

# **Srei Fair Practices Code**

## **Short title, Extent and Commencement**

Every Non Banking Financial Company [‘NBFC’] having customer interface shall formulate a Fair Practices Code (FPC) in accordance with Chapter VI of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, issued by the Reserve Bank of India. FPC is a critical corporate governance requirement with respect to lending activities undertaken by an NBFC. This Code may be called the Srei Fair Practices Code.

It shall extend to all sections of the Company dealing directly or indirectly with customers in relation to any and all kinds of activities involving credit and finance, in any makeover.

## **The Objectives of Srei Fair Practices Code is:**

- To ensure transparency in the Company’s dealings with its Customers
- To ensure compliance with legal norms in matters relating to recovery of advances
- To strengthen mechanisms for redressal of customer grievances.

## **Definitions**

For the purpose of the Code, the words Application Form shall mean an application in the prescribed format of the Company to be duly filled-in and submitted to the Company by a prospective Customer furnishing all information and particulars required therein in their true and original forms seeking grant of a Facility from the Company on certain specified terms and conditions as may be stipulated by the Company at its sole discretion.

Company shall mean any and all offices of Srei Infrastructure Finance Limited, Facilities shall mean and cover any and all types of financing and asset providing arrangements of different nature and modes like loan, hire purchase, finance lease, operating lease etc. under different financing schemes and policies of the Company as prevailing from time to time and Other words and expressions used and not defined in the Codes herein shall have, unless the context otherwise requires, the meaning respectively assigned to them in the relevant Agreement signed / to be signed and executed by the Customer for availment of a Facility sanctioned to him by the Company.

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### **(i) Applications for facilities and their processing**

- a) All communications to the borrower shall be in English, vernacular language and/ or other language as understood by the borrower.
- b) Facility 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. Documents required to be submitted with the application form shall be mentioned in the form.

- c) Acknowledgement receipt of all facility applications to be issued with indicative time frame for disposal.

**(ii) Facility appraisal and terms/conditions**

- (a) The Company will convey in writing to the borrower in English, vernacular language and/ or other language as understood by the borrower by means of sanction letter or otherwise, the amount of facility sanctioned along with terms and conditions including annualized rate of interest and method of application thereof. The Company shall keep acceptance of these term and conditions by the borrower on its record. The company shall mention the penal interest charged for late repayment in bold in the loan agreement.
- (b) A copy of the facility agreement as understood by the borrower along with a copy each of all enclosures quoted in the facility agreement shall be furnished to all the borrowers at the time of sanction / disbursement of facilities.

**(iii) Disbursement and changes in terms and conditions**

- a) Notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, processing charges, prepayment charges, etc. shall be furnished in English, vernacular language and/ or other language as understood by the borrower. Any changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the facility agreement.
- b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the facility agreement.
- c) The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of the facility subject to any legitimate right or lien for any other claim 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.

**(iv) 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 facility agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, the Company shall convey within 21 (twenty one) days from the date of receipt of proper request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c) In the matter of recovery of facilities, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery

of facility, etc. The staffs are adequately trained to deal with the customers in an appropriate manner.

- d) No foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers are charged to the borrowers.

**(v) Grievance Redressal Mechanism**

- a) The Company 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 functionaries are heard and disposed of at least at the next higher level.
- b) The Credit Committee (CC) shall periodical review 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 of Directors at regular intervals, as may be prescribed by it.
- c) Response to a complaint would be given within a maximum period of 1 (one) month from the date of complaint, unless the nature of complaint requires verification of voluminous facts and figures.
- d) Contact details of Grievance Redressal Officer: Mr. Siddhartha Patodia, Senior Vice President, Srei Infrastructure Finance Limited, “Vishwakarma”, 86 C Topsia Road (South), Kolkata 700 046, Telephone No +91 33 6160 7734, Fax +91 33 2285 7542/8501, Email:grievanceredressal@srei.com.
- e) If the complaint/dispute is not redressed within a period of 1 (one) month, the customer may appeal to the Officer- in Charge, Department of Non Banking Supervision, 5th Floor, Reserve Bank of India, 15, Netaji Subhas Road, Kolkata 700 001, India. Tel: +91 33 2231 2121, Fax: +91 33 2230 9589.

**(vi) Regulation of Interest to be charged from the borrower**

- a) The Company has laid out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- b) The Company has adopted an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determined the rate of interest to be charged for facilities 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 is followed in the Company.
- c) Internal Credit Rating Model has been adopted for gradation of risks which is considered to determine the rates of interest. All floating interest rates are linked to Srei Benchmark Rate/ Srei Prime Lending Rate, which are published in the website and is updated whenever there is a change in the rates of interest.
- d) The rate of interest to be charged to the account will also be mentioned in annualized form.

**(vii) Complaints about excessive interest charged by NBFCs**

The company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are kept in view.

**(viii) Amendment and Disclosure**

Any subsequent amendment/modification in the Master Directions issued by the Reserve Bank of India shall automatically apply to this Code.

This Code may be reviewed and amended by the Board of Directors (or any Committee thereof) of the Company from time to time, as may be deemed necessary.

The Company shall disclose the Code on its website.

Place: Kolkata

Date: February 01, 2019

**This Code has been reviewed and approved by the Credit Committee at its meeting held on February 01, 2019 and will become effective on and after February 01, 2019.**