

SK Finance Limited

**Fair Practice Code and Grievance Redressal
Mechanism**

2023-24

SUMMARY OF POLICY

Policy Name	Fair Practice Code and Grievance Redressal Mechanism
Regulations	Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and amendments thereafter Guidelines on Digital Lending dated September 02, 2022
Review Cycle	Annually or in the event of change in regulatory guidelines
Approver	Board of Directors of SK Finance Limited (Erstwhile Known as Ess Kay Fincorp Limited)
Latest approval/review date	April 2023
Version	2.0

Contents

Fair Practice Code	1
Introduction	1
Applications for loans and their processing	1
Loan appraisal and terms and conditions	1
Disbursement of loans and changes in terms and conditions	2
General	2
Repossession of vehicles financed by the Company	3
Interest Charged from Borrowers	3
Lending against collateral of Gold Jewellery	4
Review	4
GRIEVANCE REDRESSAL MECHANISM	4
Introduction	4
Guiding Principles	4
Registration of Grievances/ Complaints	5
STEP 1: Channel of Complaint Registration	5
STEP 2: Escalation Mechanism	5
Responsibility of Board of Directors	6
Policy Severable:	6
Amendment:	6

Fair Practice Code

Introduction

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for the NBFCs (Non-Banking Finance Companies) vide Master Circular RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 on Fair Practices Code dated July 01, 2015 read with RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 and amendments thereafter.

This Fair Practices Code lays down transparent and clear guidelines regarding the transactions of the SK Finance Limited (“the Company) with its borrowers, co-applicants and guarantors (collectively referred to as “borrower” or “applicant” in the rest of this document, as the context requires). This Policy is applicable for all lending products offered by the Company.

The code also places a robust mechanism for Customer Grievance Redressal. Through this code the Company aims to adhere to the regulatory guidelines prescribed by the regulator from time-to-time.

Applications for loans and their processing

The loan application forms shall include relevant/ necessary information which affects the borrower’s interest to bring fair practice and transparency.

This form shall indicate the documents required to be submitted by the borrower along with the application form.

Communication with the borrower shall take place in a language that can easily be understood by the borrower or in the vernacular language.

After the receipt of the application form from the borrower, an acknowledgment receipt indicating the period within which the loan applications will be disposed of, shall be handed over to the borrower.

If any additional details/ documents are required, the same shall be intimated to the borrowers.

Loan appraisal and terms and conditions

The Company, upon approval of the loan, shall convey the applicant through a sanction letter cum agreement or otherwise indicating the amount of loan, annualized rate of interest

applicable and method of application thereof, along with the other terms and conditions.

The sanction letter shall be delivered in writing to the borrower and an accepted copy of the terms & conditions through the borrower shall be maintained on record

Penal interest charged for the late repayment of instalments shall be mentioned in bold in the loan agreement.

The Company shall furnish a copy of the loan agreement, , along with all the enclosures quoted in the loan agreement to the borrowers at the time of sanction/disbursement of loans.

Disbursement of loans and changes in terms and conditions

In the event of any alteration/ modification in the terms & conditions including interest rates, disbursement schedules, prepayment charges, service charges etc., a notice/ intimation shall be provided to the borrower.

Any modifications in charges and interest rates shall be effected only prospectively and a suitable condition/ clause in this regard shall be incorporated in the loan agreement.

Post-disbursement supervision of all the loans shall be as per the normal business practice, terms of sanction and guidelines as issued by the RBI from time-to-time.

The decision to accelerate/recall performance or payment under the agreement shall only be carried out in accordance with the loan agreement.

All securities pertaining to the loan would be released on receipt of full and final payment of the outstanding amount of loans, subject to any legitimate right or lien, and set-off for any other claim that the company may have against the borrowers. If such right of set-off is to be exercised, the borrower shall be given notice about the same within 30 days from the clearance of all dues, with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities until the relevant claim is settled / paid.

General

There shall not be any interference in borrower's affairs except for reasons mentioned in the loan agreement's terms & conditions unless any new information, which the borrower has not disclosed earlier, has been noticed by the Company.

If the Company is in receipt of a request from the borrower for transferring his loan account, the objection or consent for the same shall be forwarded within 21 days' from the date of receipt of such request. Any such transfer shall be in accordance with the transparent contractual terms in consonance with law.

The company shall not resort to undue harassment i.e., use of the muscle power for the recovery of the loans, persistently bothering borrowers at odd hours etc., for recovery of loans and such behaviour is also against the Company's code of conduct.

Ongoing training to all the staff members who communicate with the clients shall be imparted to ensure that they behave with the customers in an appropriate manner.

The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers.

Repossession of vehicles financed by the Company

The Company has included the repossession clause in the loan agreement with the borrower that would be legally enforceable.

To ensure transparency, the terms and conditions of the contract/loan agreement will include provisions regarding:

1. Notice period before taking possession;
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 asset.
5. The procedure for giving repossession to the borrower and
6. The procedure for sale / auction of the property.

Interest Charged from Borrowers

To ensure that there the Customers are not charged excessive interest rate and charges on loans and advances by the Company, the Board of the Company has adopted a 'Policy for determining Interest Rates, Processing and Other Charges' and the same has been put up on Company's web-site www.skfin.in

The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

Suitable internal procedures and principles in determining processing, interest rates, and the other charges shall be followed in line along with the accepted Company strategies from time-to- time.

Decision to give the loan as well as the rate of interest that is applicable to each loan account shall be assessed on the case-to-case basis, according to multiple factors like repayment capacity and borrower profile, kind of asset that is being financed, past repayment track record if any, other financial commitments of the borrower, loan's tenure, security of loan as represented by underlying assets, payment's mode, loan-to value ratio,

the asset's end-use, geography/location of borrower etc.

The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Lending against collateral of Gold Jewellery

Presently the Company is not engaged in the business of the lending against gold jewellery, hence code associated to this business shall be approved as well as adopted as and when the decision is taken for entering the mentioned kind of business.

Review

The Company shall abide by this Fair Practices Code following the spirit of the Code and in the manner it may be applicable to its business.

The Company shall put the above Fair Practices Code outlined hereinabove on its web site, for the information of various stakeholders. The Company would also review and refine the Code, as may be required periodically –based on its own experience and fresh guidelines, if any, to be issued by the Reserve Bank of India in this regard.

GRIEVANCE REDRESSAL MECHANISM

Introduction

This document lays down a clear and transparent mechanism which aims at minimizing the instances of Customer complaints and grievances by providing proper service and having a comprehensive review mechanism to ensure prompt redressal of the same. The Company will lay stress on improving its Customer service continuously in order to achieve high Customer satisfaction.

Guiding Principles

The Company aims to provide best customer service and is consistently striving on creating a robust and efficient customer service platform.

Under normal circumstances, the Customer complaints may arise due to:

- Inadequate functions/arrangements/services made available to the Customers or gaps in standards of services expected and actual services provided.
- Attitudinal aspects in dealing with the Customers.

In case any of these circumstances is encountered by the Customer, the Customer has a right to register a complaint with the Company. The complaint may be given in writing, orally or over telephone. In case the complaint is not resolved within the given time, or if the Customer is not satisfied with the resolution, the Customer can approach the Banking Ombudsman or any relevant higher authority for grievance redressal.

Customer Complaints pertaining to digital lending

In accordance with the RBI Circular on Guidelines on Digital Lending dated September 02, 2022, the Principal Nodal Officer of the Company shall act as the nodal grievance redressal officer to deal with FinTech/ digital lending related complaints/ issues raised by the borrowers. Such grievance redressal officer shall also deal with complaints against their respective Digital Lending Apps/Platforms (DLAs).

Further, the facility of lodging complaint shall also be made available on the website of the Company.

Any complaint forwarded to the Company from an outsourced vendor/ lodged by the customer regarding an outsourced vendor shall be handled in accordance with the terms of this policy document.

Registration of Grievances/ Complaints

If the customers have any issues or wish to register a complaint or grievance, they can reach us through any of the following channels:

STEP 1: Channel of Complaint Registration

1) Branch

Customer shall contact to any branch for any grievance where the Branch Manager shall be the first point of communication with the customer,

2) Customer Care Centre

The customer can also call to the centralized customer care team on [1800- 103-9039](tel:1800-103-9039). The Branch, on behalf of customer can also communicate the same to the centralized customer care.

Contact details of centralized customer care desk is also displayed in each branch office.

3) Write to us

The customer can also communicate with us by emailing us on customercare@skfin.in or raising their concern on our website at <https://www.skfin.in/contactus.php>

STEP 2: Escalation Mechanism

Resolution in Step 1 not as per your expectations	In case the dispute/complaint is not redressed <u>within fifteen days</u>	In case the dispute/complaint is not redressed <u>within one month</u>
First Level	Second Level	Third Level (Appeal to RBI)
Mr. Chetan Gupta, Grievance Redressal Officer, G1-2 Adarsh Plaza Building, Khasa Kothi circle,	Ms. Anubha Khandelwal, Principal Nodal Officer, M-8, Adarsh Plaza, Khasa Kothi circle,	General Manager, Centralised Receipt and Processing Centre Reserve Bank of India,

<p>Jaipur-302001 E-Mail: customercare@skfin.in</p> <p>Office: 0141-4161551 Toll free: 1800-103-9039</p>	<p>Jaipur-302001 E-Mail: pno@skfin.in</p> <p>Office: 0141-4161552 Toll free: 1800-103-9039</p>	<p>4th Floor, Sector 17, Chandigarh - 160017</p> <p>Toll Free Number: 14448 (9:30 am to 5:15 pm) Portal to lodge complaints: https://cms.rbi.org.in</p>
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The above mentioned Grievance Redressal Mechanism shall be displayed eminently, for the customers' benefit, at our branches and company website.

Appointment of Internal Ombudsman

The Company has also appointed Internal Ombudsman in accordance with RBI circular on 'Appointment of Internal Ombudsman by Non-Banking Financial Companies' dated November 15, 2021 to adhere to the guidelines as prescribed.

Responsibility of Board of Directors

The Board of Directors have formalised a suitable grievance redressal system/ mechanism within the company for ensuring that all those disputes which arise out of those decisions made by the organization's functionaries are addressed and disposed of at the next higher level.

The Board shall periodically review the compliance to Fair Practice Code and the functioning of the grievances redressal mechanism. A consolidated report on such reviews conducted by the Internal Audit Department shall be submitted to the Board/ ACB from time-to-time, as might be directed by it.

Policy Severable:

This policy read with RBI Master Direction constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this policy and shall be of no force and effect, and this policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy. Further, the regulatory guidelines as prescribed shall prevail in the event of any amendments or requirements not incorporated in the policy.

Amendment:

Any change in the policy shall be approved by the Board of Directors of the Company. Any amendment in the regulatory guidelines shall prevail and necessary amendment shall be carried out at a subsequent date in the policy. The Board of Directors of the Company shall have the right to withdraw and / or amend any part of this policy or the entire policy, at any time, as it deems fit, or from time to time, subject to applicable law in force.