

“FAIR PRACTICE CODE”

Subhlakshmi Finance Private Limited (hereinafter known as “Subhlakshmi” or “the Company”) commits to implement and adopt fair practices in all its activities and transactions with its members while providing financial services as per the guidelines envisaged by Non-Banking Financial Company – Non Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India vide RBI/DNBR/2016-17/44, Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 1,2016.

Objective of the Code

The objective of code is to promote good and fair business practices by setting minimum reasonable standards in dealings with customers and to enable its employees to provide better customer service and maintain transparency in business dealings with its customers.

- a) To ensure Fair Practices while dealing with the customers and promote good, fair and trustworthy practices by setting up minimum standards;
- b) To ensure greater transparency enabling customers in having a better understanding of the product and taking informed decisions;
- c) To ensure that clients are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction;
- d) To monitor and administer client accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided;
- e) Recovery and enforcement, where necessary is conducted following due process of law.
- f) To ensure compliance of applicable regulations prescribed by RBI relating to fair practices.

This Fair Practice Code supersedes all previous versions.

Our Fair Practices Code

1. Applications for loans and their processing

- a) All communications to the borrower shall be in the 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 indicates the documents required to be submitted with the application form.
- c) The company shall give acknowledgement for receipt of all loan applications with an indicated time frame within which decision on the completed loan application will be taken.

2. Loan appraisal and terms/conditions

- a) The company shall convey in writing to the borrower in the vernacular language or in 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.
- b) The Company shall clearly mention the penal interest charged for late repayment in the loan agreement.

The company shall furnish a copy of the loan agreement along with a copy each of all its enclosures to all the borrowers at the time of disbursement of loans.

3. Disbursement of loans including changes in terms and conditions

- a) The company shall give notice to the borrower in the vernacular language or in language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Changes in interest rates and charges shall be effected only prospectively as mentioned in the loan agreement.
- b) Decision to recall / accelerate payment under the agreement shall be in consonance with the loan agreement.
- c) 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. 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. Rate of Interest

- a) The Company shall frame appropriate internal principles and procedures for determining the interest rates and processing and other charges, if any, and also to ensure that they are not excessive. The Company shall, at the time of disbursal, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal principles and procedures.
- b) The Company shall disclose in the application form and explicitly in the sanction letter the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers.
- c) The Company shall publish the rates of interest and the approach for gradation of risks in the website of the Company, and shall be updated whenever there is a change in the rate of interest.

- d) The rate of interest shall be annualized rates to make the borrower aware of the exact rates that would be charged to the account.

5. Collection of Dues

- a) Whenever loans are given, the Company shall explain to the customer the repayment process by way of amount, tenure and periodicity of repayment.
- b) All the members of the staff or any authorize representative in collection and/or security repossession should follow the guidelines for collection.

6. General

- a) 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 lender).
- b) In case of receipt of request from the borrower for transfer of borrowable account, the consent or otherwise i.e. objection of the Company, if any, shall 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.
- c) In the matter of recovery of loans, the company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans.
- d) The Company shall not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to borrowers, if any.

7. Responsibility of Board of Directors

The Board of Directors of the company shall lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall 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 of the Company shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at intervals, as may be prescribed by it.

8. Grievance Redressal

- a) All grievances shall be heard and disposed off by a person at least one level higher to the person / designation against / relating to whom the grievance is made. After examining the matter, it will be our endeavor to provide the borrower/applicant with our final or other response, within a period of one month from receipt of such complaint / grievance.

b) The Company shall display the following information prominently, for the benefit of their customers, at their branches/ places where business is transacted - the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company.

- **Grievance Redressal Officer**

Name: CEO/Executive Director(s) of the Company

Email Id: info@subhlakshmi.in, grievance@subhlakshmi.in

Telephone: 0124-4233318

c) If the complaint/ dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Department of Non-Banking Supervision, Reserve Bank of India, Central Vista, Sector-17, Chandigarh-160017; Phone: 0172-2723502; Email- dnbschandigarh@rbi.org.in.

9. Others

a) Confidentiality

The Company shall collect personal information that it believes to be relevant and required to understand the customer's profiles and conduct its business. The Company shall treat all personal information of customers as private and confidential and shall not divulge any information to a third person unless required by any law or Government authorities including Regulators or Credit agencies or where the sharing of information is permitted by the customer. If company shall avail services of any third party for providing support services, Company shall require that such third parties handle customers' personal information with the same degree of confidentiality.

b) Advertising, Marketing and Sales

- The Company shall ensure that all advertising and promotional material is clear, and not misleading.
- The Company may, from time to time, communicate to customers various features of their products availed by them. Information about their other products or promotional offers in respect of products / services may be conveyed to customers only if he/ she has given his/ her consent to receive such information / service.

c) Guarantors

When a person is considered to be a guarantor to a loan, company shall inform him/her the following under acknowledgement:

- Letter/ Deed of Guarantee stating the terms of liability as guarantor.
- Company shall keep him/her informed of any default in the servicing of the loan by the borrower to whom he/she stands as a guarantor.

d) Credit Bureau / Reference Agencies

The Company may give information to Credit Bureau/ Reference agencies about the personal debts, the customer owes to it if:

- i. The customer has fallen behind with his / her payments.
- ii. Legal proceedings have been initiated against the customer to recover the dues.
- iii. Debts settled through legal recourses against the customer.
- iv. It is mandated by law/arrangement with Credit Bureau to provide the information of all such customers to such agencies. A clause to this effect has been included in the Loan Agreement seeking the customer's consent to share information on his loan with Credit Bureaus.

10. Disclosures

In compliance with the guidelines on 'Fair Practices Code', Subhlakshmi shall publish and disseminate the Fair Practices Code in English on the web-site of the Company and all the branches of the Company, and any borrower or client who wishes to obtain the same in vernacular/ English language may request Subhlakshmi to provide a translation thereof.

11. Review & Amendments

This policy shall be reviewed and updated periodically for any changes. In case any amendments issued by Reserve Bank of India in form of clarifications, circulars or guidelines or by any other name, which may not be consistent with the current provisions laid down under this Code, then the provisions of such amendments / clarifications, shall prevail upon the provisions contained in the RBI communication and the same shall stand amended accordingly effective from the date as laid down under such RBI communique.

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