



# **FAIR PRACTICE CODE**

## **STFT FINANCE PVT LTD**

STFT Finance Private Limited ('the Company') is a private limited company incorporated under Companies Act, 1956, and regulated by the directives of the Reserve Bank of India. This Code has been formulated by pursuant to the Guidelines issued by the Reserve Bank of India on Fair Practices Code for Non-Banking Financial Companies vide its circular bearing No. RBI / 2006-07 /138 DNBS (PD) CC No. 80 / 03.10.042 / 2005-06 dated September 28, 2006 and amendments communicated from time to time.

### **I) OBJECTIVE OF THE CODE**

The objective of the code is primarily to ensure fair and transparent transactions with all our customers. This will also facilitate the customers / borrowers / co-borrowers to have a better understanding about the products and the various charges levied by the Company. The main objectives are as follows:

1. Enable employees to provide better customer service and maintain transparency in business dealings with its customers / borrowers / co-borrowers
2. Promotion of good and fair practices by setting minimum standards for customer relationships
3. Promotion of a fair and cordial relationship between customer / borrower / co-borrower and the Company; and
4. Fostering confidence in the customers / borrowers / co-borrowers.

### **II) APPLICATION OF THE CODE**

1. This code shall apply to all employees of the Company and other persons authorized to represent it in the course of its business with respect to all products and services.
2. This code applies to all products and services offered by the Company.

### **III) CONFIDENTIALITY**

1. The Company will treat all customer / borrower / co-borrower information as private and confidential unless required by law or if waivers have been signed by the customer.
2. If company shall avail services of any third party for providing support services, the Company requires that such third parties handle customer's / borrower's / co-borrower's personal information with the same degree of confidentiality.

## **IV) LOANS**

### **1. Applications for Loans and their processing**

- a) All communications to the customer / borrower shall be in the vernacular language or a language as understood by the customer / borrower / co-borrower.
- b) The Loan application forms will contain all necessary information which affects the interest of the customer / borrower / co-borrower, for the processing the loan application in a timely and transparent manner.
- c) The Company shall give acknowledgement for receipt of all loan applications with an indicated time frame within which decision on the completed loan application will be taken. The time frame may be indicated verbally as well by the officers of the Company to the customer / borrower/ co-borrower for ease of communication.

### **2. Loan Appraisal and terms/ conditions**

- a) Normally, all particulars required for processing the Loan Application will be collected by the Company at the time of application. In case it needs any additional information, the customer/ borrower / co-borrower will be informed to provide the same.
- b) The Company may verify the details mentioned by the customer / borrower / co-borrower in the loan application by contacting him/her at his/her residence and/or on business telephone numbers and/ or physically visiting his/her residence and/or business addresses through agencies appointed for this purpose, if deemed necessary.
- c) The Company will convey to the customer / borrower / borrower / co-borrower the sanction of the loan in writing by means of sanction letter, along with key terms and conditions including sanctioned amount, annualized rate of interest, method of application, EMI Structure, repayment structure, prepayment charges and keep the written acceptance of these terms and conditions by the customer / borrower / borrower / co-borrower on the record.
- d) The Sanction Letter will be in a language as understood by the customer / borrower/ co-borrower. The Company's officials will also explain the key terms to the customer / borrower / co-borrower before disbursement of the Loan.
- e) If requested by the customer / borrower / co-borrower, the Company shall furnish a copy of the executed loan agreement along with a copy of each of all its enclosures quoted in the loan agreement to all the borrowers at the time of disbursement of loans.

### **3. Communication Of rejection of Loan Application**

- a) A communication in writing or oral / verbal as regards the reason(s) for rejection of a loan application may be furnished by the Company, whenever any loan application is rejected.

#### **4. Disbursement of loans and release of obligations**

- a) The Company shall give notice to the customer / borrower / co-borrower in the vernacular language as understood by the customer / borrower / co-borrower of any change in the terms and conditions including disbursement schedule, annual interest rate, service charges, prepayment charges etc. Changes in interest rates and charges shall be applied only prospectively as mentioned in the loan agreement.
- b) A timely disbursement will be endeavored to coincide with the terms and conditions of the sanction letter and compliance of such terms and conditions by the customer / borrower / co-borrower.
- c) Decision to recall / accelerate payment under the agreement shall be in consonance with the loan agreement.
- d) The Company shall release all securities on repayment of all dues or on realization of the complete outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against customer / borrower / co-borrower. If such a right of set off is to be exercised, the customer / borrower / co-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.

#### **5. Rate Of Interest**

- a) The Company shall frame appropriate internal principles and procedures for determining the interest rates, processing charges and other charges. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the Company or published in the relevant newspapers. The information published in the website or otherwise published should be updated whenever there is a change in the rates of interest. The rate of interest shall be annualized rates to make the customer / borrower / co-borrower aware of the exact rates that would be charged to the account.

#### **V) GENERAL**

- a) The Company shall refrain from interference in the affairs of the customer / borrower / co-borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the customer/ borrower has come to the notice of the Company)
- b) The Company will store loan papers/property documents at centralized locations (fire proof environment).
- c) The Company will not discriminate on grounds of sex, caste and religion in the matter of lending.
- d) In the matter of recovery of loans, consistent with its policy, the Company shall not resort to undue harassment viz, persistently bothering the customers / borrowers / co-borrower at odd hours, use of muscle power for recovery of loans etc.
- e) The Officers of the Company shall be duly trained to act appropriately in all their dealings with the customer / borrower / co-borrower, both prior and post the sanction of the loan.
- f) At the time of sanction or any time thereafter, the Company would inform the borrower by way of sanction communication indicating the amount of the loan, tenure, and periodicity of repayment process etc. However, if the customer / borrower / co-borrower does not adhere to the repayment schedule, the Company shall follow normal legitimate recovery procedures including but not limited to sending SMS alerts, telephone calls, emails, visiting the customer's / borrower's / co-borrower's residence/ office, re-possession etc. of the property without resorting to undue coercion. The Company is at liberty to publish

the photographs of the defaulting customer's / borrower's / co-borrower in the Company's website/ Newspaper and other print/electronic media.

- g) In case of receipt of request from the customer / borrower / co-borrower for transfer of loan account, the consent or otherwise i.e. the Company's objection, if any, shall 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.
- h) It is mandated by law/arrangement with Credit Bureau to provide the information of all customers / borrowers / co-borrowers to such agencies. A clause to this effect has been included in the / Sanction Letter / Loan Agreement seeking the customer's / borrower's / co-borrower's consent to share information on his / her loan with Credit Bureaus.

## **VI) Grievances & Grievances Redressal Mechanism**

- a) The Board of Directors of the company shall lay down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.
- b) The Company shall display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted - the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company.
- c) In case the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision (DNBS), Reserve Bank of India, Delhi under whose jurisdiction the registered office of the company falls.

## **VII) Advertising, Marketing and Sales**

- a) The Company shall ensure that all advertising and promotional material is clear and not misleading.
- b) The Company may, from time to time, communicate to customers / borrowers / co-borrowers various features of their products availed by them. Information about their other products or promotional offers in respect of products/ services may be conveyed to customers / borrowers / co-borrowers only if he/ she has given his/ her consent to receive such information/ service.