

Fair Practice Code

1. INTRODUCTION

SONU MARKETING Private Limited (“Company” or SMPL”) is a Non Banking Financial Company registered with Reserve Bank of India (RBI). The Company endeavours to review and follow the policy guidelines laid down by RBI to set up fair business practices while dealing with its borrowers. Accordingly, this Fair Practice Code (“FPC” or “Code”) has been amended pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, Hence, in compliance with the said directions, this Code has been framed, approved, and reviewed by Board of the Company from time to time. The Company shall always adopt the best business practices from time to time and make appropriate modifications, as necessary to this Code.

This has reference to RBI Circular No. RBI/2015-16/16 DNBR (PD) CC.No.054/03.10.119/2015-16 dated 01st July 2015, wherein the Reserve Bank of India (RBI) has issued the guidelines on Fair Practices Code for NBFCs to implement the same. All of this was consolidated in the Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 which is replaced by Master Direction – Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023 dated 19th October 2023 as amended from time to time.

The Fair Practices Code, as mentioned herein below, is in conformity with these Guidelines/ Directions on Fair Practices Code for NBFCs as contained in the aforesaid RBI Circular/ Direction. This sets minimum Fair Practice standards for the Company to follow when dealing with borrowers. It provides information to borrowers and explains how the Company is expected to deal with them on a day-to-day basis.

Sonu Marketing Private Limited is committed to dealing with its borrowers in a fair and transparent manner. As a Non-Banking Financial Company (NBFC), the Company has put in place a Fair Practice Code.

2. OBJECTIVE OF THE CODE

Primary objectives behind development of this code are:

- (A) Promote good, fair and trustworthy practices in dealing with the borrowers;
- (B) Increase transparency to enable the borrowers 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 borrowers and the Company.

3. COMPANY’S KEY COMMITMENTS AND DECLARATIONS:

- i. To act honestly, fairly and reasonably in conducting financial activities and to deal our borrowers on the ethical principles of integrity and transparency.
- ii. To not discriminate against clients on the basis of gender, race, caste, religion or language and to treat all the clients consistently and fairly.

iii. To prominently display the Fair Practice Code on the notice board at Registered Office of company and put systems in place to ensure compliance. Moreover, company always welcomes new ideas and suggestions from its clients.

iv. To ensure transparency in the maintenance of books of accounts and disclosure of financial statements by qualified auditor/s.

The Board of Directors and the management team of SMPL are responsible for implementing the FPC and also to ensure that its operations reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products including lending as SMPL may provide from time to time and that all SMPL employees/representatives shall be aware of this commitment.

a. APPLICATIONS FOR AVAILING LOANS AND THEIR PROCESSING

a) All communications to the borrower shall be provided in the vernacular language upon request.

b) All the Loan agreements shall contain all necessary information, especially the Rate of interest, Processing Charges, insurance charges, Penal Charges and such other charges which affects the interest of the borrower, so that he can make a meaningful comparison with the terms and conditions offered by other NBFCs so that an informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the application form.

c) SMPL will offer credit to eligible qualified applicants who express their need to borrow through their loan request.

d) Company shall give acknowledgement for receipt of loan applications and other documents. The Company shall inform the party about the pendency of any information and document for processing the Loan application. The decision on loan application shall be taken not later than 30 days from the date of receipt of completed loan application. Loan application will be considered as complete, once all information has been duly received and filled in and required documents have been submitted and found acceptable. The Loan application and acknowledgment shall contain the time frame within which loan applications will be disposed of.

e) The applicant will be given the contact numbers on the application from whom he can enquire about developments in the loan process.

b. LOAN APPRAISAL AND TERMS/CONDITIONS

i. The company shall convey in writing to the borrower as understood by the borrower by means of sanction letter, loan agreement, Key Facts Statement(KFS) or otherwise, the amount of annualized rate of interest, Annual Percentage Rate (APR) and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record. **Company shall mention the penal charges charged for late repayment in bold in the loan agreement.**

ii. The Company shall disclose all the contingent charges separately in their sanction letter.

iii. Company shall furnish a copy of the loan agreement along with the enclosures if any, preferably in the vernacular language if requested by the borrower 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.

iv. To reinforce the understanding, company shall reiterate the terms and conditions, and responsibilities at the time of application, sanction and disbursement.

v. The terms and conditions explained to the borrower include, but are not limited to the following:

a. The manner of repayment of the loan.

b. The loan amount and tenure, rate of interest, Annual Percentage Rate, Processing fees method of

application as well as other charges including contingent charges.

c. The frequency of repayment – whether weekly, fortnightly or monthly (at the option of the borrower).

d. In case of co- borrower/guarantor(s), their responsibility in case of default.

vi. Company undertakes to give due notice for any change in the conditions of the loan specially pertaining to interest rate (prospectively) and periodicity, quantum of installments and tenure of loan/(any changes in the loan process/procedures).

c. MARKETING AND PRODUCT SYNERGY

a. All advertising and promotional materials will be meticulously reviewed to ensure clarity, fairness, reasonableness, and non-misleading representations. We are committed to upholding transparency and integrity in all our marketing endeavours.

b. Our company is dedicated to providing our borrowers with a comprehensive range of financial products for which they are eligible. These offerings will include products and services developed internally by our company, as well as those offered by affiliated entities or associated companies, and through strategic partnerships with external organizations.

c. It is our aim to foster synergy among the various financial services and products we offer by actively promoting cross-selling opportunities to our clientele. Through this approach, we endeavour to enhance the overall value proposition for our borrowers while maximizing the benefits of our diverse product portfolio.

d. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

a) The company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates and periodicity, service charges, foreclosure charges etc. Company shall also ensure that changes in interest rates and charges only prospectively. A suitable condition in this regard shall be incorporated in the loan agreement.

b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the loan agreement. Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, the Company should give notice to borrowers.

c) Company 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 the Company 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 the Company is entitled to retain the securities till the relevant claim is settled/paid.

d) Company shall inform its clients clearly about all the terms and conditions of the loan, the advantages of timely repayments and the consequences of defaulting on loans.

e. RECOVERY OF LOANS

a) Company will ensure that its decision to recall/ accelerate payment based on performance is in consonance with the loan agreement.

b) In the matter of recovery of outstanding dues of its borrower, Company will not resort to undue harassment viz. persistently bothering the borrower at odd hours, the use of muscle power for recovery of loans, etc. Company shall ensure that the staff is adequately trained to deal with the borrowers in an appropriate manner.

c) While enforcing its rights as a lender strictly, Company believes in polite language and abjures the use of abusive and harsh words.

d) Company undertakes to release all securities if any on repayment of all dues or on realization of the outstanding amount of loan, subject to any legitimate right or lien for any other claims it may have against the borrower. Company shall provide its borrowers information about the penalties liable to be levied in case of non-observance, violation of any terms and conditions governing the product/ services chosen by them and all details in its tariff schedule of any charges applicable to the products and services chosen by them.

e) If any such right of set off is to be exercised, the company will ensure that the borrower is given notice about the same with full particulars about the remaining claims and the conditions under which Company is entitled to retain the securities if any, till the relevant claim is settled/ paid.

f. PRIVACY AND CONFIDENTIALITY

1. Credit reference agencies/credit information companies (CIC's):

a. The company may share details of the loan and repayment track records of its borrowers to the credit information companies as per the regulatory directions/ guidelines or the company's internal policies.

2. Sharing of information:

a. The company will treat the personal information of borrowers as private and confidential even when the borrowers is no longer associated. Company shall not reveal the data or information of borrowers to anyone except as provided above in the following exceptional cases;

i. Required by law

ii. For the purpose of providing services

iii. Duty towards public to reveal information

iv. The company's interest requires giving information

v. The company has consent/ permission from the borrowers

b. The company will safeguard personal information of clients, only allowing disclosures and exchange of such information to others who are authorized to see it, with the knowledge and consent of clients.

g. GRIEVANCE REDRESSAL MECHANISM

a) The Company shall lay down the appropriate Grievance Redressal Mechanism within the organization. Such a mechanism should ensure that all disputes arising out of the decisions of Company's institutions' functionaries are heard and disposed of at least at the next higher level.

b) The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the Grievances Redressal Mechanism at various levels of management.

c) The Grievance Redressal policy is available on company website. SMPL has designated an officer for the redressal of grievances of the clients including the borrowers, in connection with any matter pertaining to business practices, lending decisions, credit management and recovery.

d) The following information shall be displayed prominently, for the benefit of the borrowers, at all branches/ places of the Company, where business is transacted:

i. 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.

ii. If borrowers complaint/concern is not redressed within a period of 30 days, borrower can lodge a complaint on RBI CMS portal - <https://cms.rbi.org.in>.

h. REGULATION ON EXCESSIVE INTEREST CHARGED

- a) The Company shall adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. 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 be disclosed to the borrower in the application form and communicated explicitly in the sanction letter.
- b) The rates of interest and the approach for gradation of risks for differential rate shall also be made available on the website 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.
- c) The rate of interest should be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.
- d) Interest shall be charged from the date of actual disbursement of the funds to the customer instead of the date of sanction of loan or date of execution of loan agreement.
- e) In the case of loans being disbursed by cheque, where interest is charged from the date of the cheque the Company shall avoid delayed handing over of cheque to the customer.
- f) In the case of disbursal or repayment of loans during the course of the month, interest shall be charged only for the period for which the loan was outstanding instead of entire month.
- g) In case where one or more instalments are collected in advance then the advance amount shall be excluded from the full loan amount for charging interest.
- h) As per circular issued on RBI/ 2014-15 /12 DNBS (PD).CC.NO. 399/03.10.42/2014-15 dt. July 14, 2014, the company shall not charge foreclosure charges/ pre-payment penalties on all floating rate terms loans sanction to individuals' borrowers.
- i) With respect to penal charges, the company shall be governed by penal charges policy.

i. LOAN FACILITIES TO THE PHYSICALLY/VISUALLY CHALLENGED

The Company has designed its loan sanctioning process in such a manner that it prohibits any kind of discrimination while extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of the Company render all possible assistance to such persons for availing of the various business facilities. Appropriate module is also included which contains the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels.

j. GENERAL

- a) Company will refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of sanction of the loan (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- b) In case of receipt of request for transfer of borrowal account, either from the borrower or from a lender, 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. Such transfer shall be as per transparent contractual terms in consonance with law.

c) The Company will call borrower between 08:00 A.M. to 07:00 P.M., unless special circumstances of the borrower's business require to call them otherwise outside the hours mentioned.

d) The Company may arrange for enforcing security charged to it of the delinquent borrower, if required, with an aim only to recover dues, cost and expenses of such enforcement action.

e) The Company shall ensure that the entire process of enforcing its security, valuation and realization thereof be fair and transparent.

k. COMPLIANCE

a) The Fair Practice Code shall provided in Vernacular Language if requested by borrower.

b) Fair Practice code shall be put on the Notice Board of all the Branches and offices of the company and website of the company if any for information of various stake holders.

l. FEEDBACK AND SUGGESTIONS

We request our borrowers to provide feedback on our service to help us to improve our services.

m. OVERRIDING EFFECT

In case any of the clause contained in this policy overrides the applicable RBI guidelines as may be issued and amended from time to time, the provisions stipulated in the RBI guidelines shall override the contents of this policy.

n. REVIEW

The Board of Directors shall be authorized to review and approve any modifications to the Fair Practice Code from time to time.