

## (Fair Practices Code)

## 1. INTRODUCTION

Sital Leasing & Finance Limited (SLFL referred as Company) is a company incorporated under the Companies Act, 1956 having Corporate Identification Number (CIN) L65910HR1983PLC050169. The company has been incorporated on 10.10.1983. SLFL is a Company listed on Metropolitan Stock Exchange of India Ltd (MSEI) & Delhi Stock Exchange Limited (DSE). SLFL is a non-deposit taking systematically importance non-banking financial company registered and regulated by the Reserve Bank of India (RBI) as a Non Banking Finance Company (NBFC), bearing Registration No. B-14.02131 issued on 21<sup>st</sup> Dec, 2001. The registered office of the company is located at 322, 3<sup>rd</sup> Floor, SS Plaza Commercial Complex, Mayfield, Garden, Sector-47, Gurgaon, Haryana -122001 and the Corporate office situated at 16/121-122, 1<sup>st</sup> Floor, Jain Bhawan, Faiz Road, Karol Bagh, New Delhi-110005.

The Company is a Non-Banking Finance Company registered with Reserve Bank of India ("RBI") is presently in the business of providing different types of loans which includes, Personal Loans, Corporate loans, Loan against Property, Loan against Shares etc., to its various customers. Such credit facilities are extended to different types of customers, which include Individuals, Partnership Firms, Companies and other Legal entities.

Sital Leasing & Finance Limited ("the Company") has framed and adopted a voluntary code, this sets out the principles for fair practice standards when dealing with customers. As per the RBI directions, we have adopted and will implement this Code in our organization which has been duly approved by Board of Directors of the Company. This Fair Practices Code applies to the all categories of products and services offered by the Company (currently offered or which may be introduced at a future date).

## 2. GUIDING PRINCIPLES, KEY COMMITMENTS AND DECLARATIONS

SLFL's policy is to treat all its clients fairly at all times. SLFL has adopted all the best practices prescribed by RBI from time to time and shall make appropriate modifications, if any, necessary to this Code to confirm other standards so prescribed. The employees/representatives of SLFL will offer assistance, encouragement and service in affair, equitable and consistent manner. SLFL will also communicate its FPC to its clients.

The Board of Directors and the management team of SLFL are responsible for implementing the FPC and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products including lending as SLFL may provide from time to time and that all SLFL employees/representatives shall be aware of this commitment.

## 3. APPLICABILITY

SLFL will ensure that the implementation of the FPC is the responsibility of the entire organization. SLFL's fair lending practices shall apply across all aspects of its operations including loan origination, processing, servicing and collection activities. Its commitment to FPC will be demonstrated in terms of accountability, training, counseling, monitoring, auditing programs and internal controls and optimal use of technology.

Additional guidelines on fair practices mandated by RBI vide notification dated RBI circular dated 1<sup>st</sup> July, 2014 i.e. DNBS (PD) CC NO.388/03.10.042/2014-15 and for NBFCs engaged in lending against collateral of gold jewellery are not applicable to SLFL, since it does not engage in such kind of lending activities till date.

## 4. NON-DISCRIMINATION POLICY

SLFL shall offer all financial products, to eligible qualified applicants, without discrimination on the basis of caste, color, creed, race, religion, marital status, sex, age or handicap, directly or through associates.

## 5. APPLICATION FOR LOAN AND THEIR PROCESSING

- To ensure that communication to the borrower is in a vernacular language.
- To include in loan application forms, the necessary information that affect the interest of the client, so that a meaningful comparison with the terms and condition

offered by other NBFCs can be made and an informed decision can be taken by them. To indicate in the loan application forms, the documents required to be submitted with the form.

- To provide acknowledgement for receipt of all loan applications. The time frame within which the application will be processed will also be indicated in the acknowledgement.
- SLFL will make its best effort to convey its decision to the applicant within five working days, after the loan application form is completed. (A form is considered complete once all information has been duly received and filled in, and required documents have been submitted and found acceptable).
- To take adequate steps to ensure that the procedure for application of loan is not cumbersome.

#### 6. LOAN APPRAISAL AND TERMS/CONDITIONS

- To convey in writing to the borrower in the vernacular language as understood by them, by means of sanction letter or otherwise, the amount of loan sanction along with the terms and conditions including the annualized rate of interest and method of application thereof all products/ services offered; and to keep the acceptance of these terms and conditions by the borrower on record.
- To mention the penal interest charged for late repayment in bold in the loan agreement and furnish the borrower with a copy of the loan agreement or enclosure quoted in the loan agreement.
- To conduct proper due diligence as per the internal credit policy, to assess the need and repayment capacity of the borrower before making a loan and amounts commensurate with their ability to repay.
- To obtain copies of relevant documents from client, as per standard KYC norms. Additional documents, if any, will be reasonable and necessary for completing the transaction.
- To train field staff to make necessary enquiries with regard to existing debt of the borrowers.
- To comply with the KYC guideline of RBI and carry out due diligence to ensure the repayment capacity of borrowers.

- To disclose all terms and condition to the client for all service offered. Disclosure will be made prior to disbursements.
- To ensure that its decision to recall/accelerate payments based on the performance is in consonance with the loan agreements.

#### 7. DISBURSEMENTS OF LOAN INCLUDING CHANGES IN TERMS AND CONDITIONS

- To provide the copy of loan agreement and all enclosures to borrowers in vernacular language at the time of disbursements, and ensure that the borrower has adequate time to study the same.
- To take adequate steps to ensure that loan disbursements are done as per a predetermine time structure, and all clients have adequate time to study documents and ask question, if any.
- To give notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions (including disbursements schedule, interest rates, service charge, prepayments charge etc.). SLFL will also ensure that changes in the interest rate and charges are affected only prospectively. A suitable condition in this regard will be incorporated in the loan agreement.
- To ensure that any decision to recall/ accelerate payments or performance under the agreement will be in consonance with the loan agreement.
- To release all securities on payments of all dues or on realization of the outstanding amount of the loan subject to any legitimate right or lien for any other claim it may have against borrower. 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 condition under which SLFL is entitled to retain the securities till the relevant claim is settled / paid.
- To sanction and disburse loan only at a central location with more than one individual involved in this function and to closely supervise the disbursements function.

#### 8. REGULATION OF INTEREST RATE CHARGES

- The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers for the same product, if applicable, shall be disclosed to the borrower or customer in the

application form and communicated explicitly in the sanction letter. The management understands that the higher cost of borrowing and the risk profile of the customer and so it is decided to fund the loans & advances between 8% to 30% P.A for the entire tenure.

- The Board of SLFL will lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. The Board of SLFL will adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

## 9. FEEDBACK AND GRIEVANCE REDRESSAL MECHANISM

- To establish dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedy and efficiently.
- To inform clients about the existence and purpose of these mechanisms and how to access them.
- Clients will be given the contact number of the concerned officer from whom they can enquire about developments in the loan process.
- To designate at least one grievance redressal official to handle complaints and/ or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.
- Where complainants are not satisfied with the outcome of the investigation conducted by SLFL into their complaint, they shall be notified of their right to refer the matter to the grievance redressal mechanism established by the Industry Associations.
- To display the grievance redressal system prominently in all branches (if any), and in vernacular language in the literature issued.
- SLFL will be accountable for preventing inappropriate staff behavior and a reference to timely grievance redressal will be made in the loan agreement and also in the FPC displayed in its office/branch premises.
- The Board of Directors of SLFL will lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a

mechanism will ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.

- The Board of Directors will also provide for a periodical review of the functioning of the grievances redressal mechanism at various levels if management. A consolidated report of such reviews will be submitted to the Board every quarter.
- The Board of Directors of Sital Leasing & Finance Limited has laid down the appropriate Grievance Redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the company are heard and disposed off at least at the next higher level. The customer shall be informed of the customer complaint process / GRM followed by SLFL. The customer shall be entitled to approach to Mr. Surendra Kumar Jain, Corp Office- 16/121-122, Jain Bhawan, Faiz road, Karol Bagh, New Delhi-110005, Contact No. 9891709895, 011-32622647. The Grievance Redressal Officer of the company, who shall ensure to take up the grievance promptly and try to resolve the matter expeditiously.
- The matter is not resolved within a period of one month or is not capable of being resolved then the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (Contact Details of Officer-in-Charge:- General Manager, Department of Non-Banking Supervision, Reserve Bank of India, 6, Parliament Street, New Delhi-110001, Ph. No. 011-23714456, Email:- dnbsnewdelhi@rbi.org.in All communication in relation to the GRM shall be in writing.
- In this regard, the company has also set up a dedicated platform for communication via email and website. The email address of the company is [sitalleasing@gmail.com](mailto:sitalleasing@gmail.com) & the website of the company is [www.sitalleasingfinance.com](http://www.sitalleasingfinance.com). The customers and other stakeholders can submit their grievances, complaints and any kind of suggestions. All complaints received by SLFL shall be tabled at the meeting of the Board of Directors every quarter. SLFL will display prominently at its branches (if any):
  - The name and contact details (Telephone / Mobile no. & also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.

## 10. DISCLOSURES IN LOAN AGREEMENT / LOAN CARD / STATEMENTS

- SLFL will have a Board approved, standard form of loan agreement, which will be in vernacular language.
- SLFL will communicate in writing, charges levied for all financial services rendered. Fee on non-credit products/services will be collected only with prior declaration to the client.
- SLFL will declare all interest and fees payable as an all-inclusive Annual Percentage Rate (APR) and equivalent monthly rate.
- Formal records of all transactions will be maintained in accordance with all regulatory and statutory norms, and borrowers' acknowledgment/acceptance of terms/ conditions will form a part of these records.
- The company will disclose the following in the loan agreement:
  - All 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 loan amount.
- Details on pricing of loan:
  - Interest Rate
  - Processing charge
- That there will be no penalty charged on delayed payment.
- 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 installment.
- An assurance that privacy of borrower data will be respected.
- SLFL will reflect the following details on the loan card / statements provided to clients in vernacular language:
  - The effective rate of interest charged.
  - Information that adequately identifies the borrower.
  - Acknowledgement of all repayments including installments received and the final discharge.
  - Fee structure of all non-credit products issued

- NON-COERCIVE METHODS OF RECOVERY
- SLFL will ensure that recovery of loans is made only at a central designated place. SLFL field staff will be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on 2 or more successive occasions.
- SLFL will ensure that a Board approved policy is in place with regard to Code of Conduct by field staff and systems for their recruitment, training and supervision. The Code will lay down minimum qualifications necessary for the field staff and shall have necessary training tools identified for them to deal with the customers. Training to field staff shall include programs to inculcate appropriate behavior towards borrowers without adopting any abusive or coercive debt collection / recovery practices. Compensation methods for staff will have more emphasis on areas of service and borrower satisfaction than merely the number of loans mobilized and the rate of recovery. Generally only employees and not out sourced recovery agents will be used for recovery in sensitive cases.
  - SLFL will have clearly defined guidelines for employee interactions with clients.
  - SLFL will provide a valid receipt for each and every payment received from the borrower.
  - SLFL will have a detailed Board approved process for dealing with clients, at each stage of default.
  - SLFL will not collect shortfalls in collections from employees and their HR policies will categorically denounce this practice. An exception can however be made in proven cases of frauds by employees.
  - SLFL will show every consideration to the defaulting borrowers for the genuine difficulties, if any, faced by them. Its approach is to always understand the problem, help solve it and thereby recover its dues.
  - SLFL will ensure that all Staff and persons acting on behalf of the company:
    - Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients
    - Do not contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
    - Do not indulge in any behavior that in any manner would suggest any kind of threat or violence.



- Do not visit clients at inappropriate occasions such as bereavement, sickness, etc. to collect dues.

#### 11. REPOSSESSION OF VEHICLES FINANCED

The Company has not in the business of assets finance since its incorporation thus the lending against Assets (vehicles) is not applicable to SLFL.

#### 12. INTERNAL CONTROL SYSTEM TO ENSURE COMPLIANCE WITH FPC

- SLFL will put systems in place to ensure compliance with the Fair Practice Code. The company will make necessary organizational arrangements to assign responsibility for compliance to designated individuals within the company and establish systems of internal control including audit and periodic inspection to ensure the same.
- The Board of Directors will also provide for periodical review of the compliance of the Fair Practices Code at various levels of management. A consolidated report of such reviews will be submitted to the Board every quarter.

#### 13. PRIVACY OF CLIENT INFORMATION

SLFL will keep personal client information strictly confidential. Client information may be disclosed to a third party subject to the following conditions.

- Client has been informed about such disclosure and permission has been obtained in writing.
- The party in question has been authorized by the client to obtain client information from SLFL.
- It is legally required to do so.

This practice is customary amongst financial institutions and available for a close group on reciprocal basis (such as a credit bureau).

For and On behalf of

Sital Leasing and Finance Limited

Sd/-

(Director)

