FAIR PRACTICES CODE - SFI FINANCIAL SERVICES PVT LTD

SFI Financial Services Private Limited ("SFI"), 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 SFI, 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 dated September 01, 2016** as amended from time to time.

Objectives

The primary objective of the code is as given below:

1. To promote good and fair practices by setting minimum standards in dealing with customers.

2. To increase transparency so that the customer can have a better understanding of the services expected.

3. To promote a fair relationship between the company and the customer.

4. To encourage market forces, through fair competition, to achieve higher operating standards.

Application of the Code

a) The Code would be applicable to all persons offering the Products and Services of the company as an employee or otherwise in any manner and / or by any mode.

b) The Code is applicable under normal operating environment except in the event of any force majeure.

c) The Code is based on ethical principles of integrity and transparency and all actions and dealings will follow the spirit of the Code.

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

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

(b) All required information and would be provided along with the Loan application forms, 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 will give an indicative list of documents, required to be submitted with the form. Given the nature of SFI customer segment who are mainly from the self-employed and informal segment and may not have normal documentation especially to prove incomes, SFI may conduct personal verification and checks in addition to collecting available documentation.

d) SFI will have a system of giving an acknowledgement for receipt of all loan applications.

(ii) Loan Appraisal and Terms / Conditions

(a) Normally all particulars required for processing the loan application will be collected by SFI at the time of application or at the time of personal verification conducted by SFI (especially in the case of customers from the informal sector). In case SFI needs any additional information, the customer will be told that he would be contacted immediately again.

(b) SFI will convey in writing to the borrower in vernacular language as understood by the borrower by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including Annualized rate of interest and method of application thereof and penal charges and other penalties will be informed in sanction letter and acceptance of these terms and conditions by the borrower will be kept.

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

(d) SFI will furnish a copy of Loan agreement and enclosures to the borrower.

(e) SFI will ensure to convey and explain in detail all the terms and conditions of Sanction letter, agreement etc., in the language understood by the customer.

(f) SFI will provide the Key Fact Statement to the customer in the format mentioned in circular on Key Facts Statement (KFS) for Loan and Advances dated April 15 2024.

Communication of rejection of loan application

If SFI cannot provide the loan to the customer, it will communicate to the customer that the loan has been declined and to the extent possible explain to the customers the reasons for decline.

Penal Charges

There shall be no capitalization of Penal charges/Delay interest. It will not be added to the rate of interest charged on the advanced amount. The penal charges percentage and reason is mentioned in sanction letter/schedules to loan agreement /Key fact statement and various other communication with customer.

Processing Fees and Charges

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a) All information about fees / charges payable for processing the loan application, prepayment charges if any, penalty for delayed payment if any, or any other matter which affects the interest of the borrower will be disclosed to the applicant by the Branch Officer and other authorised Officer at time of application and will also always be printed on the SFI Sanction Letter.
b) SFI requires that all fees are generally to be paid by the Applicant either through an any other mode.
c) SFI will charge customers late payment & ECS / cheque bouncing charges.
d) SFI shall reserve the right to change fees and charges from time to time based on market conditions, customer track record etc. Any changes to the basic charges will be communicated fully and transparently to all customers.
e) SFI 's objective is to support applicants own a primary residence, and the loan is not intentioned to help investment or speculative buyers. Thus, SFI shall reserve the right to change the terms and conditions of the loan

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

(a) Disbursement will be made in stages and in accordance with the disbursement schedule agreed by the customer or as per the Agreement which covers terms of payment by the customer to the SFI

(b) SFI 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, processing fee, other applicable fee/charges etc. SFI will also ensure that changes in interest rates and charges are effected only prospectively.

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

(d) SFI 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. 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 is entitled to retain the securities till the relevant claim is settled/ paid.

(e)SFI will release original documents and remove charges in registry once full settlement is completed including on top up loans which is supplement on initial property.

(f) Original property document will be returned to the customer in the loan originated branch/as per request of the customer during return of document.

Guarantors

When a person is considering being a guarantor to a loan, he will be informed about

a) his liability as guarantor;

b) the amount of liability he will be committing himself to the company;

c) circumstances in which SFI will call on him to pay up his liability;

d) whether SFI has recourse to his other monies in the company if he fails to pay up as a guarantor;

e) whether his liabilities as a guarantor are limited to a specific quantum or whether unlimited;

f) time and circumstances in which his liabilities as a guarantor will be discharged as also the manner in which SFI will notify him about this.

g) SFI will keep him informed of any default on the loan by the borrower to whom he stands as a guarantor

(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.

(v) Grievance Redressal Mechanism

Excellent customer service is an important tool for sustained business growth. Customer complaints which we normally avoid are part of the business life in any corporate entity. At SFI customer service and satisfaction are our prime focus. We believe that providing prompt, timely and efficient service is essential not only to attract new customers, but also to retain existing ones.

The Board of Directors of SFI 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 will have a periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management.

Privacy and Confidentiality

All personal information of customers will be treated as private and confidential (even when the customers are no longer customers), and will be guided by the following principles and policies.

SFI will not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone other than in the following exceptional cases:

a. If the information is to be given by law;

b. If there is a duty towards the public to reveal the information;

c. If SFI 's interests require them to give the information (for example, to prevent fraud but it will not be used as a reason for giving information about customer or customer accounts (including customer name and address) to anyone else, including other companies in the group, for marketing purposes;

d. If the customer asks SFI to reveal the information, or with the customer's permission; If SFI is asked to give a reference about customers, it will obtain his written permission before giving it;

e. The customer will be informed the extent of his rights under the existing legal framework for accessing the personal records that SFI holds about him;

f. SFI will not use customer's personal information for marketing purposes by anyone including SFI unless the customer specifically authorizes SFI to do so.

(vi) Grievance Redressal Stages:

Every branch of SFI has been provided with complaints register. The customers can lodge their complaints in the register. The Branch Manager would be the person responsible to handle the customer grievances.

(a) Grievance Redressal Officer at the Branch level: The customer can provide his complaint in writing to the Branch Manager who will expedite 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. N. BABU, No 6, Kamadhenu 3rd Street,

Mogappair East, Chennai – 600 037. Ph:8056411411/8056511511 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.

(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 has adopted an interest rate model taking into account relevant factors .. The rate of interest 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 Annualized 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 has laid out appropriate internal principles and procedures in determining interest rates.

SFI will maintains transparency in respect of terms and conditions of the loans.

The Fair Practices Code has been reviewed and adopted by the Board of Directors periodically and shall come into force with immediate effect.

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