



POLICY ON APPOINTMENT OF AN INTERNAL OMBUDSMAN

(As amended by the Board of Directors at their meeting held on 12 February 2026)



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DOCUMENT CONTROL

Document Information	
Company	Sakthi Finance Limited ("SFL"), Coimbatore
Document Title	Policy on Appointment of an Internal Ombudsman ("IO")
Classification	Confidential

Document Owner	
Title	Company Secretary and Chief Compliance Officer

Document History			
SI No	Date	Nature of Document	Remarks
1	14th February 2022	Base Document	Policy on Appointment of an Internal Ombudsman ("IO") initially adopted by the Board of Directors.
2	8th February 2024	Amendment	Amendments incorporated in the policy in line with the Master Direction - RBI (Internal Ombudsman for Regulated Entities) Directions 2023 issued by RBI on 29th December 2023
3	12 February 2026	Amendment	Amendments incorporated in the policy in line with the Reserve Bank of India (Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026 issued by RBI on 14 January 2026.



ABBREVIATIONS USED

ACB	Audit Committee of the Board
AA	Appellate Authority
AGR	Alternate Grievance Redressal
BOD	Board of Directors
CA	Competent Authority
CA 2013	Companies Act 2013
CEPD	Consumer Education and Protection Department
DIO	Deputy Internal Ombudsman
IGR	Internal Grievance Redressal
IO	Internal Ombudsman
NBFC	Non-Banking Financial Companies
NBFC-ML	Non-Banking Financial Companies - Middle Layer
RBI	Reserve Bank of India
RBI-MD-IO	RBI (Internal Ombudsman for Regulated Entities) Directions 2023 issued by RBI dated 29th December 2023
RBIO	Reserve Bank of India Ombudsman
RCA	Root Cause Analysis
SBR Directions	Reserve Bank of India (Non-Banking financial Company - Scale Based Regulation) Directions 2023
SFL	Sakthi Finance Limited
the "Act"	The Companies Act 2013



1. INTRODUCTION

- 1.1. Sakthi Finance Limited (“SFL” or “Our Company”) is a Deposit Taking Non-Banking Finance Company (“NBFC”) Registered under Section 45-IA of the Reserve Bank of India Act 1934 under certificate No. 07-00252 dated 8th May 1998. Our Company has been classified as an NBFC Investment and Credit Company in terms of RBI Circular dated 22nd February 2019.
- 1.2. Further in terms of Master Directions – Reserve Bank of India (Non-Banking financial Company - Scale Based Regulation) Directions 2023 (“SBR Directions”), our Company falls under NBFC-Middle Layer (“NBFC-ML”).

2. RBI GUIDELINES FOR APPOINTMENT OF AN INTERNAL OMBUDSMAN

- 2.1. RBI has, by its Circular No. CO.CEPD.PRS.No.S874/13-01-008/2021-22 dated 15th November 2021, issued Directions (“RBI Directions”) for appointment of an Internal Ombudsman (“IO”) for Non-Banking Finance Companies, which fulfils the specified criteria.
- 2.2. The RBI Directions also prescribed the detailed conditions on the appointment of IO, tenure, roles and responsibilities of IO, emoluments/facilities/benefits for IO, complaints referred to IO and reporting to RBI etc.
- 2.3. Further, RBI had, by its ref.no: RBI/CEPD/2023-24/108 CEPD.PRD.NO.S1228/13.01.019/2023-24 dated 29th December 2023, issued a Master Direction – Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions 2023 (“RBI-MD-IO”) on 29th December 2023.
- 2.4. The RBI-MD-IO requires that NBFCs to formulate a policy on appointment of IO and the other procedural guidelines for the Company regarding complaints referred to the IO. Our Company had formulated a policy based on the RBI’s earlier Circular dated 15th November 2021. The present RBI-MD-IO has superseded the earlier Circular.



2.5. Further, RBI issued a Master Direction - Reserve Bank of India (Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026 ("RBI-MD-IO 2026") on January 14, 2026. Accordingly, in line with the RBI-MD-IO 2026, the policy is being amended and is documented which requires the approval of the Board of Directors ("BoD").

3. SCOPE AND APPLICABILITY

3.1. The RBI-MD-IO 2023 is applicable to our company, being a deposit-taking company with 10 or more branches, with effect from 29th December 2023 also as per current RBI-MD-IO 2026.

4. OBJECTIVE / PURPOSE OF THE POLICY

4.1. The objective of the policy is to provide guidance on the appointment of IO/DIO and resolution of complaints referred to IO/DIO and the other procedures in relation to his/her functioning as IO/DIO for our Company in conformity with the RBI Directions.

5. DEFINITIONS

5.1. In terms of RBI-MD-IO, unless the context otherwise requires, the following terms shall have the meaning assigned to them as detailed below:

- a. "Competent Authority" means Vice Chairman and Managing Director in relation to our Company;
- b. "Complaint" means a representation in writing or through other modes alleging deficiency in service on the part of the Company and seeking relief thereon;
- c. "Deficiency in service" means a shortcoming or an inadequacy in any service, which the Company is required to provide statutorily or otherwise, which may or may not result in financial loss or damage to the customer;
- d. "Deputy Internal Ombudsman" means any person appointed under the Clause 6 of the RBI-MD-IO;



- e. "Internal Ombudsman" means any person appointed under Clause 5 of the RBI-MD-IO.
- f. "Related Party" shall include related party as defined in sub-clause 76 of Section 2 of the Companies Act 2013 ("the Act") and related party as per the applicable accounting standards.

6.A. APPOINTMENT OF INTERNAL OMBUDSMAN

6.1. In terms of RBI-MD-IO, our company is required to appoint an IO. Our Company has already appointed an IO on 10th August 2022 in terms of earlier RBI Notification dated 15th November 2021.

6.2. The person to be appointed as IO shall fulfil the following prerequisites:

- a. The person shall be either a retired or a serving officer, not below the rank of General Manager or equivalent, in any financial sector regulatory body/any other NBFC / bank etc., with necessary skills and experience of minimum of seven years of working in areas such as non-banking finance, banking, financial sector regulation or supervision, payment and settlement systems, credit information or consumer protection.
- b. The person shall not previously have employed nor presently be employed by our Company and Company's related parties.
- c. The person to be appointed as IO shall not over 70 years of age before completion of the tenure.
- d. A person may work as the IO in more than one RE simultaneously at the discretion of the REs concerned, subject to the approval of the Board or Customer Service Committee / Consumer Protection Committee of the Board of the appointing the Company.

6.3. Our Company may appoint more than one IO depending on the number of complaints received/branch network to ensure continuity of operations during the absence of IO. While appointing additional IO, our Company to consider the need for diversity of experience of person to deal with type of cases. In such cases, our company shall define the jurisdiction of each IO.



- 6.4. The Principal Nodal Officer or the Nodal Officer, liaising with the offices of the RBI Ombudsman, shall not act as IO / DIO or *vice versa*, even during the temporary absence of either.

6.B. APPOINTMENT OF DEPUTY INTERNAL OMBUDSMAN

- 6.5. Our Company may appoint one or more Deputy Internal Ombudsman ("DIO") depending on the volume of complaints received, who would assist the IO in the quality disposal of the complaints.
- 6.6. The DIO shall either be a retired or serving officer, not below the rank of Deputy General Manager of another Bank / Financial Sector Regulatory Body / NBFC, having necessary skills and experience of minimum five years of working in areas such as banking, non-banking finance, regulation, supervision, payment and settlement systems, credit information or consumer protection.
- 6.7. The DIO shall not be over 70 years of age before the completion of his tenure.
- 6.8. The DIO shall not be employed in more than one RE simultaneously.
- 6.9. The DIO shall functionally report to the IO, who will be the final authority / decision-making authority while dealing with the complaints. In the temporary absence of the IO, not exceeding a period of 15 working days, the DIO may function as the IO for the limited purpose of reviewing the rejected complaints. Prior information shall be provided to Consumer Education and Protection Department, Central Office, Reserve Bank of India (iocepd@rbi.org.in) in case of temporary absence of the IO exceeding 15 working days, advising *inter alia*, details of alternate arrangements being put in place. However, such temporary absence should not exceed 30 days.

7. TENURE OF INTERNAL OMBUDSMAN / DEPUTY INTERNAL OMBUDSMAN

- 7.1. The appointment of the IO / DIO shall be contractual in nature. The tenure of the IO / DIO shall be for a fixed term of not less than three years but not exceeding five years and it shall be indicated in the appointment letter. The IO / DIO shall not be eligible for re-appointment or for extension of tenure in our Company.



- 7.2. Our Company shall undertake the process of fresh appointment well in advance to fill the vacancy before the expiry of the incumbent IO and ensure that the post of the IO does not remain vacant at any point of time.
- 7.3. The IO / DIO shall not be removed before the completion of the contracted term without the explicit approval of the Reserve Bank of India ("RBI"). In case the vacancy arises on account of reasons beyond the control of our Company (such as death, resignation, incapacitation, terminal illness, etc.), our Company shall inform RBI within 10 working days from the date of such vacancy. Our Company shall appoint a new IO / DIO by following the procedure of appointment as indicated at Paragraph 6 of this policy, within three months from the date of the vacancy and submit a report within 5 working days from the date of appointment of the new IO / DIO as per Paragraph 6A/6B of the policy.
- 7.4. In rare cases, where both IO/s and DIO/s are on leave / absent, our Company may designate its serving official equivalent to the General Manager rank as the IO for a period not exceeding one month, with the approval of the Board. Such official shall not have any reporting relationship with the business verticals of the Company during the period in which he/she is designated as the IO.
- 7.5. The Principal Nodal Officer or the Nodal Officer, liaising with the offices of the RBI Ombudsman, shall not act as IO / DIO or *vice versa*, even during the temporary absence of either.
- 7.6. Our Company shall:
- ensure that the post of the IO does not remain vacant at any point of time.
 - undertake the process of fresh appointment at least three months in advance well in advance to fill the vacancy before the expiry of the tenure of the incumbent IO and ensure that there is a minimum overlap of at least one month between the time of demitting of office of the outgoing Internal Ombudsman and the incoming IO.



- c. undertake the process of fresh appointment at least three months before the expiry of the term of the incumbent IO.

8. ADMINISTRATIVE OVERSIGHT

- 8.1. The IO shall report to the Vice Chairman Managing Director, as defined under Paragraph 5.1.(a) of this policy of the Company, administratively and to the Board of Company, functionally.

9. SECRETARIAT AND COST OF THE OFFICE OF THE INTERNAL OMBUDSMAN

- 9.1. Our Company shall depute such number of its officers and/or other staff to the office of IO for its smooth functioning. Further all other requisite office infrastructure including information technology support shall made available to the office of the IO to discharge his/her responsibilities effectively and efficiently.

- 9.2. The Board of our Company shall determine the emoluments, facilities, benefits accorded to IO, which should be appropriate keeping in view the stature and position of the IO / DIO, being at the apex of the grievance redressal mechanism of the Company and the need to attract experienced persons with requisite expertise. These emoluments, facilities and benefits accorded to the IO / DIO, once determined, shall not be changed during the tenure of IO / DIO.

- 9.3. The office of the IO/DIO shall be placed in our Registered / Head Office of the Company.

10. INTERNAL AUDIT

- 10.1. Our Company shall conduct an internal audit of the implementation of these Directions on annual basis. The internal audit of the Company shall cover the implementation and compliance with these Directions *inter alia*, including:

- a. The adequacy of the infrastructure (space, IT infrastructure, human resources, etc.) provided to the office of IO and whether it is in line with the volume of complaints and the stated position of the IO at the apex of the grievance redressal mechanism;
- b. Implementation of auto-escalation of the partly or wholly rejected complaints to the IO within 20 days and adherence with various timelines indicated in the policy;



- c. Actions by the IO with regard to analysis of complaints, reports submitted to RBI and the Company, efforts made by IO for review and quality disposal of the rejected complaints, support provided by the Company towards raising awareness about types of grievances and developing uniformity of approach in handling of complaints across the Company as also the support provided to the IO for redressal of the complaints; and
- d. Adherence with various timelines indicated in the policy.

10.2. The scope of the internal audit shall exclude any assessment of the correctness of decisions taken by the IO / DIO:

11. ROLES AND RESPONSIBILITIES OF THE IO / DIO

- 11.1. The IO shall deal only with the complaints that have already been examined by the Company but have been partly or wholly rejected by the Company. In other words, the IO shall not handle complaints received directly from the customers or members of the public.
- 11.2. The following types of complaints shall be outside the purview of RBI-MD-IO and shall not be handled by the IO:
 - a. Complaints relating to Corporate frauds, misappropriation etc. except those resulting from deficiency in service, if any, on the part of the Company;
 - b. References in the nature of suggestions and commercial decisions of the Company. However, service deficiencies in cases falling under 'Commercial decisions' will be valid complaints for the IO;
 - c. Complaints/references relating to
 - (i) internal administration
 - (ii) human resources
 - (iii) pay and emoluments of staff; and
 - d. Complaints which have been decided by or are already pending in other fora such as the Consumer Disputes Redressal Commission ("CEPD"), Courts, etc;
 - e. Disputes for which remedy has been provided under Section 18 of the Credit Information Companies (Regulation) Act, 2005.



- 11.3. Our Company shall forward all rejected / partially rejected complaints under the categories (a) and (b) above to the IO / DIO. The IO shall look for inherent deficiency in service in such cases and take a view whether any of these complaints can be exempted under (a) and / or (b) above as decided by the Company.
- 11.4. The complaints that are outside the purview of the policy shall be immediately referred back to the Company by the IO.
- 11.5. IO / DIO shall, on a quarterly basis, analyse the pattern of complaints such as product/ category wise, Consumer group wise, geographical location wise and suggest means for taking action to address the root cause of complaints of similar / repeated nature and those that require policy level changes in our Company.
- 11.6. The IO / DIO shall examine the complaints based on records available with the Company, including any documents submitted by the complainant and comments/clarifications furnished by the Company to the specific queries of the IO. The IO may seek additional information from the complainant through the Company. The IO shall record "reasoned decision" in each case.
- 11.7. The IO / DIO may hold meetings with the functionaries/departments of the Company concerned and seek any record/document available with the Company that is necessary for examining the complaint/decision.
- 11.8. Our Company shall furnish all records/documents sought by the IO to enable expeditious redressal/resolution of customer grievances.
- 11.9. The IO / DIO shall not represent our Company in legal cases before any Court or fora or authority.
- 11.10. The IO shall report to the Vice Chairman and Managing Director of the Company administratively and to the Board functionally.

12. BOARD OVERSIGHT

- 12.1. The IO shall furnish periodic reports (including the analysis of complaints) on his / her activities to the Committee of the Board handling customer service and protection, preferably at quarterly



intervals, but not less than half yearly intervals. The Company shall put in place a system for discussion of cases, in which the decision of the IO has been rejected by the Company. The rejection of the decision taken by the Internal Ombudsman shall be done with the approval of the Competent Authority as defined in Paragraph 5.1.(a) of the policy.

12.2. The Audit Committee of our Company can refer to the IO, matters in respect of cases mentioned at paragraph 11.2.(a) of the policy.

12.3. The IO shall be designated as an ex-officio member or a permanent invitee to the meetings of the Committee of the Board of the company for handling customer service and protection.

13. PROCEDURAL GUIDELINES FOR THE COMPANY REGARDING COMPLAINTS REFERRED TO THE IO BY THE COMPANY

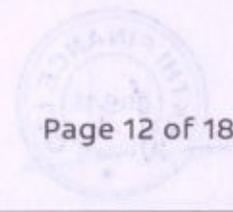
13.1. Our Company is required to formulate a policy approved by its Board and has already put in place a policy and establish a system of auto-escalation of all complaints that are partly or wholly rejected by the Company's internal grievance redressal mechanism to the IO for a final decision.

13.2. Our Company shall internally escalate all such complaints to the IO within 20 days from the date of receipt for final decision. The IO and the Company shall ensure that the final decision is communicated to the complainant within 30 days from the date of receipt of the complaint by our Company.

13.3. Our Company formulated a flow chart representing the activities undertaken by our company in relation to the customer Complaints in Annexure-1.

13.4. In case our Company has a complaint management software, it shall provide to the IO *read only* access to the system and enable uploading of the decision of the IO.

13.5. The IO shall also have *read only* access to the Reserve Bank's Complaint Management System to enable the IO to keep track of:



- a. the cases forwarded by the office of RBI Ombudsman
- b. decisions of the RBI Ombudsman; and
- c. the decision of the Appellate Authority under the RBI's Integrated Ombudsman Scheme, where applicable.

13.6. Upon joining the Company, the IO shall seek read only access from CEPD of RBI.

13.7. The decision of the IO shall be binding on the Company, except in cases where our Company has obtained approval for disagreeing with the IO's decision as stated in Paragraph 13.8 of the policy.

13.8. In case the IO upholds the decision of the Company to reject/partly reject the complaint, the reply to the customer should explicitly state the fact that the complaint has been examined by the IO and for the reasons stated in the reply, the decision of our Company has been upheld.

13.9. In case the IO overrules the decision of the Company to reject/partly reject the complaint, our Company can disagree with the decision of the IO with the approval of the Vice Chairman and Managing Director as may be applicable. In such cases, the reply to the complainant shall explicitly state the fact that the complaint was examined by the IO and the decision of our Company was overruled by the IO in favour of the complainant, however, our Company has, with the approval of the Vice Chairman and Managing Director, disagreed with the decision of the IO. Such decision shall be communicated to the complaint within 7 days of communication of the decision of IO on the case to our Company. All such cases shall be subsequently reviewed on a quarterly basis by the Committee / Board of Directors of our Company.

13.10. In case of complaints that are fully or partly rejected even after examination by the IO, our Company shall necessarily advise to the complainant as part of the reply that he/she can approach the RBI Ombudsman for redressal (if the complaint falls under the RBI Ombudsman mechanism) along with complete details. The advice should include the link to Reserve Bank's portal (<https://cms.rbi.org.in>) for on-line filing of customer complaints.



- 13.11. The decision of the IO shall mandatorily be included in the information submitted by our Company to the office of the RBI Ombudsman while replying to/furnishing documents to the office of the RBI Ombudsman.
- 13.12. If the opinion of the IO is not available with our Company when the complainant approaches the RBI Ombudsman, our Company should obtain the views of the IO and include it in its submission to the office of the RBI Ombudsman.
- 13.13. Our Company shall use the analysis of complaints handled by the IO / DIO in their training programmes/conferences to raise awareness among the frontline staff about, *inter alia*, the pattern of complaints being received in the Company, their root causes, remedial measures and expected action on the part of frontline staff. The IO / DIO may also be associated with such trainings, where necessary.
- 13.14. While assessing the performance of the IO / DIO, in addition to the level of pendency etc., our Company shall also consider the number of cases where substantive differences were observed between the decisions of the IO / DIO in relation to those given by the RBI Ombudsman subsequently.
- 13.15. Our Company shall widely disseminate the guidelines/instructions regarding the role of the IO / DIO among to staff while communicating the appointment of the IO / DIO in the organization (to all branch offices).
- 13.16. Our Company shall not provide the contact details of the IO in the public domain as the IO shall not handle complaints received directly from the customers.

14. SUPERVISORY OVERSIGHT

- 14.1. The areas relating to customer service and customer grievance redress, as well as the implementation of the RBI-MD-IO 2026, shall be a part of the risk assessment and supervisory review undertaken by the RBI.

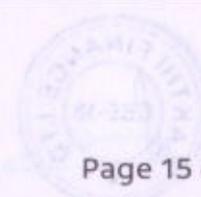


- 14.2. CEPD of the RBI will review the cases where the decision of the IO / DIO has not been accepted by the Company and the aggrieved customer approaches the RBI Ombudsman, for assessing the effectiveness of the internal grievance redressal mechanism of the Company and initiating corrective actions as it may deem fit.

15. REPORTING TO RBI

- 15.1. Our Company shall establish a system of quarterly reporting of information to CEPD, Central Office, Reserve Bank of India.
- 15.2. The current reporting format to RBI is given in the Annexure 2. These reports shall be submitted on or before 15th day of the month following the quarter.
- 15.3. Our Company shall, within five working days of appointment of the IO/DIO, furnish the details of the IO / DIO to the Chief General Manager, Consumer Education and Protection Department, Reserve Bank of India, Central Office, First Floor, Amar Building, Sir P M Road, Mumbai - 400 001 (e-mail: iocepd@rbi.org.in) in the following format:

1	Name of the Internal Ombudsman / Deputy Internal Ombudsman	
2	Details of the last position held / organization names	
3	Date of Appointment / Re-appointment	
4	Date of Birth	
5	Term (in years)	
6	Brief professional profile, including previous exposure to financial services highlighting those that make him eligible for appointment	
6	Contact details (telephone and e-mail, address)	
7	Date of Intimation to Reserve Bank of India	



16. REVIEW AND AMENDMENT

16.1. This policy shall be reviewed or amended by the Board of Directors as and when deemed necessary in order to be in conformity with the current regulatory requirements.

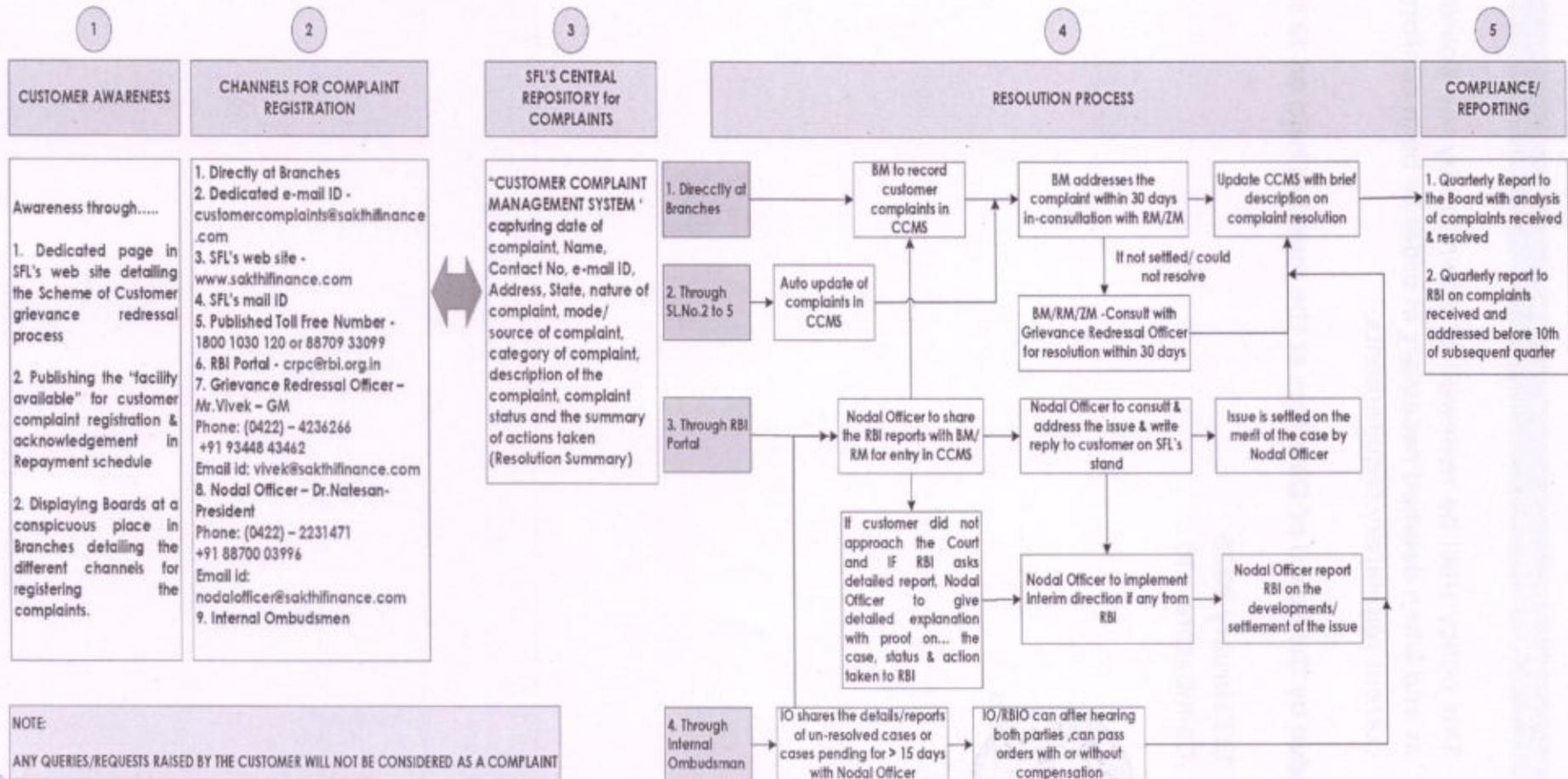
(As amended by the Board of Directors at the meeting held on 12 February 2026)

Date : 12 February 2026

Place : Coimbatore - 18



FLOW CHART REPRESENTING THE ACTIVITIES UNDERTAKEN BY OUR COMPANY IN RELATION TO THE CUSTOMER COMPLAINT



Report on functioning of the Internal Ombudsman

Report for quarter ended:

Name of the NBFC:

Part I: Information pertaining to the complaints referred to IO / DIO

SI NO	Particulars	Number	
		IO	DIO
1	Number of Internal Ombudsman (IO)		
2	Number of Deputy Internal Ombudsman (DIO)		
3	Number of staff assigned to the office of the IO (excluding DIO)		
4	Number of complaints pending at the end of previous quarter		
5	Number of complaints received during the quarter		
6	Of (4 & 5), number of complaints fully resolved		
7	Of (4 & 5), number of complaints partially rejected		
8	Of (4 & 5), number of complaints wholly rejected		
9	Number of complaints partially resolved or wholly rejected (7) + (8)		
10	Number of complaints pending at the end of the quarter		
		IO	DIO
11	Of (9), number of complaints referred to the IO / DIO within 20 days of receipt		
12	Of (9) number of complaints referred to the IO / DIO after 20 days of receipt		
13	Of (12), number of complaints referred to the IO / DIO beyond 20 days due to Turnaround Time prescribed by RBI, NPCI or card networks		
14	Of (11 & 12), number of complaints where decision has been provided by IO / DIO		
15	Of (14), number of complaints where IO / DIO has upheld the decision of the NBFC		
16	Of (14), number of complaints where IO / DIO has not upheld the decision of the NBFC		
17	Of (16), number of complaints where the decision of the IO / DIO implemented by the NBFC		
18	Of (16), number of complaints where the decision of the IO / DIO is pending for implementation		
19	Of (16), number of complaints where the NBFC has disagreed with the decision of IO / DIO, with the approval of the Competent Authority		
20	Number of complaints which were resolved by the RBI Ombudsman and not referred to the IO/ DIO earlier		
21	Number of complaints where the decisions of the IO / DIO were not upheld by the RBI Ombudsman		
22	Number of complaints in which the IO / DIO sought inputs from the complainants directly for resolution of complaints		
23	Number of complaints in which the IO / DIO provided compensation		

Part II: Information pertaining to Root Cause Analysis by the IO

1. Major findings from the Root Cause Analysis

2. Details of the suggestions made by the IO and accepted by the Board.

