

SRG SECURITIES FINANCE LIMITED



FAIR PRACTICE CODE

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FAIR PRACTICE CODE

(The Policy is formulated as per directives of RBI)

I. REVISION HISTORY

I. REVISED/AMENDED

The Reserve Bank of India, by its notification no RBI/2006-07/138 DNBS(PD)/CC no. 80/03.10.042/2005-06 dated 28th September 2006 read with notification no RBI /2011-12/470 DNBS.PD/CC. No. 266/03.10.01/2011-2012 dated 26th March 2012 has issued guidelines on Fair Practice Code for all Non-Banking Financial Companies (NBFCs).

Further the said guidelines for Fair Practice Code has being revised by RBI vide their notification no RBI/2012-2013/416 DNBS.CC.PD.No. 320/03.10.01/2012-13 dated February 18, 2013 under section 45L of Reserve Bank of India Act 1934 and by Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

II. INTRODUCTION

The purpose of this document is to define the Fair Practice Code (FPC) for the company in accordance with the RBI Directions for Non-Banking Finance companies. This is living document and supposed to be updated on a regular basis. Any regulatory change that would impact the FPC aspects of the company would be reflected here.

The said code deals to promote good and fair practice, increase transparency, encourage market forces, promote a fair and cordial relationship between borrower / Customer and the Company and to foster confidence of the customer in the finance system of the Company.

III. COMPANY'S PHILOSOPHY

S R G Securities Finance Limited ("the company") believes in and complies with the prevalent FPC practices that are in line with the Directions provided by RBI to NBFC's. Considering the importance of FPC, the top management will be directly involved in the various aspects of accounting related issues.

S R G Securities Finance Limited believes in transparency and fair-trade practices.

IV. OBJECTIVES OF THE CODE

- To serve the customers as part of best services and to provide transparency in business practices
- To promote fair and cordial relationship between the customers and company
- To encourage the market forces through competition to achieve higher operating standards.
- To promote good and fair practices.

V. NON-DISCRIMINATION POLICY

The Company will not discriminate between its customers on the basis of gender, physical ability, race or religion.

VI. LOANS TO CUSTOMER

6.i. Applications for loans and their processing, Company will make sure:

- a) All communications to the borrower will be in the vernacular language or a language as understood by the borrower.
- b) Loan application forms shall 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 shall indicate the documents required to be submitted with the application form.

- c) The S R G SFL devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

6.ii. Loan appraisal and term & conditions:

S R G SFL convey in writing to the borrower in the 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 annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. Any clause relating to penal charges charged for late repayment will be specified in bold in appropriate documentation. S R G SFL at the time of sanction / disbursements of loans will furnish a copy of loan agreement to the borrower.

SRG SFL furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to the borrowers at the time of sanction / disbursement of loans.

6.iii Penal charges in loan accounts

- a. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- b. S R G SFL shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- c. S R G SFL formulate a Board approved policy on penal charges.
- d. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category.
- e. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions.
- f. The quantum and reason for penal charges clearly disclosed by the Company to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition being displayed on websites of the Company under Interest rates and Service Charges.
- g. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

6.iv Disbursement of loans including changes in terms and conditions:

- a) S R G SFL give notice to the borrower in the English or in vernacular language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Company also ensures that changes in interest

rates and charges are affected only prospectively. A suitable condition in this regard be incorporated in the loan agreement.

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

6.v Release of Security

- a. The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim, the Company may have against borrower.
- b. If the company has any claim against the borrower in respect of loan outstanding and repayment of all dues or on realization of outstanding amount of Loan, the company shall give to the borrower prior notice about the same 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.

VII. Release of movable/immovable property documents on repayment/ settlement of personal loans

- a. S R G SFL shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.
- b. The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.
- c. The timeline and place of return of original movable/immovable property documents is mentioned in the loan sanction letters issued on or after the effective date.
- d. The Company have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure is displayed on the website of the Company along with other similar policies and procedures for customer information.
- e. Compensation for delay in release of movable/immovable property documents

(i) In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Company, S R G SFL will compensate the borrower at the rate of ₹5,000 for each day of delay.

(ii) In case of loss/damage to original movable/immovable property documents, either in part or in full, S R G SFL shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (ii) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days)

VIII. GENERAL

- SRG SFL 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 lender).

- To maintain the FPC in English or in vernacular language will be displayed by the company in its office premises, all communications to the borrower will be in English or in the vernacular language as understood by the borrower
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the SRG SFL, if any, be conveyed within 21 days from the date of receipt of request. Such transfer will be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, SRG SFL not resort to undue harassment and will also ensure that the staff are adequately trained to deal with the customers in an appropriate manner
- Field staff will be trained to make necessary enquiries with regard to existing debt of the borrowers,
- Training if any, offered to the borrowers will be free of cost. Field staff will be trained to offer such training and also make the borrowers fully aware of the procedure and systems related to loan / other products,
- The effective rate of interest charged and the grievance redressal system set up by the company be prominently displayed in all its offices,
- A declaration that the company will be accountable for preventing inappropriate staff behavior and timely grievance redressal will be made in the loan agreement and also in the FPC displayed in its office/branch premises,
- The KYC Guidelines of RBI will be complied with. Due diligence will be carried out to ensure the repayment capacity of the borrowers,
- Adequate steps may be taken to ensure that the procedure for application of loan is not cumbersome and loan disbursements are done as per pre-determined time structure.

VIII. Grievance Redressal Mechanism

- Company have a system and a procedure for receiving, registering and disposing of complaints and grievances in its Head office.
- Company's Board would lay down a grievance redressal mechanism to resolve complaints. Such a system would try to dispose off and settle disputes at the next higher level.
- Company would let customer know where to find the company's procedure of handling complaints fairly and quickly.
- To redress their grievances, applicants / borrowers may write to the designated senior official at the address below, clearly stating the nature of their grievance along with necessary documents, if any. A copy of the same will be returned to the borrower with dated acknowledgement.

By letter:

To,

Vinod Kumar Jain

S R G Securities Finance Limited

322 S.M. Lodha Complex, Near Shastri Circle

Udaipur (Rajasthan)-313001.

Ph : 0294-2412609

srgsecurities@gmail.com

Complaints will be entertained after verification with the complainant within a reasonable time. To enable us to contact and verify the information person's correct contact details is essential.

- In case complainant does not receive response from the company within a period of 30 days or is dissatisfied with the response received, a person may approach to RBI at its respective address:

Reserve Bank of India,

Rambagh Circle, Tonk Road

Jaipur

Designated Nodal Officers for Complaints Redressal Cells at Jaipur

0141 - 2562060

dnbsjaipur@rbi.org.in

IX. REGULATION OF EXCESSIVE INTEREST CHARGED

(Notification No. DNBS. 204 / CGM (ASR)-2009 dated January 2, 2009)

The Company has laid down appropriate internal principles and procedures in determining interest rates processing and other charges.

The Company has adopted an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.

The rate of interest to be charged depends much upon the gradation of the risk of borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.

SRGSFL 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 installments / interest as per the repayment schedule will attract penal charges as mentioned in the sanction letter and Loan Agreement. This rate of penal charges is fixed to act as a deterrent to the Borrower in delaying the payment of the installment / interest.

X. CLARIFICATION REGARDING REPOSSESSION OF VEHICLES FINANCED BY NBFCS

(Issued vide CC No. 139 dated April 24, 2009)

SRG SFL must have a built in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement, also contain provisions regarding:

- a) Notice period before taking possession;
- b) Circumstances under which the notice period can be waived;
- c) The procedure for taking possession of the security;
- d) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property;
- e) The procedure for auction will also disclose in loan agreement.
- f) As a policy the NBFCs themselves will not participate in the auctions held,
- g) Auction be announced to the public by issue of advertisements in at least 2 newspapers one in vernacular language and another in national daily newspaper;
- h) Systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval

A copy of such terms and conditions must be made available to the borrowers in terms of circular wherein it was stated that SRG SFL may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

XI . DISCLOSURES IN LOAN AGREEMENT

- a) Company is having a Board approved, standard form of loan agreement.
- b) Loan agreement disclosing the following:
 - All the terms and conditions of the loan,
 - That the pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof),
 - That no security deposit / margin is being collected from the borrower,
 - The moratorium between the grant of the loan and the due date of the repayment of the first instalment (as guided by the nbfc-mfis(reserve bank) directions, 2011),
 - An assurance that the privacy of borrower data will be respected.

XII. Customer Protection:

We will treat all our customer's personal information as private and confidential and will not reveal details of customers dealings with us to a third party, except as provided herein and in the following exceptional cases:

- a) If we have to give the information by law or to credit rating agencies/ CIBIL etc
- b) If there is a duty towards the public to reveal the information.
- c) In case of continue default – as company may think fit to regularize the account

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