any grievances, they can make a complaint in writing to the concerned Branch Manager, quoting the account number and gist of the complaint. In case the grievance is not resolved within 15 days, a copy of the complaint with acknowledgment may be forwarded to:

Two wheeler Loan	MSME and LAP Loan
<p><b>Mr. Prashant Modi,</b> <b>The Nodal Officer, Arman Financial Services Limited,</b> Registered Office – 502-503, Sakar – III, Opp. Old High Court, Off Ashram Road, Ahmedabad -380014 or by e-mail to <a href="mailto:prashantmodi@armanindia.com">prashantmodi@armanindia.com</a> or call on Toll Free no. 1800 10 27626; 079-40507000</p>	<p><b>Mr. Chetan Raval,</b> <b>The Nodal Officer, Arman Financial Services Limited,</b> Registered Office – 502-503, Sakar – III, Opp. Old High Court, Off Ashram Road, Ahmedabad -380014 or by e-mail to <a href="mailto:chetansme@armanindia.com">chetansme@armanindia.com</a> or call on Toll Free no. 1800 10 27626; 079-40507000</p>



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In the event of non-resolution of the complaint within the stipulated time frame, the complainants can write to the **Principle Nodal Officer of the Company** at the address of the Registered Office to:

**Mr. Atul Patel,**  
**The Principal Nodal Officer, Arman Financial Services Limited,**  
Registered Office – 502-503, Sakar – III,  
Opp. Old High Court, Off Ashram Road,  
Ahmedabad -380014  
or call on Toll Free no. 1800 10 27626; 079-40507000.

If the complaint / dispute is not redressed within a period of one month, the customer may approach to:

**Reserve Bank of India,**  
4th Floor, River Front House,  
B/h H.K Collage,  
Ahmedabad -380009, Gujarat,  
Tel: 079 27545652; 079-27540581,  
Email: [dosahmedabad@rbi.org.on](mailto:dosahmedabad@rbi.org.on)

The Board shall review the compliance with the FPC and the functioning of the grievance redressal mechanism at periodic intervals. A consolidated report of such reviews shall be submitted to the Board of Directors once in six months.

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