

## **FAIR PRACTICES CODE - SFI FINANCIAL SERVICES PVT LTD**

SFI Financial Services Private Limited is a private limited company incorporated under the provisions of the Companies Act, 2013 and is an NBFC –Type II ND, registered with the Reserve Bank of India. This Code has been formulated by pursuant to the Guidelines issued by the Reserve Bank of India on Fair Practices Code for Non-Banking Financial Companies vide its Master Direction bearing **RBI/2015-16/16 DNBR (PD).007/03.10.119/2016-17** 1st September 2016 as amended from time to time.

The main objective of developing the code is to ensure fair practices while dealing with the customers and to provide transparency in the transactions with the customers.

### **A. (i) Applications for loans and their processing**

(a) All communications to the borrower shall be in the English and/or vernacular language.

(b) Loan application forms includes 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. The loan application form may indicate the documents required to be submitted with the application form.

### **(ii) Loan appraisal and terms/conditions**

(a) SFI Financial Services Pvt Ltd will convey in writing to the borrower in English / 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.

(b) Penal interest that will be attracted for delayed payment will be clearly mentioned in bold letters in the Loan Agreement.

(c) SFI Financial Services Pvt Ltd will furnish a copy of Loan agreement to the borrower.

(d) SFI Financial Services Pvt Ld will ensure to convey and explain in detail all the terms and conditions of Sanction letter, agreement etc., in the language preferred by the customer.

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

(a) SFI Financial Services Pvt Ltd will give notice to the borrower in English/ vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.SFI Financial Services Pvt LTd will also ensure that changes in interest rates and charges are effected only prospectively.

(b) Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.

(c) SFI Financial Services Pvt Ltd will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim SFI Financial Services Pvt Ltd. 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 SFI Financial Services Pvt Ltd. is entitled to retain the securities till the relevant claim is settled/paid.

#### **(iv) General**

(a) SFI Financial Services Pvt Ltd. 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 information, not earlier disclosed by the borrower, has been noticed).

(b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of SFI Financial Services Pvt Ltd, if any, will be conveyed 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, SFI financial Services Pvt Ltd will not resort to undue harassment viz; persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. The staff will be adequately trained to deal with the customers in an appropriate manner.

(d) SFI Financial Services Pvt Ltd will not charge foreclosure charges/ pre-payment penalties on all loans sanctioned to individual borrowers, with immediate effect.

#### **(v) Grievance Redressal Mechanism**

The Board of Directors of SFI financial Services Pvt Ltd have laid down the appropriate grievance redressal mechanism within the organization to ensure customer satisfaction .It will be ensured that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors of SFI Financial Services Pvt Ltd will have a periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.

#### **(vi) <sup>3</sup>Grievance Redressal Stages:**

(a) Grievance Redressal Officer at the Branch level: The customer can provide his complaint in writing to the Branch Manager who will expediate to resolve it within 5 working days.

(b) Grievance Redressal Officer at the Corporate Office: If the dispute or complaint is not resolved within a period mentioned at the branch level, the customer can write to Grievance Redressal Officer at the Corporate Office – Mr. B.Ramamoorthy, No 250,P.H.Road, Aminjikarai, Chennai – 29. Ph:26640462 between 9am to 5pm on weekdays.

(c) 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 DNBS of RBI which is General Manager, Department of Non-Banking Supervision, Reserve Bank of India, Fort Glacis, Chennai.

In short, the public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the company at the branch level, together with details of the grievance redressal officer and of the Regional Office of the RBI.

**(vii) Language and mode of communicating Fair Practice Code**

Fair Practices Code will be in English and vernacular language or a language as understood by the borrower and will be displayed in all the branch offices and corporate office of SFI Financial Services Pvt Ltd. The Fair practices code of SFI Financial Services Pvt Ltd will also be displayed in the website of the company for the information of various stakeholders.

**(viii) Regulation of Excessive interest Charged:**

(a) The Board of SFI Financial services Pvt Ltd. has adopted 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 will be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

(b) The rates of interest , the approach for gradation of risks and the changes in the interest rates will be made available or updated periodically on the web-site of the company or published in the relevant newspapers.

(c) The Annualised rates of interest is informed so that the borrower is aware of the exact rates that would be charged to the account.

**(ix)** Boards of SFI Financial Services Pvt Ltd has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges with regard to the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans.