

1.0 INTRODUCTION

- 1.1 RBI has issued guidelines on Fair Practices Code (**FP Code**) applicable to Non-Banking Finance Companies which sets the fair practices standards when dealing with individual customers and to serve as a part of best corporate practice.
- 1.2 In line with the RBI's guidelines, our company has proposed to modify the existing FP Code.

2.0 PURPOSE/OBJECTIVE OF THE POLICY

- 2.1 It is, and shall be, our Company's policy to make loan products available to all eligible applicants without discrimination. Our Company's policy is to treat all the customers consistently and fairly. Our employees will offer assistance, encouragement and service in a fair, equitable and consistent manner. We will also communicate our FP Code to our customers by placing it on the company's website.
- 2.2. The Company shall ensure that charges / fees are appropriately informed to the borrower. Terms and conditions pertaining to the facility will be conveyed to the prospective borrowers. We commit that disputes arising out of lending decisions will be appropriately resolved by a grievance redressal mechanism set up by the Company.
- 2.3 The Company's Fair lending practices shall apply across all aspects of our operations including marketing, loan origination, processing, servicing and collection activities.
- 2.4 The Company's Board of Directors and the Senior Management Team will be responsible for establishing practices designed to ensure that our Company's operations reflect its commitment to fair lending.
- 2.5 The FP Code applies to the all products and services offered by us (currently offered or which may be introduced at a future date).

3.0 APPLICATIONS FOR LOANS AND THEIR PROCESSING

- 3.1 Loan application forms will 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 informed decision can be taken by the borrower. The loan application form will indicate the

documents required to be submitted with the application form. The loan application form and the sanction letter issued to the customer shall disclose the approach for gradation of risks and rationale for charging different rates of interest to different categories of borrowers and it shall also be made available on the web-site of the company. The information shall be updated whenever there is a change.

- 3.2 The company will devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of will also be indicated in the acknowledgement.
- 3.3. Loan Application form will clearly state the information that the company requires to collect from the customer to fulfill the KYC norms and to comply with legal and regulatory requirements. The Company may request for additional information about the customer and his / her family to build a database; but this information is furnished by the customer only if he / she wishes to do so.

4.0 LOAN APPRAISAL AND SANCTION

- 4.1 The company will convey in writing to the borrower by means of a sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions, annualized rate of interest, penal interest, method of application of interest, disbursement schedule, service charges, prepayment charges, rationale for charging different rates of interest, notice period and procedure for repossession and sale or auction of security etc. The Company will obtain acceptance of the borrower to the sanction letter and keep it on its record.
- 4.2 **The loan sanction letter and all communications relating to sanction of HP finance facility to the borrower shall be in vernacular language or a language understood by the borrower in addition to its version in English. However, if any question or dispute arise with respect to interpretation, then the English version of the relevant document / communication shall prevail. The Company shall furnish a copy of the loan agreement along with a copy each of all enclosures quoted as enclosures to the loan agreement to all the borrowers.**

5.0 DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

- 5.1 After loan agreements are successfully executed along with the submission of KYC documents by the borrower, the loan shall be disbursed by the Company to the borrower.
- 5.2 The penal interest to be charged by the company for late repayment of loan shall be mentioned in bold letters in the loan agreement.
- 5.3 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 change in interest rates and charges are effected only prospectively. A suitable condition to this effect will be incorporated in the loan agreement.
- 5.4 Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement.

6.0 RECOVERY AND TRANSFER OF LOAN

- 6.1 In the matter of recovery of loans, the company will not resort to any undue harassment to the borrower.
- 6.2 In case of receipt of request from the borrower for transfer of borrower's account, the consent or objection of the company, if any, will be conveyed within 21 days from the date of receipt of request of transfer to both transferor and transferee. Such transfer shall be as per transparent contractual terms in consonance with law.

7.0 REPOSSESSION OF VEHICLES

- 7.1 The Company will have a re-possession clause in the contract / loan agreement with the borrower which can be legally enforceable. The terms and conditions of the contract / loan agreement shall also contain provisions for the following:
 - 7.1.1 notice period before taking repossession
 - 7.1.2 circumstances under which the notice period can be waived
 - 7.1.3 the procedure for taking possession of the security

- 7.1.4 a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property
 - 7.1.5 the procedure for giving possession back to the borrower; and
 - 7.1.6 the procedure for sale/auction of the property
- 7.2 A copy of above terms and conditions shall also be made available to the borrower.

8.0 SETTLEMENT OF LOAN

- 8.1 The company will release all securities on receipt of repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim company may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about it 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.

9.0 GENERAL

- 9.1 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 the Company).
- 9.2 The company will train its employees to deal with the customers in an appropriate manner.

10.0 COMPLAINTS, FEEDBACK AND SUGGESTION

- 10.1 The borrower may report his/her complaint/ grievance in writing to the branch concerned from where he / she availed the loan or applied for the loan. On receipt of such complaint /grievance, the head of the Branch of the Company shall immediately take up the matter for redressal.
- 10.2 The Customers are requested to give their feedback, suggestion on the services of the Company to the Nodal Officer.

11.0 GRIEVANCES REDRESSAL MECHANISM

- 11.1 All disputes arising out of the decisions of branches in relation to the products and services shall be heard and disposed of within 30 days from the date of receipt of the complete details in respect of the grievance.

The following 'Grievances Redressal Mechanism' has been put in place.

SI No	Decision level	Redressal Level
1	Branch Head	Divisional Head
2	Divisional Head	Regional Head
3	Regional Head	Vice President (Operations)
4	Vice President (Operations)	Chief Executive Officer

- 11.2 In case of grievances, the borrower may contact the Grievance Redressal Officer, as detailed below:

Name of Grievance Redressal Officer:

Dr K Natesan

President

Email: knatesan@sakthifinance.com

The borrower can also send a written communication to the Company at the following address:

Grievance Redressal Officer (Nodal Officer)

Sakthi Finance Limited

62, Dr Nanjappa Road

Coimbatore – 641 018

Tamil Nadu, India

Tel: 91 (0422) 2231471-74, 4236200

- 11.3 In case the borrower is not satisfied with the decision of the Grievance Redressal Officer of the Company, he may approach the Officer in Charge of the Regional Office of Department of Non-Banking Supervision of RBI at the address given below:

General Manager

Department of Non-Banking Supervision

Chennai Regional Office

Fort Glacis, Rajaji Salai

Chennai - 600 001, India

Tel: +91 (44) 25361490

E-mail: dnbschennai@rbi.org.in

11.4 A consolidated report of periodical review of compliance of fair practices code and functioning of the grievances redressal mechanism at various levels of management may be submitted to the Board by Grievance Redressal Officer at regular intervals or as may be prescribed by the Board.

12.0 COMPLAINTS ABOUT EXCESSIVE INTEREST CHARGED BY NBFCs

12.1 The Company charges interest only as per the terms of the contract. The terms of the contract are clearly mentioned in the sanction letter as well as the loan agreement and any delay in payment of instalments as per the repayment schedule will attract penal interest at the rate of 3% (Three percent) per month from the due date till the date of payment of the instalment. The penal rate of interest is fixed to act as a deterrent to the borrower in delaying the payment of instalment.

13.0 CONFIDENTIALITY

13.1 Unless authorized by the customer, the Company will treat all personal information as private and confidential.

13.2 Unless authorized by the customer, the Company will not reveal transaction details to any other entity except in the following exceptional cases:

- if the Company has to provide the information by statutory or regulatory laws
- if there is a duty to the public to reveal this information
- if the Company's interest requires it to provide this information (e.g. fraud prevention) to Banks / Financial Institutions
- the Company will not use this reason for giving information about customers to anyone else for marketing purposes.

14.0 IMPLEMENTATION, EFFECT AND REVIEW

14.1 All steps shall be taken by the nodal officer to implement this FP Code at all the offices of the Company. This revised FP Code shall come into effect from **28th March 2018** or such other date as may be decided by the Board of Directors.

14.2 The Board shall review of the FP Code, compliance of FP Code and the functioning of the Grievance redressal mechanism as and when found necessary.

14.3 The FP Code and the Interest Rate Model will be displayed on the website of the Company ***www.sakthifinance.com***.

14.4 The FP Code with a statement about commitment to transparency and fair lending practices shall be displayed in vernacular language or in a language as understood by the borrowers at the offices and branches of the Company.

Modified and Approved by Board of Directors on 28th March 2018