



ASK Financial Holdings Private Limited

Fair Practices Code

Version 8.0

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Document review and revision history

Version	Department	Author	Date	Revision
1.0		Himashoo Bohara	19-11-2015	Review and renewal of Fair Practices Code
2.0	Finance, Credit and Risk	Palak Shah	21-04-2020	Change in Designation of Officials
3.0		Palak Shah	08-02-2021	Renewed as per RBI regulations
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8.0	Compliance	Ketaki Sawant	Board Meeting	Policy Updation as per RBI regulations

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1. Introduction

- A. The Reserve Bank of India has prescribed broad guidelines on Fair Practices Code for all Non-Banking Finance Companies which sets the fair practices standards while dealing with their customers including prospective clients including specific provisions under:
 - a. RBI Fair Practices Code for NBFCs
 - b. RBI Guidelines on Outsourcing Financial Services
 - c. RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.

- B. ASK Financial Holdings Private Limited (referred to as the "ASK Finance" / "Company") has formulated this Fair Practices Code ("FPC") to ensure fair, transparent, and ethical practices across all business lines including Loan Against Securities, Construction Finance, Private Credit, and Securities Investment services. This code seeks to amend and supersede the Fair Practices Code framed by the Company in accordance with the Master Direction - Non- Banking Financial Company–Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ("Master Direction").
- C. This code is applicable to all employees, agents, direct sales agents, recovery agents, and third-party service providers engaged by Company.

2. Objective

- A. To promote good, fair, and trustworthy practices by setting standards in dealing with borrowers.
- B. To ensure transparency in the Company's dealings with its borrowers.
- C. To ensure compliance with legal norms in matters relating to recovery of advances.
- D. To enable borrowers to have a better understanding of what they can reasonably expect of the services offered by the Company.
- E. To reckon with market forces, through competition and strive to achieve higher operating standards.
- F. To strengthen mechanisms for redressal of borrower grievances.

3. Scope and Applicability

This Fair Practices Code applies to all business activities of the Company as may be applicable.

4. Application 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 and Key Fact Statement (KFS) with a unique proposal number and shall have a validity period as per RBI guidelines and 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 an informed decision can be taken by the borrower. The loan application form would indicate the documents required to be submitted with the application form.
- C. The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. The APR will include all charges which are levied by the NBFC.
- D. Charges recovered from the borrowers by an NBFC on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the Company is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.
- E. Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the Company to the borrower at any stage during the term of the loan, without explicit consent of the borrower.
- F. The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.
- G. The Company would give acknowledgement for receipt of all loan applications. The time frame within which the loan application shall be disposed of shall also be indicated in the acknowledgement. The company would verify the loan applications within a reasonable period of time. If additional details / documents are required, it would intimate the customers immediately.

5. Loan Appraisal and Conditions

- A. The Company would ensure that there is proper assessment of credit application made by borrowers. The assessment would be in line with the Company's credit policies and procedures.

- B. The Company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter, 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. The Company shall also communicate to the borrower if the loan is rejected. The Company should mention the penal interest charged for late repayment in bold in the loan agreement. The reasons for rejection shall be recorded in writing and communicated to the borrower. No loan application shall be rejected without proper application of mind by the sanctioning authority as per RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.
- C. The Company shall furnish a copy of the loan agreement preferably in the vernacular language or a language as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to the borrowers at the time of sanction / disbursement of loans.

6. Penal Charges and Interest Rate Framework

Interest Rate Framework:

- A. The Interest Rate Framework shall be in line with the Interest Rate Policy of the Company framed as per the applicable RBI guidelines.
- B. 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 in the application form and communicated explicitly in the sanction letter.
- C. The Interest Policy will be made available on the website of the Company. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

Penal Charges:

- A. Penalty, if charged, for non-compliance of material terms and conditions (as defined in the Credit Policy) of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges, i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account. Therefore, the Company may charge interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest.
- B. The Company shall not introduce any additional component to the rate of interest and ensure compliance to the guidelines of the RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.
- C. The Company shall ensure that Penal Charges are as per the formulated and Board approved policy on penal charges or similar charges on loans, by whatever name called. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- D. The quantum and reason for penal charges shall be clearly disclosed by the Company to the customers upfront in the loan agreement and Most Important Terms & Conditions/ Key Fact Statement as applicable, in addition to being displayed on the Company's website under Interest rates and Service Charges. Further, providing a reference to the schedule of penal charges displayed on the website of the Company in the sanction letter and loan agreement shall not suffice.
- E. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason thereof shall also be communicated.
- F. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date.

7. Disbursement of Loans including Changes in Terms and Conditions

- A. The Company would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. The Company shall give prior notice to the borrower in the vernacular language or in a language as understood by the borrower for any change in the terms, including disbursement schedule, interest rates, service charges, prepayment charges etc.
- B. The Company shall ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.
- C. Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- D. The Company shall release all 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 borrower within 30 days of the closure of the outstanding amount by the borrower in the books of the Company. 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.
- E. The Company is required to inform borrowers of any delays in releasing original property documents or filing charge satisfaction forms beyond 30 days after full loan repayment. In cases of loss or damage to property documents, the Company will try to assist in obtaining duplicates or certified copies and cover associated costs. The Company has an extra 30 days to complete the procedure for obtaining duplicate documents.
- F. The collection process shall be in line with the Collections Policy when made effective.

8. General

- A. The Company would refrain from interference in the affairs of the customers/borrowers, except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customers/borrowers has come to the notice of the Company).
- B. In case of a request from the borrower for transfer of the loan account to another NBFC, bank or financial institution, the Company would convey its decision within 21 days from the date of receipt of request. Such a transfer would be in accordance with the contractual terms entered into with the borrower and in consonance with law.
- C. As a measure of borrower protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers of the Company, Company shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers. [Reference: Chapter III, Section C, Paragraph 28-31 of RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025]
- D. The Company shall not levy any charges where pre-payment is effected at the instance of the Company.
- E. No pre-payment charges which have not been disclosed as specified herein shall be charged by the Company.
The Company shall not levy any charges / fees retrospectively at the time of prepayment of loans, which were waived off earlier by the Company.

9. Grievance Redressal Mechanism:

The same shall be in line with the Policy on Ombudsman and Grievance Redressal Mechanism

The Grievance Redressal Mechanism shall comply with:

- (i) Chapter II, Section B of RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 - Grievance Redressal Policy requirements
- (ii) Reserve Bank – Integrated Ombudsman Scheme, 2021 (RBI-IOS, 2021)

The GRM shall: display contact details of GRO and RBI Regional Office at all offices in local vernacular language; identify borrowers facing repayment difficulties and provide necessary guidance; ensure disposal within specified timelines.

10. Outsourcing and Third-Party Management:

The same shall be in line with the Outsourcing Policy. The Company shall comply with:

- (i) RBI (Non-Banking Financial Companies – Managing Risks in Outsourcing) Directions, 2025
- (ii) Chapter IV of RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 - Outsourcing related requirements

(iii) Chapter V of RBI (Non-Banking Financial Companies – Credit Facilities) Directions, 2025 - Digital Lending and LSP requirements

Decision-making functions of determining KYC compliance shall not be outsourced. If outsourced agency is owned/controlled by a Director, same shall be disclosed as per RBI requirements.

11. Loan Facilities to the Physically/Visually Challenged:

The Company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company shall render all possible assistance to such persons for availing of the various business facilities. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by law and international conventions, in all the training programs conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism. The Company shall provide training of staff which includes sensitization on non-discrimination and the rights of persons with disabilities, as mandated by guidelines. Employees are trained to assist physically/visually challenged applicants in availing business facilities.

12. Periodic Review

The Policy shall be reviewed annually

Type	Approval Authority
Minor amendments (including clarifications, operational process)	MD & CEO
Major amendments	Board approval