



Sakthi Finance
Since 1955

FAIR PRACTICES CODE ("FPC")

(As amended by the Board of Directors at their meeting held on 12 February 2025)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited (" SFL "), Coimbatore
Document Title	Fair Practices Code (" FPC ")
Classification	Confidential

Document Owner	
Name	Designation
Sri K S Venkitasubramanian	Chief Operating Officer

Document History			
Sl No	Date	Nature of Document	Remarks
1	31st October 2006	Base Document	FPC initially adopted by the Board of Directors
2	6th August 2012	Amendment	Amendments relating to: <ul style="list-style-type: none"> • Interest rate model • Procedure for repossession of vehicles in the loan agreement were included as per RBI requirements
3	30th March 2013	Amendment	Amendments relating to: <ul style="list-style-type: none"> • Guidelines on Fair Practices Code • Grievance Redressal Mechanism • Nodal Officer were included as per RBI requirements
4	14th August 2013	Reviewed	Reviewed by the Board of Directors
5	28th March 2018	Amendment	Amendments relating to: <ul style="list-style-type: none"> • Intimation of sanction of HP finance facility to the borrower in vernacular language • Appointment of Dr. K Natesan as Grievance Redressal Officer • Submission of periodical reports to various management levels and • Periodical review of FPC Compliance were made as per RBI requirements
6	29th March 2019	Reviewed	Reviewed by the Board of Directors.
7	30th July 2020	Amendment	Amendment relating to change of e-mail id of Nodal Officer from knatesan@sakthifinance.com to nodalofficer@sakthifinance.com were made as per RBI requirements.



Document History			
Sl No	Date	Nature of Document	Remarks
8	9th December 2022	Amendment	Amendments were made in the following clauses relating to: <ul style="list-style-type: none"> • In Clause 8.2-Issue of No Objection Certificate to borrowers • In Clause 11.1-including a new decision level and redressal level under Grievances Redressal Mechanism were amended as per RBI requirements
9	8th November 2023	Amendment	Amendments were made as per the guidelines issued by Reserve Bank of India on "Fair Lending Practice – Penal Charges on Loan Accounts" dated 18th August 2023.
10	27th March 2024	Amendment	Amendments were made as per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions dated 19th October 2023, as amended on 10th November 2023.
11	12 February 2025	Amendment	Amendments were made in paragraphs 4.1 and 5.2, the word "Penal Interest" is amended as "Penal Charges".



ABBREVIATIONS USED

FPC	Fair Practices Code
GRM	Grievances Redressal Mechanism
GRO	Grievances Redressal Officer
HP	Hire Purchase
KYC	Know Your Customer
NBFC	Non-Banking Financial Companies
NOC	No Objection Certificate
RBI	Reserve Bank of India
SFL	Sakthi Finance Limited



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 amend the existing FP Code.

2.0 PURPOSE AND 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, **www.sakthifinance.com**.
- 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 all the 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 along with the application form. The loan application form and the sanction letter issued to the customers 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 website 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, Key Fact Statement, annualized rate of interest, penal charges, 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 or other loan 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 and other required documents by the borrower, the loan shall be disbursed by the Company to the borrower.
- 5.2 The **penal charges** applicable for late repayment of loan shall be mentioned 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 conformity 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 for 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.
- 7.3 In case the Asset is possessed under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest ("**SARFAESI**") Act 2002, the company shall display the information on their website in respect of the borrowers whose secured assets have been taken into possession under the Act in the format given below.

Sl No	Branch Name	State	Borrower Name	Guarantor Name (wherever Applicable)	Registered address of the Borrower	Registered address of the Guarantor (wherever applicable)	Outstanding amount (in ₹)	Asset Classification	Date of Asset Classification	Details of Security possessed	Name of the Title holder of security possessed

- 7.4 The above list shall be updated on a monthly basis.

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



within a period of 30 days 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. The Company shall release all the original movable/immovable property documents, if any, within a period of 30 days after full repayment / settlement of loan account.

- 8.2 The Company will ensure that "No Objection Certificate" (NOC for cancellation of endorsement) is issued to the Customers, within a period of 30 days from the date of full settlement (Including settlement of all lien in respect of that loan).

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.

Sl No	Decision level	Redressal Level
1	Branch Head	Divisional Head
2	Divisional Head	Regional Head
3	Regional Head	President
4	President	Chief Operating 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

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
Email: nodalofficer@sakthifinance.com

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 in the loan agreement and any delay in payment of instalments as per the repayment schedule will attract penal charges as may be specified and agreed between the parties. The penal charges are fixed to act as a deterrent to the borrower against delaying the payment of instalment. The interest and charges are also displayed on the website of the Company.

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 amended FP Code shall come into effect from the date of approval of this FP Code by the Board of Directors.

14.2 The Board shall review 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.

Date: 12 February 2025

Place: Coimbatore

(As amended by the Board of Directors at their meeting held on 12 February 2025)

