



## Fair Practices Code

### **Background**

This has reference to Reserve Bank of India's (RBI) DNBS (PD) CC No.80/03.10.042/2005-06 dated September 28, 2006, wherein the RBI has issued Guidelines on Fair Practices Code for NBFCs and RBI's Master Circular bearing Circular RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 1, 2015 (As amended from time to time) wherein the RBI has consolidated and updated all the instructions relating to the Fair Practices Code for NBFCs. RBI has asked the Board of NBFCs to implement a Fair Practice Code based on these Guidelines.

The Fair Practices Code, as mentioned herein below, is in conformity with these Guidelines on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular. This sets minimum Fair Practice standards for the Company to follow when dealing with customers. It provides information to customers and explains how the Company is expected to deal with them on a day to day basis.

### **Objective of the Code**

The code has been developed with an objective of:

- Promote fair practices by setting minimum standards in dealing with customers.
- Greater transparency enabling customers to have a better understanding of the product and in taking informed decisions
- The Company's business would be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles
- Building customer confidence in the company

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

- a) The Company may offer various financial products including Loan against securities, Inter-Corporate Deposits, Term loan, loans sourced through mobile application among others.
- b) The 'Application Form / appropriate documents' of Sunidhi Capital Private Limited for each of these products offered by the Company is different depending upon the requirement of each product. Necessary information will be provided by Sunidhi Capital Private Limited to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Non Banking Finance Companies (NBFC's) and taking an informed decision based on the aforesaid comparison.
- c) The 'Application Form/ appropriate documents' of Sunidhi Capital Private Limited also indicate the minimum list of documents required to be submitted by the Borrower along with the Application form, including KYC requirements
- d) Sunidhi Capital Private Limited has a mechanism of giving an acknowledgement for receipt of Application from to its Borrower for availing loans.
- e) The indicative time frame within which loan proposals will be processed would be indicated to the prospective borrowers.
- f) Sunidhi Capital Private Limited would inform the Borrower about its decision within reasonable period of time from the date of receipt of all the required information in full.

### **(ii) Loan appraisal and terms/ conditions**

The Company will ensure that there is proper assessment of each credit application. The assessment will be in line with the Company's credit and investment policies and procedures.

- a) Sunidhi Capital Private Limited shall convey in writing to the Borrower by way of a sanction letter or otherwise, the amount of limit sanctioned along with all the terms and conditions including annualized rate of discount / interest and method of application thereof and



keep the acceptance of these terms and conditions by the borrower on Sunidhi Capital Private Limited's record.

- b) Any clause relating to penal interest charged for late repayment will be specified in appropriate documentation.
- c) Sunidhi Capital Private Limited at the time of sanction / disbursements of loans will furnish a copy of loan agreement to the borrower.

### **(iii) Disbursement of loans including changes in terms and conditions**

- a) Sunidhi Capital Private Limited will give Notice to all its Borrowers, of any change in the terms and conditions of the sanction through a letter or as appropriate if specific to a customer.
- b) Sunidhi Capital Private Limited will also ensure that changes in discount/ interest rates and charges are effected only prospectively.
- c) Decision to recall/ accelerate payment or performance under the Agreement will be in consonance with the respective loan Agreement.
- d) Sunidhi Capital Private Limited will release all securities of its Borrower only on repayment of all dues by such Borrower, or only on realization of the outstanding amount of the Borrower's availed limit, subject to any legitimate right or lien for any other claim which Sunidhi Capital Private Limited may have against its Borrower. If such right of set off is to be exercised, the Borrower will be given notice about the same with full particulars about the remaining claims and conditions under which Sunidhi Capital Private Limited will be entitled to retain the securities till the relevant claim is settled or paid by the Borrower.

### **(iv) General**

- a) This code shall apply across all aspects of Sunidhi Capital Private Limited's operations including all products and services currently offered by us and those which may be introduced at a later date.
- b) Sunidhi Capital Private Limited shall ensure that its employees act in an honest and ethical manner when interacting with clients.
- c) Sunidhi Capital Private Limited shall refrain from interference in the affairs of its clients except for the purposes provided in the terms and conditions of an Agreement entered into with the client (unless new information, not earlier disclosed by the client, has come to the notice of Sunidhi Capital Private Limited ).
- d) In the matter of recovery of loans, Sunidhi Capital Private Limited shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- e) In case of receipt of request from the Borrower for transfer of Borrowal account, the consent or otherwise i.e. objection of Sunidhi Capital Private Limited , if any, is generally conveyed to such Borrower within 21 days from the date of receipt of the Borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- f) Training will be imparted to ensure that staff deals with customers in an appropriate manner.

### **(v) Regulation of Excessive Interest charged**

The Company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges.

- a) The Company has adopted an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances.
- b) The rate of interest to be charged depends much upon the gradation of the risk of borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.



#### **(vi) Grievance Redressal Mechanism**

- a) The implementation of the Fair Practice Code shall be the responsibility of the entire organization. Sunidhi Capital Private Limited shall make every effort to ensure that its dealing with customers is smooth and hassle free. Any complaint brought to Sunidhi Capital Private Limited's notice by a customer will be handled expeditiously.
- b) Borrowers and others who have grievances in respect of decisions of Sunidhi Capital Private Limited's functionaries may address their grievances to Mr. Mahesh Desai, Director, at maheshdesai@sunidhi.com.
- c) The Board will periodically review the compliance of this Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.
- d) This Fair Practices Code will be made available on the future website of Sunidhi Capital Private Limited, for the information of its Borrowers and various stakeholders. Any enhancement(s) or change(s) in the scope of this code will be uploaded from time to time in future on the said website.

#### **(vii) Review**

A review of compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism would be done by the Management regularly.