

SG FINSERVE LIMITED (“SGFL”)

FAIR PRACTICES CODE

Issue and effective date	
Date of current review	
Periodicity of review	Annually
Owner/Contact	Compliance Department
Approver	Board of directors
Annexures	Annexure- A (form of complaint (to be lodged) with the NBFC ombudsman (to be filled up by the complainant) Annexure-B (Grievance Redressal Policy)

Index

S. No.	Particulars
1	Preamble
2	Purpose
3	Definitions
4	Key Commitment
5	Guidelines on Fair Practices Code for NBFCs
A	i. Applications for loans and their processing
	ii. Loan appraisal and terms/conditions
	iii. Disbursement of loans including changes in terms and conditions
	iv. General
	v. Responsibility of Board of Directors
	vi. Grievance Redressal Officer
	vii. Language and mode of communicating Fair Practices Code
	viii. Regulation of excessive interest charged by NBFCs
	ix. Complaints about excessive interest charged by NBFCs
B	NBFC-MFI
C	Lending against collateral of gold jewellery (if required in future)
	i. Board approved policy for lending against gold (if required in future)
	ii. Auction Procedure

FAIR PRACTICES CODE

1. Preamble

The Fair Practices Code (“FPC”) has been devised by **SG Finserve Limited** (“SGFL” or “Company”) in accordance with guidelines issued by The Reserve Bank vide its circular dated July 01, 2015 and subsequent amendments, on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and adopting a non-coercive recovery method.

2. Purpose

SGFL has put in place the FPC with an endeavor to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc. The Company’s Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, servicing and collection activities. SGFL’s commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company’s Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

3. Definitions

- a) “Award” means an award passed by the Ombudsman in accordance with the Scheme, and includes a direction for specific performance by the non-banking financial company concerned and/ or to pay compensation for the loss, if any, suffered by the complainant,
- b) “Appellate Authority” means the Deputy Governor-in-Charge of the Department of the Reserve Bank implementing the Scheme,
- c) “Authorised Representative” means a person other than an Advocate duly

appointed and authorised by a complainant to act on his behalf and represent him in the proceedings under the Scheme before an Ombudsman for consideration of his complaint.

- d) "Board" means Board of Directors of the Company.
- e) "Complaint" means any representation or allegation made in writing or through electronic means, containing a grievance alleging deficiency in service as mentioned in Clause 8 of the Scheme.
- f) "Company" means SG Finserve Limited.
- g) "Directors" means individual Director or Directors on the Board of the Company.
- h) "FPC" means Fair Practice Code;
- i) "Ombudsman" means any person appointed under the Ombudsman Scheme.
- j) "Settlement" means an agreement reached by the parties, either by conciliation or mediation, under Clause 11 of the Ombudsman Scheme.

4. Key Commitment

The essence of the FPC lies in the following aspects that SGFL shall strive to follow in spirit and in letter:

- > To provide professional, efficient, courteous, diligent and speedy services.
- > Not to discriminate on the basis of religion, caste, sex, descent in any manner.
- > To be fair and honest in any advertisement and marketing of loan products.
- > To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- > If sought, to provide such assistance or advise to customers seeking loans.
- > To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.
- > To comply with all the regulatory requirements in good faith.
- > Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.
- > Seek to confirm that the funds do not flow to companies that utilize child or forced labor or generally maintain discriminatory policies against religion or gender.
- > Ensure compliances relating to Indian regulations prescribed by the Reserve Bank of India ('RBI')

5. Guidelines on Fair Practice Code For SGFL

I. Applications for loans and their processing

- All loan products of the company shall be the same as mentioned in the Loan/Credit policy of the company.
- All communications to the customer by SGFL shall be in **English** as it is understood by all customers of SGFL.
- As part of the loan process, to inter alia ensure utmost transparency, SGFL provides all necessary information to the customer along with the term sheet/application/proposal as the case may be including but not restricted to nature of security required ,fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of loan proposal, pre- payment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Non-Banking Financial Companies ('NBFCs') can be made and informed decision can be taken by the customer. .
- Time-period for disposal of application

S.No.	Category of customer and Size of Limit	Time norms for disposal after submission of all required papers/information sought by SGFL
I	For all categories of customers and for any amount of Loans.	Time period up to 60 days or such time as mutually agreed upon with customer.

- On exercise of choice, the customer would be given the relevant information about the loan product of it's choice.
- The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily.

II. Loan appraisal terms and conditions

- SGFL shall scrutinize the information submitted by the customer and additional data, if any, required will be called promptly to facilitate expeditious disposal of the loan.

- SGFL shall convey in writing in English as it is understood by all customers of SGFL by means of Sanction letter or Term sheet or any other form of written communication key terms and conditions of the proposed exposure including:
 - > the amount of loan sanctioned along with the terms and conditions including annualized rate of interest,
 - > details of the default interest / penal interest rates (expressed in percentage per month / annum as the case may be) and the charges payable by the customers in relation to their loan account and method of application thereof (penal interest charged for late repayment of loan would be mentioned in bold in the loan agreement)
 - > acceptance of terms and conditions and other caveats governing the credit given by SGFL arrived at after negotiation
 - > terms of enforcement of security
 - > All other information which is relevant from the point of view of the loan to be provided and all the parties involved.
 - > Wherever possible, reasons for rejection of loan would be conveyed to the customers.
- SGFL shall furnish a copy of the loan agreement in English as understood by the borrower along with copy of all relevant enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of the loan and shall be duly approved by the customer and countersigned by the authorized officials of SGFL.

III. Disbursement of loans including changes in terms and conditions

- SGFL shall give notice in English as understood by the customer regarding any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- Changes in the interest rates and charges shall be effected prospectively.
- A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- Decision to recall / accelerate payment or performance under the agreement will be in consonance with the loan agreement. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, SGFL shall give notice to customers in consonance with the loan agreement in English as may be understood by the customer.
- SGFL shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim SGL 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 about the remaining claims and the conditions under which SGFL is entitled to retain the securities till the relevant claim is settled/ paid

- All communication like acceptances (including for amendments or addendum) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of ten years

IV. General

- SGFL will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e. objection from SGFL, if any, will be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by sending the notice or by making personal visits and/ or repossession of security, if any. In case of default, SGFL may refer the case to the recovery agent and will inform the customer of the recovery proceedings being initiated. SGFL shall ensure that its process of recoveries will not involve harassment to the Customer. Appropriate instructions will be provided by SGFL to its staff for handling customer queries and grievances cordially.
- All the fees / charges / interest would be payable as per interest rate policy or as per mutually agreed terms.
- Post disbursement supervision is constructive and the genuine difficulties which the customer mayface is given consideration.
- SGFL will consider cases of financial difficulty appropriately. The customer should identify problems and immediately should let SGFL know as soon as possible.
- All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, RBI, other banks and financial institutions and any other state, central or other regulatory body.

- Customer information would be revealed only under the following circumstances, namely;
 - If SGFL is compelled by law
 - If it is in the Public Interest to reveal the information
 - If it is in the interest of SGFL to require disclosure.

V. Responsibility of Board of Directors

- The Board of Directors of SGFL has laid down grievance redressal mechanism within the organization as per details mentioned in the next paragraph. Such a mechanism ensures that all disputes arising out of the decisions of SGFL's functionaries are heard and disposed of at least at the next higher level. The Board of Directors of SGFL shall annually review the compliance of the FPC and the functioning of the Grievance Redressal Mechanism. A consolidated report of compliance shall be submitted to the Board every year.

VI. Grievance Redressal Policy (GRP)

- The Board of Directors of SGFL has laid down a Grievance Redressal Policy ("GRP") in compliance with various regulations applicable on the Company.

The Grievance Redressal Policy is attached as **Annexure-B**

VII. Language and mode of communicating FPC

- FPC as established by SGFL has been established in English language and is based on the guidelines as outlined by the RBI.
- SGFL shall also have its FPC in regional/vernacular languages for customers who are unable to read the same in English.

VIII. Regulation of excessive interest rates charged

- SGFL will disclose to the borrower the risk and rationale for charging different rate of interest to different categories of borrowers in the application form and explicitly communicate in the sanction letter.
- The rates of interest and approach for gradation of risk shall also be made available on the website of SGFL
- The rate of interest being charged by SGFL shall be annualized rate to make the customer aware of the exact rates that would be charged to the account.

IX. Complaints about excessive interest rates charged

- Board of SGFL shall lay out an interest rate policy mentioning internal principles and procedures in determining interest rates, processing charges and other charges.

A. NBFC-MFIs

- SGFL does not envisage carrying out NBFC-MFI activities therefore such guidelines are not applicable on the Company.

B. Lending against collateral of gold jewellery

- SGFL does not lend against gold jewellery to individuals but if it plans to do the same in future then SGFL shall adopt the following in addition to the general guidelines as mentioned above:
 - SGFL shall put in place Board approved policy for lending against gold that should inter alia, cover the following:
 - Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
 - Proper assaying procedure for the jewellery received,
 - Internal systems to satisfy ownership of the gold jewellery,
 - Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans will not be extended by branches that do not have appropriate facility for storage of the jewellery,
 - The jewellery accepted as collateral will be appropriately insured,
 - Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There will be no conflict of interest and the auction process will ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,
 - The auction will be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper,
 - As a policy, SGFL themselves will not participate in the auctions held,
 - Gold pledged will be auctioned only through auctioneers approved by the Board,
 - The policy will also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.
 - The loan agreement shall also disclose details regarding auction procedure.

❖ **GROUNDS OF COMPLAINTS**

Any person may file a complaint with the Ombudsman having jurisdiction, on any one of the following grounds alleging deficiency in services:

- a) failure to convey in writing, the amount of loan sanctioned along with terms and conditions including annualized rate of interest and method of application thereof;
- b) failure or refusal to provide sanction letter/ terms and conditions of sanction in English language or a language as understood by the borrower;
- c) failure or refusal to provide adequate notice on proposed changes being made in sanctioned terms and conditions in English language or a language as understood by the borrower;
- d) failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues;
- e) levying of charges without adequate prior notice to the borrower/ customer;
- f) failure to provide legally enforceable built-in repossession clause in the contract/ loan agreement;
- g) failure to ensure transparency in the contract/ loan agreement regarding;
 1. notice period before taking possession of security;
 2. circumstances under which the notice period can be waived;
 3. the procedure for taking possession of the security;
 4. a provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the security;
 5. the procedure for giving repossession to the borrower and
 6. the procedure for sale/ auction of the security;
- h) Non-observance of directions issued by Reserve Bank to the non-banking financial companies;
- i) Non-adherence to any of the other provisions of Reserve Bank Guidelines on Fair Practices Code for Non-Banking Financial Companies.

The Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time in this behalf.

❖ **PROCEDURE FOR FILING COMPLAINTS**

The complaint, when in writing, shall be duly signed by the complainant or his authorized representative and shall be, as far as possible, in the form specified in 'Annexure-A' or as near as thereto as circumstances admit, stating clearly:

- i) the name and address of the complainant,
- ii) the name and address of the branch or registered office of the Non-Banking Financial Company against which the complaint is made,
- iii) the facts giving rise to the complaint,
- iv) the nature and extent of the loss caused to the complainant, and
- v) the relief sought for.

(b) A complaint made through electronic means shall also be accepted by the Ombudsman and a print-out of such complaint shall be taken on the record of the Ombudsman

(c) The Ombudsman shall also entertain complaints covered by this Scheme received by the Central Government or Reserve Bank or other financial regulators and forwarded to him for disposal.

❖ **CONTACT DETAILS OF PRINCIPAL NODAL OFFICER**

Please find below contact details of Principal Nodal Officer of the Company:

Name of Principal Nodal Officer	Mr. Vivekanand Tiwari
Contact No.	+91-9205556113, 9289763710
Email address	vivekanand.t@sgfinserve.com

Annexure-A

**FORM OF COMPLAINT (TO BE LODGED) WITH THE NBFC OMBUDSMAN
(TO BE FILLED UP BY THE COMPLAINANT)**

To:
The NBFC Ombudsman
Place of office of the NBFC Ombudsman:

Dear Sir,
Sub: Complaint against _____ (Name of the NBFC branch of _____ (Name of the NBFC))

Details of the complaint are as under:

1. Name of the Complainant-
2. Full Address of the Complainant-
Pin Code-
Phone No/ Fax No.-
Email-
3. Complaint against (Name and full Address of the branch & NBFC) –
Pin Code-
Phone No. / Fax No.-
Email-
4. Particulars of NBFC Account (If any)-
(Please state the number and the nature of account viz. deposit/ loan account etc. related to the subject matter of the complaint being made.)
5. (a) Date of representation already made by the complainant to the NBFC (Please enclose a copy of the representation)

(b) Whether any reminder was sent by the complainant? YES/NO
(Please enclose a copy of the reminder)
6. Subject matter of the complaint (Please refer to Clause 8 of the Scheme)-
7. Details of the complaint:
(If space is not sufficient, please enclose separate sheet)
8. Whether any reply (Within a period of one month after the NBFC concerned received the representation) has been received from the NBFC? Yes/ No
(if yes, please enclose a copy of the reply)

9. Nature of Relief sought from the NBFC Ombudsman-
(Please enclose a copy of documentary proof, if any, in support of your claim)
10. Nature and extent of monetary loss, if any, claimed by the complainant by way of compensation (please refer to Clauses 12 (5) & 12 (6) of the Scheme)
Rs. _____
11. List of documents enclosed:
(Please enclose a copy of all the documents)
12. Declaration:
 - i. I/ We, the complainant/s herein declare that:
 - a) the information furnished herein above is true and correct; and
 - b) I/ We have not concealed or misrepresented any fact stated in the above columns and in the documents submitted herewith.
 - ii. The complaint is filed before expiry of period of one year reckoned in accordance with the provisions of Clause 9(A)(a) and (b) of the Scheme.
 - iii. The subject matter of the present complaint has never been brought before
 - iv. The Office of the NBFC Ombudsman by me/ us or by any of the parties concerned with the subject matter to the best of my/ our knowledge.
 - v. The subject matter of the present complaint has not been decided by/ is not pending with any forum/ court/ arbitrator.
 - vi. I/ We authorise the NBFC to disclose any such information/ documents furnished by us to the NBFC Ombudsman and disclosure whereof in the opinion of the NBFC Ombudsman is necessary and is required for redressal of our complaint.
 - vii. I/ We have noted the contents of the Ombudsman Scheme for NBFCs, 2018

Yours faithfully,

(Signature of Complainant)

NOMINATION – (If the complainant wants to nominate his representative to appear and make submissions on his behalf before the SGFL’s Ombudsman or to the Office of the SGFL’s Ombudsman, the following declaration should be submitted.)

I/We the above named complainant/s hereby nominate Shri/ Smt. _____ who is not an Advocate and whose address is as my/our REPRESENTATIVE in all proceedings of this complaint and confirm that any statement, acceptance or rejection made by him/her shall be binding on me/ us. He/ She has signed below in my presence.



ACCEPTED

(Signature of Representative)

(Signature of Complainant)

Note: If submitted online, the complaint need not be signed.