

SIL INVESTMENT LIMITED

FAIR PRACTICES CODE

PREAMBLE

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non Banking Finance Companies (NBFCs) thereby setting standards for fair business and corporate practices while dealing with their customers. Pursuant to the Notification issued by the Reserve Bank of India (RBI) by its Circular No.RBI/2006-07/138 DNBS (PD) CC No.80/03.10.042/2005-06 dated September 28th, 2006, SIL INVESTMENTS LIMITED (hereafter referred to as 'SIL') formulated its Fair Practices Code (hereinafter "FPC"), to lay down the procedures/practices in dealing with the business transactions. The Company is committed to adopt all the best practices prescribed by RBI from time to time and make appropriate modifications (if any/necessary) to this Code, to conform to the standards so prescribed. Accordingly, the revised FPC (Ver.2014) is adopted by SIL in conformity with RBI's consolidated instructions on FPC vide its Master Circular vide RBI/2013-14/42-DNBS(PD)CCNo.340/03.10.042/2013-14 dated July 01, 2013

It is, and shall be, the policy of SIL INVESTMENTS LIMITED (SIL) to make available to all eligible qualified applicants, without discrimination on the basis of race, caste, colour, religion, sex, marital status, age or handicap all financial products, either directly or through subsidiaries and / or associates.

SIL's policy is to treat all the clients consistently and fairly. The employees of SIL will offer assistance, encouragement and service in a fair, equitable and consistent manner. SIL will also communicate its Fair Practices Code (FPC) to its customers by uploading the FPC it on its website.

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

SIL's Board of Directors and the management team are responsible for implementing the fair practices hereinafter detailed, 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 and that all employees are aware of this commitment.

RBI's Master Circular vide RBI/2013-14/42-DNBS(PD)CCNo.340/03.10.042/2013-14 dated July 01, 2013 consolidates all its instructions on the FPC for all such Non-Banking Financial Companies

(NBFCs), who are engaged in the business of money lending, on issues inter alia, related to norms to be followed by such NBFCs in processing the loan applications, loan appraisal mechanism, prohibition of charging of excessive interest rates and adoption of coercive methods for loan recovery, introduction of internal control system and auction procedure for security lodged. These Practices are termed “Fair Practice Code” in the said RBI Master Circular. The Company had adopted such a code with effect from May, 22, 2009, and the same by and large, was compliant with the guidelines of the RBI. However, appropriate changes and references with respect to the revised circular of the RBI (as above), and also conforming with the trends prevalent in the industry as regards FPC had become necessary. This Fair Practice Code (Ver.2014) comes into force from the date of its adoption by the Board that wef 30.01.2014.

I. APPLICABILITY

This Fair Practices Code applies to the following categories of products and services offered by us (currently offered or which may be introduced at a future date)

- a) Loans, guarantees and other products in the nature of financial assets
- b) Wealth management products offered by SIL
- c) Third party products offered through a network consisting of the branches of SIL, its subsidiaries and associates. The FPC is applicable to the above irrespective of whether the same is provided physically, over the phone, on the internet or by any other method whatsoever, existing or futuristic.

II. KEY COMMITMENTS

The key commitments which SIL promises to follow in its dealings with its customers are:

- a) To act fairly and reasonably in all dealings with its customers by ensuring that:
 - ❖ Its products, services, procedures and practices will meet the commitments and standards in this FPC.
 - ❖ Its products and services will meet relevant laws and regulations as applicable
 - ❖ Its dealings with its customers will rest on ethical principles of honesty, integrity and transparency.
- b) SIL will assist customers in understanding how its financial products and services work by:
 - ❖ Providing information about them in simple Hindi and/or English and/or the local language
 - ❖ Explaining their financial implications and
 - ❖ Helping the customer choose the one that meets his / her needs.
- c) SIL will make every attempt to ensure that its customers have a trouble-free experience in dealing with it; but in the case of errors or commissions and omissions, SIL will deal with the same quickly and sympathetically

- ❖ Mistakes will be corrected quickly
- ❖ Complaints will be handled quickly
- ❖ In case a customer is not satisfied with the way a complaint is handled, SIL will guide the customer on how to take the complaint forward
- ❖ SIL will reverse any charges including interest applied to a customer's account due to an error or oversight on its part

III. SALES ORIGINATION

SIL will guide its customers in choosing products and services which meets his / her requirements.

- a) Before the customer relationship is established, SIL will:
 - ❖ Give the customer information explaining the key features of the services and products the customer has shown interest in
 - ❖ Give information on accounts, products and services which may suit the customer's needs
 - ❖ Clearly state the information that SIL require to collect from the customer to fulfill its 'Know Your Customer' norms and to comply with legal and regulatory requirements in force from time to time.
 - ❖ Request for additional information about the customer and his / her family to build a database; but this information may be furnished by the customer only if she / he wishes to do so.
- b) SIL will provide information on the various channels that can be used to access its products and services. The customer will also be informed on where further information on this is available.
- c) Once a customer has chosen a product, SIL will tell the customer how it works
- d) SIL will guide its customer on rights and responsibilities specific to the mode of operation under which the product is taken.

IV. LOANS AND ADVANCES

- a) Before offering any kind of fund based or non fund based non-banking facility SIL will assess the ability of the customer (prospective borrower) to repay.
- b) All communications with the borrower shall be done by SIL in the vernacular language or a language understood by the borrower.
- c) Loan application forms of SIL will include necessary information which are likely to affect the interests of the prospective borrower, so that a meaningful comparison with the terms and conditions offered by other Non Banking Finance Companies can be made and an informed decision taken by the prospective borrower.
- d) The loan application form shall indicate the documents required to be submitted along with the application form.
- e) SIL shall provide to the prospective borrower an acknowledgement for receipt of all loan applications. An indicative time frame within which loan applications will be disposed of will be mentioned in such acknowledgement.

- f) SIL shall convey in writing to the prospective borrower the fate of the loan application by means of sanction letter or otherwise. In the case of sanction of loan, the sanction letter shall contain the terms and conditions including annualized rate of interest and method of application thereof. The acceptance of the terms and conditions communicated by the borrower shall be preserved by SIL in its records.
- g) SIL will ensure that the borrower to whom the loan is sanctioned is fully aware of the terms and conditions of the loans including the rate of interest. SIL will further ensure that a copy of the loan agreement or enclosures quoted in the loan agreement will be furnished to the borrower at the time of sanction / disbursements of loan in vernacular language or in the language as understood by the borrower.
- h) SIL shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. SIL shall ensure that changes in interest rates and other charges are effected only prospectively. The loan agreement shall contain a specific clause to this effect.
- i) The decision of SIL to recall / accelerate payment or performance shall be in consonance with the terms of the loan agreement. SIL shall release all securities upon repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim it may have against borrower. The borrower shall be given due notice with full particulars about the outstanding claims in case such right of set off is to be exercised.
- j) SIL will refrain from interfering 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 deliberately or otherwise by the borrower, has come to its notice.
- k) In case of receipt of request from the borrower for transfer of a borrower account to other NBFC, bank of financial institution, the consent or otherwise shall be conveyed within 21 days from the date of receipt of such request. Such transfer shall be in accordance with the contractual terms entered into with the borrower and in consonance with the statutes, rules, regulations and guidelines as may be applicable from time to time.
- l) In the matter of recovery of loans, SIL shall resort only to remedies which are legally and legitimately available to it and will avoid using recovery measures during odd hours of the day.

V. TERMS AND CONDITIONS

- a) When a customer accepts a product or service for the first time, SIL will provide the customer with the Rules and Regulations that are relevant to the product / service.
- b) All Terms and Conditions will be fair and will set the customer's rights and responsibilities clearly and in plain language. SIL will use legal or technical language only where necessary.
- c) SIL will make available any charges applicable to products and services applicable at the time a customer signs up for the same.

- d) If SIL increases any charges or introduces a new charge, SIL will notify the same to the customers.
- e) SIL will provide the terms and conditions in respect of any product or service whenever a customer requests for the same.

VI. MARKETING AND PRODUCT SYNERGY

- a) SIL will ensure that all advertising and promotional material is clear, fair, reasonable and not misleading.
- b) SIL will provide the customers with a full range of financial products the customer is eligible for. Some of these products / services will be its own; some others may be the products of the group or associate companies and also companies with which SIL may have arrangements with.
- c) It will be the endeavor of SIL to bring synergy between the various financial services, financial products, by cross selling these products to its clientele.

VII. CONFIDENTIALITY

- a) Unless authorized by the customer SIL will treat all personal information as private and confidential.
- b) SIL will not reveal transaction details to any other entity including within the group other than the following exceptional cases:
 - ❖ If SIL have to provide the information by statutory or regulatory laws
 - ❖ If there is a duty to the public to reveal this information
 - ❖ If public interest requires us to provide this information (e.g. fraud prevention), SIL will not use this reason for giving information about customers to anyone else (including group companies) for marketing purposes.
 - ❖ If SIL have taken the customers permission (for instance at the time of loan sanctioning) to provide such information to its group / associate / entities or companies for providing other products or services.
 - ❖ Where the customer asks us to reveal such information to its group / associate / entities or companies for providing other services or products.

VIII. CREDIT REFERENCE AGENCIES

- a) When a person applies for a loan product, SIL may pass on such details, for purposes of credit reporting, verification and risk management, as may be required. SIL will exchange information about its customers with reputable reference sources and clearing house services.
- b) SIL may give information to such credit reference agencies about the loans taken from SIL, customers' repayment track record and other appropriate details to build their credit profile.
- c) SIL may provide such credit reference agencies information about day to day running of the customers' account as per the consent provided under the loan agreement terms.

IX. REGULATION OF INTEREST CHARGED BY SIL

- (a) The Board shall 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 will be disclosed to the borrower or customer in the Application Form and communicated explicitly in the sanction letter.
- (b) The rates of interest and the approach for gradation of risks will be made available on the web-site of the company or published in the relevant newspapers, in respect of Retail Loans. The information published in the website or otherwise published shall be updated whenever there are changes in the rates of interest.
- (c) The rate of interest will be always annualised rates; so that the borrower is aware of the exact rates that would be charged to the account.

COMPLAINTS ABOUT EXCESSIVE INTEREST CHARGED

- (d) Complaints, if any, regarding levying of excessive interest and charges on loans and advances beyond a certain level seen as excessive /un-sustainable/not conforming to normal financial practice. Appropriate internal principles and procedures in determining interest rates and processing and other charges, shall be advised by the Board to the executive Management from time to time. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans shall always be kept in view.

IX. GRIEVANCE REDRESSAL MECHANISM

- a) SIL will guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome.
- b) After examining the matter, SIL will send a response as soon as possible; SIL will also guide a customer on how to take the complaint further if the customer is not satisfied.
- c) A Principal/Nodal Officer has been appointed for the redressal of grievances of the customers including the borrowers , in connection with any matter pertaining to business practices, lending decisions, credit management and recovery. The name and contact details of the Principal/Nodal officer shall be displayed in the website of SIL.
- d) In case of any complaint/grievance, the borrowers may contact through any of the following channels:
 - 1. Name of the Officer: Mr. Sunil Sharma
Designation: Chief Financial Officer (CFO)
 - 2. Telephone: 07433-222090/56/82
 - 3. Website: www.silinvestments.in
 - 4. E-mail: cs@silinvestments.in

- e) 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 six (6) weeks from receipt of such complaint / grievance.
- f) The designated officer shall periodically review the implementation and compliance with this code including the redressal of grievances periodically and in case at least once every quarter. A report to this effect shall be provided by the designated officer for perusal of the Board.

X. FORCE MAJEURE:

The various commitments outlined and made by SIL are applicable under the normal operating environment. In the event of Force Majeure, SIL may not be able to fulfill the commitments under the FPC to the entire satisfaction of the customer/s, the other stake holders and the public in general.

XI. EXCLUSIONS

As per the present policy, SIL currently does not provide retail loans in the nature of a) Personal Finance, b) Vehicle Finance c) Loan against collateral of gold jewellery/Gold Loans d) education loans etc. Therefore, SIL reserves its right to make suitable amendments to the present FPC as and when the relevant change in the loan policy is made by the SIL Board.

XII. EFFECTIVE DATE:

This revised FPC comes into effect from January 30, 2014.

Version-3 / 30/01/2014
