

FAIR PRACTICES CODE

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S.I. CAPITAL & FINANCIAL SERVICES LIMITED

(Updated from time to time as per RBI guidelines/Directions)*

PREAMBLE

This Fair Practices Code ("FPC") has been formulated by S.I. Capital & Financial Services Limited ("the Company") in accordance with Chapter VII of the Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, issued by the Reserve Bank of India (RBI) vide circular DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023. The objective of the Code is to ensure transparency in the Company's operations, promote fair and ethical lending practices, and foster customer confidence. This Code applies to all employees of the Company and to any person authorized to represent the Company in any of its dealings with customers in connection with all categories of products and services offered by the Company.

1. APPLICATIONS FOR LOANS AND THEIR PROCESSING

1.1 All communications to the customer by the Company shall be in English as it is commonly understood by all the customers. If a customer explicitly requests communication in another language, the Company will acknowledge this preference, and all subsequent communications with that client will be in the requested language.

1.2 The Loan application forms will contain all 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 list of documents required to be submitted with the application form would also be mentioned.

1.3 The application forms and any relevant documents shall be provided in a language understood by the borrower, preferably the vernacular language.

1.4 The Company shall acknowledge receipt of all loan applications in writing or via email and indicate the approximate timeframe within which the application will be processed.

2. LOAN APPRAISAL AND TERMS/CONDITIONS

2.1 The Company shall assess all loan applications based on its internal credit and risk policies.

*Approved in the Board meeting held on 10.11.2023

2.2 Upon approval of a loan, a sanction letter shall be issued to the borrower indicating the amount sanctioned, applicable interest rate (annualized), method of application of interest, processing fees, EMI Structure, prepayment charges, penal charges, and other applicable terms and conditions.

Penal charges for late repayment of loan would be expressly mentioned in bold in the loan agreement

2.3 Penalty if charged for noncompliance of material terms and conditions of loan contract by the borrower shall be treated as penal charges and shall not be in the form of penal interest on the advances. There shall be no capitalization of penal charges ie No further interest computed on such charges.

2.4 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.

2.5 The quantum and reason for penal charges shall be clearly disclosed by NBFC to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS).

2.6 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 nonindividual borrowers for similar non-compliance of material terms and conditions.

2.7 A communication in writing as regards the reason(s) for rejection of a loan application will be furnished by the Company, whenever any loan application is rejected. A register or record of all rejected loan applications should be maintained and updated on a monthly basis.

2.8 The borrower's acceptance of the sanction letter and the terms shall be retained on file.

2.9 A copy of the signed loan agreement and all enclosures quoted therein shall be furnished to the borrower at the time of disbursement.

3. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

3.1 Any changes in terms and conditions including interest rate, service charges, prepayment charges, or repayment schedule shall be informed to the borrower in advance in a language understood by them, preferably the vernacular language.

3.2 Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement. Before taking a decision to recall/ accelerate payment or performance under the agreement or seeking additional securities, the Company shall give notice to customers in consonance with the loan agreement.

3.3 Changes in charges and interest rates shall be implemented only prospectively.

3.4 The Company shall release all securities on repayment of all dues, subject to any legal right of lien or set-off. 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 the Company is entitled to retain the securities till the relevant claim is settled/ paid.

4. RECOVERY OF LOANS

4.1 The Company shall not resort to any undue harassment or coercive practices in its recovery efforts.

4.2 The Company shall 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).

4.3 Recovery agents and staff shall be adequately trained to handle customers with sensitivity and professionalism.

4.4 Borrowers shall not be contacted at inappropriate hours (i.e., before 9 a.m. and after 7 p.m.)

4.5 Field staff must respect customer privacy and dignity during recovery.

4.6 The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without coobligant(s).

5. CUSTOMER EDUCATION

5.1 The Company shall inform borrowers clearly about their repayment obligations, including due dates, penal charges, and implications of non-payment.

5.2 The Company shall display educational content on its website and branch offices.

6. INTEREST RATE POLICY

6.1 The Company shall have a documented Interest Rate Model approved by the Board which considers the cost of funds, risk premium, and margin.

6.2 The Company shall disclose:

- The rate of interest charged (annualized)
- Risk gradation methodology
- Processing and other charges

6.3 This information shall be published on the Company's website and updated from time to time.

6.4 Interest shall be charged on a daily reducing balance basis. Penal charges, if any, shall be clearly disclosed.

7. TRANSFER OF BORROWAL ACCOUNT

7.1 In the event of a request by the borrower for the transfer of their loan account, the Company shall convey its consent or objection within 21 days of receiving such request.

7.2 Transfers shall be permitted as per contractual terms and applicable law.

8. GRIEVANCES & GRIEVANCE REDRESSAL MECHANISM

An Appropriate Grievance Redressal Mechanism has been established by the Company to ensure that all disputes arising out of the decisions of the company are heard and disposed of appropriately.

8.1 Stage 1:

Customers may register complaints through the following channels during working hours (10.00 a.m. to 5.00 p.m., Monday to Saturday, excluding public holidays):

- Email: info@sicapital.co.in
- Phone: 04259 233305
- Post: No. 28, Second Floor, New Scheme Road, Pollachi, Coimbatore, Tamil Nadu 642001

8.2 Stage 2:

In case the grievance is not resolved within 30 days, the complaint may be escalated to the Grievance Redressal Officer:

Mr. Subin C. B.
Grievance Redressal Officer
Mobile: 9288007751
Email: subin@sicapital.co.in

8.3 Stage 3:

If the complaint remains unresolved, the customer may approach:

The General Manager
Department of Supervision (NBFC), Reserve Bank of India
16, Rajaji Salai, Fort Glacis, Chennai – 600 001
Phone: 044 25619843
Email: ssmnbf2che@rbi.org.in

9. COMPLIANCE AND MONITORING

9.1 The Company shall make internal arrangements for monitoring compliance with this Code.

9.2 Internal audit shall periodically review adherence.

9.3 The Board of Directors shall review the FPC at least annually or as and when regulatory updates require it.

10. DISPLAY AND DISSEMINATION

10.1 This Code shall be:

- Displayed on the Company's website
- Displayed at all branch offices
- Made available upon request

10.2 All updates to this Code shall be made promptly and communicated to relevant stakeholders.

11. COMPLAINTS ABOUT EXCESSIVE INTEREST CHARGED BY THE COMPANY

11.1 The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

This Fair Practices Code supersedes all previous versions and is applicable with immediate effect.
