

Silver Finance Solutions Private Limited, Fair Practices Code

**SILVER FINANCE SOLUTIONS
PRIVATE LIMITED**

(CIN: U65910MP2015PTC034502)

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FAIR PRACTICES CODE

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Summary of Policy

Policy Name	Fair Practice Code
Related policies and regulations	RBI Guidelines on Fair Practice Code
Issue date	January 2017
Effective date	January 2017
Date of last review	N.A.
Date of next review	January 2018
Owner / Contact	Silver Finance Solutions Private Limited
Approver	Board of Directors of Silver Finance Solutions Pvt. Ltd.
Annexures	None

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1. INTRODUCTION

The Fair Practices Code ("FPC") has been devised by Silver Finance Solutions Private Limited ("SFSPL" "Company") in accordance with guidelines issued by The Reserve Bank vide its circular dated September 28, 2006 and subsequent amendments, on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and adopting a non-coercive recovery method. The same was revised in view of the recent developments with sector including creation of New Category of NBFCs viz; NBFC-MFI and the rapid growth in NBFCs lending against gold jewellery. Revised circular was issued on March 26, 2012

("SFSPL") has put in place the FPC with an endeavor to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc. The Company's Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities. SFSPL's commitment to the FPC would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Company's Board of Directors and the management are responsible for establishing practices designed to ensure that its operations reflect a strong commitment to fair lending and that all employees are aware of that commitment.

Key Aspects:

The essence of the FPC lies in the following aspects that SFSPL shall strive to follow in spirit and in letter:

- To provide professional, efficient, courteous, diligent and speedy services.
- Not to discriminate on the basis of religion, caste, sex, descent in any manner.
- To be fair and honest in any advertisement and marketing of loan products.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- If sought, to provide such assistance or advise to customers seeking loans.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal system within the organization.
- To comply with all the regulatory requirements in good faith.
- Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.
- Seek to confirm that the funds do not flow to companies that utilize child or forced labor or generally maintain discriminatory policies against religion or gender.
- Ensure compliances relating to Indian regulations prescribed by the Reserve Bank of India ('RBI')

A.
i. Applications for loans and their processing

- All communications to the customer by SFSPL shall be in **English and Hindi** as it is understood by all customers of SFSPL.
- As part of the loan process, to inter alia ensure utmost transparency, SFSPL provides all necessary information to the customer along with the term sheet/application/proposal as the case may be including but not restricted to nature of security required ,fees/charges, if any, payable for processing, the non-refundable nature of fees including in the case of non-acceptance of loan proposal, pre-payment options, check list in respect of information/papers required for considering loan and any other matter which effects the interest of the customer so that a meaningful comparison with the terms and conditions offered by other Non Banking Financial Companies ('NBFCs') can be made and informed decision can be taken by the customer.
- Time-period for disposal of application

S. No.	Category of Customer and Size of Limit	Time norms for disposal after Submission of all required papers / information sought by the SFSPL.
i.	For all categories of customers and for any amount of Loans	Time-period upto 60 days or such time as mutually agreed upon-with customer.

- On exercise of choice, the customer would be given the relevant information about the loan product of its choice.

- The customer would be explained the processes involved till sanction and disbursement of loan and would be notified of timeframe within which all the processes will be completed ordinarily.

i. Loan appraisal terms and conditions

SFSPL shall scrutinize the information submitted by the customer and additional data, if any, required should be called promptly to facilitate expeditious disposal of the loan.

SFSPL shall convey in writing in English and Hindi as it is understood by all customers of SFSPL by means of Sanction letter or Term sheet or any other form of written communication key terms and conditions of the proposed exposure including:

- acceptance of terms and conditions and other caveats governing the credit given by SFSPL arrived at after negotiation
- terms of enforcement of security
- all other information which is relevant from the point of view of the loan to be provided and all the parties involved.
- wherever possible, reasons for rejection of loan would be conveyed to the customers.

- SFSPL shall furnish a copy of the loan agreement in English and Hindi as understood by the borrower along with copy of all relevant enclosures quoted in the loan agreement to all the borrowers at the time of sanction/disbursement of the loan and shall be duly approved by the customer and countersigned by the authorized officials of SFSPL.

iii. Disbursement of loans including changes in terms and conditions

- SFSPL shall give notice in English and Hindi as understood by the customer regarding any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- Changes in the interest rates and charges shall be effected prospectively.
- A suitable condition in this regard shall be incorporated in the loan agreement, as applicable.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, SFSPL shall give notice to customers in consonance with the loan agreement in English and Hindi as may be understood by the customer.
- SFSPL shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim SFSPL 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 about the remaining claims and the conditions under which SFSPL is entitled to retain the securities till the relevant claim is settled/ paid

All communication like acceptances (including for amendments or addendum) with the Customer in relation to the sanction / facilities / loan / mandate / proposals shall be in writing and preserved for a minimum period of ten years.

iv. General

- SFSPL will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).
- In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e. objection from SFSPL, if any, should 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.
- If the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land will be followed for recovery of dues. The process will involve reminding the customer by sending the notice or by making personal visits and/ or repossession of security, if any. In case of default, SFSPL may refer the case to the recovery agent and will inform the customer of the recovery proceedings being initiated. SFSPL shall ensure that its process of recoveries will not involve harassment to the Customer. Appropriate instructions will be provided by SFSPL to its staff for handling customer queries and grievances cordially.
- In accordance with circular no. DNBS(PD). CC. No. 399/03.10.42 /2014-15 dated July 14, 2014 and further updation time to time ,issued by RBI to ensure customer protection and to bring in uniformity about prepayment of various loans by borrowers of banks and NBFCs, SFSPL shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.
- All the fees / charges / interest would be payable as per interest rate policy or as per mutually agreed terms.
- Post disbursement supervision is constructive and the genuine difficulties which the customer may face are given consideration.
- SFSPL will consider cases of financial difficulty appropriately. The customer should identify problems and immediately should let SFSPL know as soon as possible.
- All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by the customer in writing. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, RBI, other banks and financial institutions.

next higher level. The Board of Directors of SFSP and the functioning of the GRM. A consolidated report of compliance shall be submitted every year.

vi. Grievance Redressal Mechanism (GRM)

- The Board of Directors of SFSP 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 company are heard and disposed off at least at the next higher level. The customer shall be informed of the customer complaint process / GRM followed by SFSP. The customer shall be entitled to approach the Principal Officer, who shall ensure to take up the grievance promptly and try to resolve the matter expeditiously. If the matter is not resolved within a period of 7 working days or is not capable of being resolved then the customer shall be informed appropriately at the earliest opportunity. All communication in relation to the GRM shall be in writing.

- In this regard, SFSP has also set up a dedicated e-mail address agrawal009@gmail.com where customers and other stakeholders including vendors can submit their grievances, complaints and suggestions. All complaints received by SFSP shall be tabled at the meeting of the Board of Directors every quarter.

(i) SFSP shall display the following information prominently, for the benefit of their customers at their corporate office:

- The name and contact details (telephone and email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company. The company has appointed the following officials as Grievance Redressal Officer:

Name of Grievance Redressal Officer of the company	Mr. Pawan Kumar Agrawal
Contact No.	07392-243397/9425102155
Email Address	agrawal009@gmail.com
Web Site:	www.silverfinace.in

- The name and contact details as mentioned below of Officer-in-Charge of the Regional Office of DNBS of RBI, under whose jurisdiction the registered office of the SFSP falls, if the complaint is not resolved within 1 month.

Contact No.	0755-2675300
Email Address	dnbsbhopal@rbi.org.in

vii. Language and mode of communicating FPC

- FPC as established by SFSPL has been established in English and Hindi language and is based on the guidelines as outlined by the RBI.

viii. Regulation of excessive interest rates charged

- SFSPL will disclose to the borrower the risk and rationale for charging different rate of interest to different categories of borrowers in the application form and explicitly communicated in the sanction letter.
- The rates of interest and approach for gradation of risk shall also be made available on the website of SFSPL
- The rate of interest being charged by SFSPL shall be annualized rate to make the customer aware of the exact rates that would be charged to the account.

ix. Complaints about excessive interest rates charged

- Board of SFSPL shall lay out an interest rate policy mentioning internal principles and procedures in determining interest rates, processing charges and other charges.

x. Clarification regarding repossession of vehicles financed

- SFSPL does not provide vehicle finance directly but may do it through its intermediaries therefore the following points as prescribed by RBI shall be followed:
 - SFSPL will have an in-built re-possession clause in the loan agreement with the borrower which must be legally enforceable.
 - SFSPL will ensure transparency in the terms and conditions of the loan agreement regarding:
 - Notice period before taking possession
 - Circumstances under which notice period will be waived
 - Procedure for taking possession of security

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- A provision regarding final chance to be given to the borrower for repayment of loan before the sale/auction of the property
- The procedure for giving repossession of the vehicle
- Procedure for sale/auction of the property

➤ SFSPL shall make sure that a copy of such terms and conditions is made available to the borrower in the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans, which may form a key component of such contracts/loan agreements.

A. NBFC-MFIs

SFSPL does not envisage carrying out NBFC-MFI activities therefore such guidelines are not applicable on the company.

B. Lending against collateral of gold/Silver jewellery

SFSPL does lend against gold/Silver jewellery to individuals and SFSPL adopts the following in addition to the general guidelines as mentioned above:

- SFSPL shall put in place Board approved policy for lending against gold/silver that should inter alia, cover the following:

Adequate steps to ensure that the KYC guidelines stipulated by RBI are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,

➤ Proper assaying procedure for the jewellery received,

Internal systems to satisfy ownership of the gold/Silver jewellery,

➤ Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans should not be extended by branches that do not have appropriate facility for storage of the jewellery,

The jewellery accepted as collateral should be appropriately insured,

Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower.

There should be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,

➤ The auction should be announced to the public by issue of advertisements in at least two newspapers, one in vernacular language and another in national daily newspaper,

➤ As a policy, SFSPL themselves will not participate in the auctions held,

Gold pledged will be auctioned only through auctioneers approved by the Board,

➤ The policy will also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilization, execution and approval.

➤ The loan agreement shall also disclose details regarding auction procedure.