SRINIDHI CREDIT PRIVATE LIMITED

FAIR PRACTICES CODE

1. Introduction

Srinidhi Credit Private Limited (hereinafter referred to as "Srinidhi" or "the Company") is a private limited company incorporated under the provision of the Companies Act, 2013 and is a Non-Systemically Important Non-Deposit Accepting Base Layer Non-Banking Financial Company, registered with the Reserve Bank of India.

Srinidhi is engaged in the business of extending loans to entrepreneurs engaged in micro, small and medium enterprises with limited access to formal financial services.

This Code has been formulated pursuant to the Guidelines issued by the Reserve Bank of India on Fair Practices Code for Non-Banking Financial Companies vide its Master Circular bearing No.RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated 1st July 2015, wherein Reserve Bank of India (RBI) has summarized the guidelines on Fair Practices Code for NBFCs and in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025 ("Master Directions") as amended from time to time, and regulated by the Reserve Bank of India (RBI) for resolving customer grievances in relation to services provided by entities regulated in an expeditious and cost-effective manner. The Company undertakes to abide by all applicable laws, regulations and guidelines passed/issued by the Regulators (Reserve Bank of India, SEBI, IRDAI etc.) and other competent authorities such as Government, Local Authority etc.

This sets minimum Fair Practice standards for the Company to follow when dealing with customers. It provides information to customers and explains how the Company is expected to deal with them on a day-to-day basis. This policy applies to all customers including those with any complaints / enquiries as posted on social / any other media and we encourage all customers to reach out to the below platforms as required. This Policy is displayed on the website of the Company for the information of the public. This Policy will be posted on the Company's website at www.srinidhicredit.in. 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.

2. Objective of the Code

This Code has been developed to:

a) promote good, fair and trustworthy practices by setting minimum standards in dealing with the customers;

b) increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.

c) encourage market forces, through competition, to achieve higher operating standards;

d) promote a fair and cordial relationship between the customers and the Company.

3. Non-Discrimination Policy

We will not discriminate between our customers on the basis of gender, caste, race, marital status, disability, or religion or any other prohibited ground. Lending decisions shall be based solely on creditworthiness and risk assessment criteria.

4. Operating Guidelines

4.1. Applications for loans and their processing

All communications to the borrowers shall be made in vernacular language or a language as understood by the borrower.

Srinidhi's official language for all communication within the Company or with its Customers shall be English.

The Company offers financial product of short, medium and long term financing with or without the security of residential or commercial or vacant land property or any other adequate security primarily to the small and medium enterprises engaged in the business of manufacturing, services and agriculture, self-employed professionals , salaried employees, traders, retailers, businessmen, agents, distributors, companies, corporate and individuals for their requirement relating to expansion of business, working capital needs and or personal needs.

The 'Application Form with checklist of documents' of Srinidhi will include all information and documents that is required to be submitted by the Customers. Necessary information will be provided by Srinidhi to facilitate the Borrower in making a meaningful comparison with similar terms and conditions offered by other Non-Banking Finance Companies (NBFCs) and taking an informed decision based on the aforesaid comparison.

The Application form inter alia would provide the following basic details –

a. Name and Address of Applicant
b. Amount of Loan required
c. Purpose for which loan required
d. Period of loan
e. KYC details

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

The sanction letter issued by the Company would inter-alia provide for the following –

a. Amount of loan sanctioned
b. Interest rate applicable and type of interest
c. Processing charges payable
d. Security to be provided
e. Tenure of the loan
f. Penal charges for delay/ default in payment
g. Repayment Schedule
h. Events of Default
i. Such other charges as decided by the Board of Directors of the Company ("Board") or the Committee empowered by the Board.

These particulars would enable the borrower a meaningful comparison with that of other competitors and borrower can take an informed decision.

The Company would give an acknowledgement for receipt of all loan applications. The normal time frame within which loan applications complete in all respects will be disposed of would be indicatedin the acknowledgement of such applications. The company would verify the loan applications within a reasonable period of time. If additional details / documents are required, it would intimate the customers promptly.

4.2. Loan appraisal and terms/conditions

The Company would convey in writing to the borrower the amount of the loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

The Company shall ensure that the loan agreement and all enclosures furnished to all borrowers contains the terms and conditions and the rate of interest in the form of a Key Facts Statement, which shall be annexed to the Loan Agreement. Further, the Company shall mention the penal interest charged for late payment in bold in the loan agreement. It shall also contain the provisions referred to in clauses (e) and (f) of Para 5 of this Code.

The Company shall invariably be bound to furnish a copy of the loan agreement, preferably in the English/ vernacular language as understood by the borrower, along with a copy of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/ disbursement of loans.

The Company shall obtain an acceptance from the borrower on the said sanction letter with the borrowers' signature under the caption "I/WE ACCEPT ALL THE TERMS AND CONDITIONS WHICH HAVE BEEN READ AND UNDERSTOOD BY ME/US". The Company shall maintain a record of such acceptance.

4.3. Penal Charges in Loan Accounts

Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalization 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.

Srinidhi shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.

Srinidhi shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.

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', shall not be higher than the penal charges applicable 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 Srinidhi to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the Company's website under Company Policies.

Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.

Srinidhi shall carry out appropriate revisions in their policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date with regard to "Penal Charges in Loan Accounts". In the case of existing loans, the switchover to new penal charges regime shall be on or before June 30, 2024.

4.4. Disbursement of loans including changes in terms and conditions:

a. The Company would ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. It would give notice of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. It would also ensure that changes in interest rates and charges are effected only prospectively. The terms and conditions of loan would be highlighted in Sanction letter, Loan Agreement and other documents executed between the parties.

b. Decision to recall the loan or accelerate payment by the Borrower shall be in accordance with the Terms and Conditions of loan and changed circumstances in business of Borrower and suchaction shall be with notice being given to the Borrower.

c. Srinidhi will release all securities of its Borrower only on repayment of all dues by such Borrower, or only on realization of the outstanding amount of the Borrower's availed limit, subject to any legitimate right or lien for any other claim which Srinidhi may have against its Borrower. If such right of set off is to be exercised, the Borrower will be given notice about the same with full particulars about the remaining claims and conditions under which Srinidhi will be entitled to retain the securities till the relevant claim is settled or paid by the Borrower.

d. Company shall furnish an account statement to the Borrower on an annual basis. Additionally, for any interim period, company shall furnish account statement upon the Borrower's request.

e. The Company shall give due notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.

5. Responsible Lending Conduct:

5.1. Release of movable / immovable property documents on repayment / settlement of personal loans.

a. Srinidhi 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 along with No objection certificate.

b. In case of failure to release the documents before 30 days, a sum of Rs.5000/- for each day of delay shall be paid by Srinidhi. In case of loss/damage to original immovable property documents, either in part or in full, Srinidhi shall assist the borrower in obtaining duplicate/certified copies of the immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, delayed period penalty will be calculated after 60 days. The above is without prejudice to the right of Borrower as per applicable law.

c. In the event of demise of the Borrowers or Joint Borrowers, the legal heirs of such Borrowers alone shall be entitled to claim/ collecting the original movable / immovable property documents from Srinidhi. In such instance, all legal heirs of such Borrower should be physically present in the office for collecting the original movable / immovable property documents, if all legal heirs of the borrowers are unable to visit the branch, an authorization letter in favour of any one of the legal heir to be produced. If one or more legal heirs are minors, the natural guardian or the court appointed guardian should collect the documents on behalf of the said minor legal heirs.

The following documents are accepted as valid proof of death and legal heirs of the deceased.

a) Death certificate of the title holder issued by respective municipalities
b) Legal Heir certificate issued by Revenue authorities / Thasildar or
c) Succession Certificate issued by a jurisdictional court or
d) Letter of Administration
e) Magistrate/ District Civil court endorsement on an affidavit detailing the legal heirs

f)In the event of a dispute among the legal heirs, a court issued Succession Certificate/Letter of a.Administration alone will be accepted as authenticated proof of legal heirs.

5.2. Responsible Lending and Suitability Assessment

a) The Company shall assess the borrower's repayment capacity through appropriate due diligence, including assessment of income, existing obligations and overall indebtedness before sanctioning any loan.
b) The Company shall ensure that the loan product offered is suitable to the borrower's financial needs and repayment capacity and shall avoid over-indebtedness of borrowers.
c) The Company shall not engage in aggressive lending practices or extend credit merely to increase loan portfolio size without proper risk assessment.
d) The Company shall ensure that multiple lending to the same borrower does not result in financial stress.
e) The Company shall ensure that all lending decisions are based on transparent and non-discriminatory credit assessment policies approved by the Board.

6. General

The Company would not cause interference in the day-to-day affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).

Expenses incurred towards creation of security in form of mortgage, hypothecation, charge etc.shall be charged to the Borrower.

In the matter of recovery of loans, the Company shall not resort to undue harassment and its agents shall not resort to intimidation or undue harassment of any kind either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, for recovery of overdue loans, making false and misleading representations. The Company shall ensure that its staff is adequately trained to deal with the customers in an appropriate manner.

The Company shall also ensure to extend its loan facility to the physically challenged/visually challenged Borrowers and the same shall be trained to all the staffs of the Company as part of module on Rights of Person with Disability which is guaranteed by the Law and International Conventions

In case of receipt of request for transfer of borrowal account, either from the borrower or from a bank/financial institution, which proposes to take- over the account, the consent or otherwise i.e., objection of the Company, if any, would be conveyed within 21 days from the date of receipt of request. In the matter of recovery of loans, the Company would adopt legally valid processes and not resort to undue harassment or use of force viz. persistently bothering the borrowers at odd hours, use of musclepower for recovery of loans, etc.

The Company shall not charge any foreclosure charges or prepayment penalties on floating rate term loans extended to individual borrowers, irrespective of whether such loans are classified as retail, housing, or other personal credit facilities. Pursuant to " The Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025" effective for loans sanctioned or renewed on or after January 1, 2026, that though Srinidhi is not charging prepayment charges. Pre-payment penalties may still apply to fixed-rate loans or other categories not covered under the exemptions, but only as per Srinidhi's board-approved policy and only on the amount being prepaid

(in case of term loans). Srinidhi's will not impose prepayment charges when Srinidhi's itself initiates pre-payment.

7. Regulation of excessive interest charged by NBFCs

Pursuant to notification no. DNBS.204/CGM (ASR)-2009 dated 2 January 2009 in respect to regulation of excessive interest charged by NBFCs, Srinidhi has adopted an Interest Rate Policy taking into account 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 different categories of borrowers and same is displayed on the website of the Company, www.srinidhicredit.in The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall also be disclosed to the borrower or customer in their loan application form and communicated explicitly in the sanction letter.

8. Interest Reset Guidelines on Floating rate:

The company as a policy shall not charge foreclosure charges/pre-payment penalties on the floating rate term loans sanctioned to its individual borrowers. Any and all the Borrowers whose rates are reset shall be sent a communication, through appropriate channels.

8.1. Floating rate interest on EMI based personal loans

In pursuance to RBI notification vide RBI/2023-24/55 OR.MCS.REC.32/01.01.003/2023- 24 dated 18th August 2023 Reset of Floating Interest Rate on Equated Monthly instalments (EMI) based Personal Loans, Srinidhi follows the guidelines as below: "Personal Loans" is defined as per RBI circular No. DBR.No.BP.BC.99/08.13.100/2017- 18 on "XBRL Returns – Harmonization of Banking Statistics" dated January 04, 2018 "Personal loans refers to loans given to individuals and consist of (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.)." Srinidhi shall not opt for negative amortization ie. The entire interest component for a month needs to be part of the EMI, and shall not be spilled in the next month, and added to the principal.

Impact on Loan eligibility: At the time of sanction Srinidhi shall appraise the borrower in case of extended tenure or enhanced EMI, so as to ensure that the borrower is eligible to manage the changes as opted by him/her. Borrowers shall be offered with the option to avail either floating rate of interest or fixed rate of interest as preferred by him/her.

Options to rate reset: Srinidhi shall provide the borrower with the rate reset with the following options:
a) Enhancement/ reduction in EMI
b) The elongation of the loan tenor will be governed by the restructuring norms mandated by the RBI.
c) Combination of above (both) options
d) Prepayment of outstanding loan amount 'in-part'
e) Prepayment in full
f) Switching from floating rate to fixed rate

9. Responsibility of Board of Directors towards an effective Grievance Redressal Mechanism

The Board of Directors of the Company will also lay down an appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of its functionaries are heard and disposed of at least at the next higher level.

9.1. Grievance Redressal Mechanism

In the present competitive scenario, excellent customer service is an important tool for sustained business growth. Customer complaints are part of the business life in any corporate entity.

At Srinidhi, customer service and satisfaction are our prime focus. We believe that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. Srinidhi has come up with a lot of initiatives that are oriented towards providing a better customer experience and an efficient complaints redressal mechanism with a view to providing enhanced experience to our customers. In order to make Srinidhi's redressal mechanism more meaningful and effective, a structured system has been built. This system would ensure that the redressal sought is just and fair and is within the given framework of rules and regulation.

It is our constant endeavor to put customers' interest first and to provide with financial solutions that are right for the customers. In keeping with our promise of "Doing what's Right", we look forward to receiving both, positive and negative feedback from the customers on our products and services. The grievances of the customers will be redressed in the following manner:

a) The customer may reach out through the following email ID: cs@srinidhigroup.org and phone number: 044-42697604 .

b) Disputes arising out of decisions of the Company's functionaries would be disposed of at the next higher level within the Department concerned.

c) Any disputes between the Borrower and the Company shall be determined in terms of the disputes adjudicating machinery agreed by the parties in the Loan Agreement.

d) The customer has to confirm whether the grievance has been resolved to his/her satisfaction or not. The grievance will be deemed to be closed, if the customer does not respond via phone or email.

e) The Management would do periodical review of compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism regularly and a consolidated report of such reviews will be submitted to the Board of directors at regular intervals as may be prescribed by the Board.

f)**Outbound Communication :** The Company utilizes the **1600418210** number strictly for outbound customer communications such as service calls, payment reminders, and grievance follow-ups. Customers may use the officially notified contact channels to lodge complaints or seek assistance.

g) All complaints will be attended in not less than one month's period.

h) If your complaint remains unresolved/ response from the Company is not satisfactory within a month of lodging the complaint, a complaint can be lodged with RBI Ombudsman within 1 year + 30 days
You may write to Ombudsman through the following:

Lodge a complaint on RBI CMS portal - https://cms.rbi.org.in.
Reach them on the following e-mail ID - crpc@rbi.org.in

Send your complaint form to the below mentioned Contact Ombudsman:

Address:
The Officer-in-charge
Centralised Receipt and Processing Centre,
Reserve Bank of India Central Vista, 4th Floor,
Sector 17, Chandigarh – 160017

*Contact the Contact Centre at the toll-free number - 14448 (9:30 am to 5:15 pm) - which is being operationalized by the RBI in Hindi, English and in eight regional languages.

i) All Appeals to the Regional Office of Department of Supervision of RBI, Chennai within **30 days** of the Ombudsman's order.

10. Regulation of Excessive Interest Charged:

The Company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges. The Company has adopted an interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for loans and advances. The rate of interest to be charged depends much upon the gradation of the risk of borrower viz. the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc. The rate of interest will be annualized so that the borrower is aware of the exact rates that would be charged to the account.

11. Confidentiality

Unless authorized by the borrower, the Company will treat all personal information as private and confidential. The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:- (i) If the Company is required to provide the information as per regulatory directives to any statutory or regulatory body or bodies; (ii) If arising out of a duty to the public to reveal the information; (iii) If it is in the interest of the borrowers to provide such information (eg. Fraud prevention); (iv) If the borrower has authorized the Company to provide such information to its group/associate/entities or Companies or any such person/entity as specifically agreed upon.

12. Consumer Education

Srinidhi shall place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day end process with a view to increasing awareness among the borrowers. Further, the Company shall also ensure that its front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/disbursal/renewal of loans.

13. Force Majeure

The various commitments outlined and made by Srinidhi are applicable under the normal operating environment. In the event of Force Majeure (like act of god, floods, earthquakes, Pandemic & Epidemic), Srinidhi will not be able to fulfill the commitments under the FPC to the entire satisfaction of the customers and the other stakeholders.

14. Review of the Fair Practices Code

Compliance with respect to all aspects of the FPC and the Grievance Redressal Mechanism shall be reviewed by the Board annually unless regulatory changes require a review of the policy sooner. The Fair Practices Code has been reviewed and adopted by the Board of Directors and shall come into force with immediate effect.