

**Shapoorji Pallonji Finance Private Limited
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**Fair Practices Code of
Shapoorji Pallonji Finance Private Limited**

FAIR PRACTICES CODE

PREAMBLE

The Reserve Bank of India, by its Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 and as amended (hereinafter referred as RBI Directions), has prescribed the broad guidelines on fair practices that are to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs) and the same should be published and disseminated on the website of the Company, for the information of the public.

Shapoorji Pallonji Finance Private Limited (“SP Finance or “the Company”) is a private limited company incorporated under the provisions of the Companies Act, 1956 and is registered with the Reserve Bank of India as a Non-Banking Financial Company not accepting public deposits. SP Finance has been classified as a Systemically Important Non-Banking Financial Company not accepting public deposit-Investment and Credit Company-Middle Layer (NBFC-NDSI-ICC-ML).

The Company is engaged in the business of Corporate lending with a focus on providing innovative and structure debt solutions to corporates, asset backed financing, real estate financing, and on selective basis Promoter Funding, Loan against Securities & Structured Lending.

A. Applications for loans and their processing

- i. SP Finance official language for all communications with in the Company or with third parties shall be English.
- ii. All communications to the borrower shall be in English or in vernacular language / the language as understood and confirmed by the borrower.
- iii. SP Finance will take a confirmation from the prospective borrower that all communications with the borrower shall be in English or in vernacular language / the language as understood by the borrower.
- iv. Loan application of SP Finance will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower.
- v. The documents required to be submitted with the loan application including KYC documents will be informed to the borrower separately.
- vi. SP Finance shall provide the prospective borrower an acknowledgement for receipt of all loan applications. The time frame within which loan applications will be disposed of will be indicated in the acknowledgement.

B. Loan appraisal and terms/conditions

- i. SP Finance shall convey in writing to the borrower in English or in vernacular language / the language as understood and confirmed by the borrower, the status of the loan application by means of sanction letter or otherwise. In case of sanction of loan, the sanction letter shall contain the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof.
- ii. The acceptance of the terms and conditions communicated by the borrower shall be preserved by SP Finance on its record and copy of same shall be provided to the borrower upon request.
- iii. SP Finance shall mention the penal charges for late repayment in bold in the sanction letter, loan agreement, etc;
- iv. SP Finance will invariably furnish a copy of loan agreement along with a copy of each enclosures quoted in the loan agreement to all clients at the time of sanction/disbursement of loan in English or in vernacular language/the language as understood by the borrower.

C. Penal Charges

- i. Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be in accordance with the Policy on Penal Charges, Credit Policy, etc; and will be treated as 'penal charges'. It shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. Further, there shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- ii. SP Finance shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan/product category. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', if any, shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions. The quantum and reason for penal charges shall be clearly disclosed by SP Finance to the borrowers / customers in the loan agreement, Key Fact Statement (KFS), etc; as in addition to being displayed / posted on the website of the Company. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

D. Disbursement of loans including changes in terms and conditions

- i. SP Finance shall give notice to the borrower in English or in vernacular language / the language as understood by the borrower, of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Changes in interest rates and charges shall be effected prospectively and a suitable condition in this regard shall be incorporated in the loan agreement.
- ii. Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
- iii. SP Finance shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim SP Finance 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 particulars about the remaining claims and the conditions under which SP Finance are entitled to retain the securities till the relevant claim is settled/paid.

E. Responsible Lending Conduct – Release of movable/immovable property documents

- (i) SP Finance shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.
- (ii) The borrower shall be given the option of collecting the original movable/ immovable property documents either from the office/branch where the loan account was serviced or any other office of the Company where the documents are available, as per her/his preference.
- (iii) The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters.
- (iv) In order to address the contingent event of demise of the sole borrower or joint borrowers, the Company has laid out procedure for return of original movable/immovable property documents to the legal heirs.
- (v) Compensation for delay in release of movable/immovable property documents- (a) In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In the case where the delay is attributable to the Company, it shall compensate the borrower at the rate of ₹5,000 for each day of delay. (b) In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at

clause (a) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days). (c) The compensation provided under these directions shall be without prejudice to the rights of the borrower to get any other compensation as per any applicable law.

F. General

- i. SP Finance will refrain from interference 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 come to its notice.
- ii. In case of receipt of request from the borrower for transfer of account, the consent or otherwise i.e. objection of SP Finance, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per contractual terms entered into with the borrower and in consonance with statutes, rules, regulations and guidelines as may be applicable from time to time.
- iii. In the matter of recovery of loans, SP Finance shall resort only to remedies which are legally and legitimately available to it and will not resort to undue harassment viz, persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- iv. SP Finance shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.
- v. SP Finance shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers.
- vi. Pursuant to Notification No. DNBS.204/CGM (ASR)-2009 dated 2 January 2009 and as amended from time to time, in respect to regulation of excessive interest charged by NBFCs, SP Finance has adopted an Interest Rate Policy considering relevant factors such as cost of funds, margin and risk premium, etc. to determine the rate of interest to be charged for loans and advances. The Interest Rate Policy also covers the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to various categories of borrowers.
- vii. The Company, irrespective of whether it lends through its own digital lending platform or through an outsourced lending platform, shall adhere to the Fair Practices Code guidelines in letter and spirit. It will ensure to adhere regulatory instructions on outsourcing of financial services and IT services.
- viii. The Company shall adhere to the Fair Practices as specified by RBI from time to time.

G. Grievance Redressal Mechanism

- i. SP Finance is committed to serve to make the clients' / customers' experience a rewarding one. SP Finance Grievance Redressal Mechanism articulates the objective to minimize instances that give rise to customer complaints and create a review mechanism to ensure consistently superior service behavior. The Company's Grievance Redressal Mechanism shall also deal with the issues relating to services provided by the Outsourced Agency engaged by SP Finance. The implementation of Fair Practices Code shall be the responsibility of the Company. The Company shall make every effort to ensure that its dealing with borrowers / customers is smooth and hassle free. Any complaint brought to the notice of the Company by a borrower / customer shall be handled expeditiously.
- ii. All disputes / complaints arising out of the decisions of the Company's functionaries would be heard and disposed of at least at the next higher level after it is brought to their notice. Therefore, the following 'Grievance Redressal Mechanism is put in place:-
 - Grievance Redressal Officer
 - Grievance Redressal Committee
- iii. A Consolidated Report of periodical review with compliance with Fair Practices Code and functioning of Grievance Redressal Mechanism at various levels of Management would be submitted to the Board of Directors at regular intervals.
- iv. The contact details of the Grievance Redressal Officer and the local office of RBI (which can be approached, if the complaint / dispute is not resolved within a period of 30 days) will be displayed at all branches / places where the Company conducts its business.
- v. In case of any complaint / grievance, the borrowers / customers including the applicants with disability

(ies) may contact -

- Related to digital lending / fintech related matter - Mr. Haresh Motwani, Grievance Redressal Officer for fintech related matters
 - Other than digital lending / fintech related matter - Mr. Pankaj Gupta, Grievance Redressal Officer, through any of the following channels:
 - Telephone No:+91 22 67490000
 - Fax No: +91 22 66338176
 - Mail: Shapoorji Pallonji Finance Private Limited, SP Centre, 41/44 Minoo Desai Road, Colaba, Mumbai – 400005.
 - E-mail to: Spfpl.customergrievance@shapoorji.com
- vi. After examining the matter, it would be our endeavor to provide the borrower / customer with our final response, within a period of 2 weeks and within a maximum period of 30 days from receipt of such complaint / dispute / grievance.
- vii. In case the borrower / customer do not receive any communication from the Grievance Redressal Officer within aforesaid period or the borrower / customer is not satisfied with the resolution or the complaint remain unresolved within the aforesaid, the borrower / customer may reach out to the Grievance Redressal Committee through any of the aforesaid channels. A Grievance Redressal Committee comprising of 2 Board Members is constituted to resolve all disputes arising in this regard.
- viii. If the complaint / dispute / grievance is not resolved within a period of 30 days, the borrower / customer may appeal to:-
The Officer-in-charge
Department of Non-Banking Supervision
Reserve Bank of India, 3rd Floor
Near Maratha Mandir, Byculla,
Mumbai Central, Mumbai – 400008.
Tel No. +91 22 23084121 / 23028436
Fax No. +91 22 23022011, email id – dnbsmro@rbi.org.in

H. Periodic Review

The Board of Directors of SP Finance shall periodically review the compliance of the Fair Practices Code and the functioning of the Grievances Redressal Committee. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it. The Board shall also review the Fair Practices Code at such intervals as it deem fit but atleast once in a year.

Note: In compliance with the guidelines on 'Fair Practices Code', SP Finance shall publish and disseminate the Fair Practices Code in English on the web-site of the Company and any borrower, client or stakeholder who wishes to obtain the same in vernacular language may request the Company to provide a translation thereof.
